TRANSLATION

KINGDOM OF CAMBODIA
Nation Religion King

ROYAL GOVERNMENT OF CAMBODIA

NATIONAL STRATEGIC DEVELOPMENT PLAN 2014-2018

FOR GROWTH, EMPLOYMENT, EQUITY AND EFFICIENCY
TO REACH THE STATUS OF AN UPPER-MIDDLE INCOME COUNTRY

ROYAL KRAM
OF
HIS MAJESTY THE KING OF CAMBODIA

PROMULGATION OF THE LAW
ON
THE ADOPTION OF THE NATIONAL STRATEGIC DEVELOPMENT PLAN 2014-2018

Article 1: Adopted the attached National Strategic Development Plan 2014-2018.

Article 2: The Royal Government of Cambodia shall continue the implementation of the National Strategic Development 2014-2018.

Article 3: This law shall be promulgated as a matter of urgency.

Royal Palace, Phnom Penh, 17 July 2014

Signature: NORODOM SIHAMONI

Having submitted to the King
for signature
Prime Minister

Signature: Samdech Akka Moha Sena Padei Techo HUN SEN

Having submitted to Samdech Akka Moha Sena Padei Techo **HUN SEN**
for signature
Senior Minister and Minister of Planning

Signature: CHHAY THAN

Samdech Akka Moha Sena Padei Techo **HUN SEN**
Prime Minister of the Kingdom of Cambodia

FOREWORD

The Royal Government has adhered to the principle of national solidarity to rally all Cambodians, inside and outside the country, from all walks of lives and political tendencies, under the motto "***Nation-Religion-King***" with the objective to build and protect the nation and social achievements while ensuring the country's independence, integrity, sovereignty, peace, democracy and progress. Besides, Cambodia is attaining "***gainful returns from peace***" through high rate of economic growth and poverty reduction that took place in the past decade and has significantly contributed to the regional and global economic integration. The political stability, which has not been prevailing for years, has enabled Cambodia to carry out its reform measures in all sectors in order to build institutional capacity, improve socio-economic infrastructure, and create favourable environment to attract both domestic and foreign investments, with the aim of ensuring high rate of economic growth and poverty reduction.

In recent years, Cambodia has experienced significant developments not only in political and security but also in economic and social aspects. Such environments of political stability, peace, and safety are the prerequisites for Cambodia to make use of its socio-economic potentials. The 1993 General Elections have prompted the adherence to the principles of pluralist democracy, market economy, and the respect for human rights, freedom and dignity. In addition, the Royal Government of Cambodia (RGC) formulated the **National Programme to Rehabilitate and Develop Cambodia (NPRD)** in 1994, the first five-year **Socio-Economic Development Plan (SEDP I 1996-2000)** to lay out its rehabilitation and development vision putting emphasis on macroeconomic stability, social development, and poverty reduction.

Moreover, Cambodia's picture was remarkably changing during the 1998-2003 period that constituted an important historical epoch of changes not only in socio-economic spheres but also in political aspects. Evidently, the General Elections in 1998 and the successful implementation of our *"***Win-Win Policy***"* that dismantled the political and military organisations of the Khmer Rouge have begot peace for the whole nation and the integration of former Khmer Rouge soldiers and people living in their occupied zones into the mainstream of society. In this context, the Royal Government Cambodia formulated the *2nd* **Socio-Economic Development Plan (SEDP II 2001-2005)** in order to guide the continued efforts in socio-economic development as well as successfully implemented the "**Triangle Strategy**" that focused on *(1) building peace, restoring stability and maintaining security for the nation and the people; (2) integration of Cambodia into the region and normalisation of relationships with the international community;* and *(3) promoting economic and social development*. This has set the stage for a profound transformation of Cambodia from a region of uncertainty, war, internal strife, instability and backwardness into an epicentre of sustained peace, security and social order, respect for democracy, human rights and dignity, cooperation

and shared development. Another aspect of significant developments from 2003 till today includes the transparent, free and fair general elections on 27 July 2008 and on 28 July 2013, which was recognised as the "***Miracle on the Mekong***" once again, as well as other achievements that had been realised through the successful implementation of the **SEDP II 2001-2005** and the ***"Rectangular Strategy" for Growth, Employment, Equity and Efficiency***. As a result, Cambodia achieved steady macroeconomic stability and considerable economic progress including annual average economic growth of 8.4% in the period of 1994-2006 and from 1999 to 2006 the economy was growing at an annual average rate of 9%. Indeed, the achievements could not have been possible without valuable contributions of Cambodia's Developments Partners. This also reflects that all types of cooperation financing that Cambodia has hitherto received from its development have been more and more efficiently and effectively used. One the whole, the national plans and development strategies that have been passed and successfully implemented have provided a roadmap for RGC to move towards socio-economic development and poverty reduction. The implementation of the "**Rectangular Strategy**" is the further efforts to sustain the achievements that the Royal Government has hitherto realised the "**Millennium Development Goals**" with the aim of improving and enhancing public institutional capacity, promoting good governance, and modernising economic infrastructure in order to foster economic growth, create jobs for all citizens, ensure social equity, and increase public sector efficiency as well as protect natural and cultural resources, which is vital for sustainable development and poverty reduction. Within this conceptual framework, there is a need for the RGC to fine-tune its policy priorities and further improve sectoral strategies to reflect the actual contexts of Cambodia based on practical experiences in the implementation of the "**Rectangular Strategy**" for the **Third Legislature of the National Assembly**.

To further expand the achievements gained in **Third Legislature of the National Assembly**, the "**Rectangular Strategy - Phase II**" that was formulated to serve as the fundament of the Royal Government's economic policy is the "**Socio-Economic Policy Agenda**" of the RGC of the **Fourth Legislature of the National Assembly**. In this regard, the RGC has resolved on preparing the **National Strategic Development Plan (NSDP) 2006-2010** as a new national plan using the structure of the Rectangular Strategy of the Royal Government. In the preparation of this new plan, Royal Government had adhered to the full ownership in the preparation process by ensuring the consultation with and the comment sharing of all stakeholders. With unwavering implementation of the "**Rectangular Strategy**" and **NSDP 2006-2010**, the RGC has created a favourable environment and necessary conditions enabling Cambodia to step forward with increased hopes and strong confidence on the road of further reforms and development along with the firm determination of the RGC to serve the interests of the nation and respond to the aspirations of the people.

Currently, we have the **Rectangular Strategy, National Strategic Development Plan**, **Sectoral Development Strategies***,* and other policy documents, investment programmes, and the national budget. The **National Strategic Development Plan** is the second important policy document of the RGC and is the roadmap for the implementation of the **Political Platforms** of the Royal Government as well as the **Rectangular Strategy**. Therefore, to ensure consistency in terms of hierarchy, role, substance, and synchronisation of these documents, the RGC has synchronised the

timeframe of the **National Strategic Development Plan** with that of **Political Platforms of the Royal Government**" and the "**Rectangular Strategy**".

In this context, the **National Strategic Development Plan 2006-2010** was updated to the **National Strategic Development Plan Update 2009-2013** to accomplish two primary goals; *first*, to synchronise the time period covered by the **NSDP Update** with the term of the **Fourth Legislature of the Royal Government** in order to ensure that the actions, programmes, and projects of all ministries and agencies are aligned to implement our prioritised policies that are outlined in the **Rectangular Strategy Phase II**; *second*, to ensure that the actions to be laid out by line Ministries and Agencies to implement these prioritised policies are formulated taking into account the potential impact of the global economic downturn on our economy.

The NSDP Update 2009-2013 has been prepared based on the further refined methodology that is focused on identifying ***who*** is responsible for implementing the priority policy or policies in each area of the Rectangular Strategy II; ***what*** specific actions the responsible institution(s) has/have planned to implement the priority policy(ies); and the responsible institution(s) best estimate on ***how much*** it will cost to implement the planned actions during 2009-2013. Besides, **the NSDP Update 2009-2013** has been formulated with wide consultation with the government institutions, development partners and civil society organizations to manage the efforts in strengthening the harmonisation of planning, public investment expenditures, and resources from all sources that will be available to implement the RGC's public investment programme. As part of this effort, the Ministry of Planning and the Ministry of Economy and Finance have worked closely with the line ministries and agencies to ensure that the process of identifying the public investment projects by the ministries and agencies is closely linked to the formulation of the Budget Strategic Framework for the concerned ministries and agencies.

As a result, through the firm efforts of the Royal Government in implementing **NSDP Update 2009-2013**, the Cambodia economy has grown with the average of 7% per year. GDP per Capita has exceeded 1,000 US dollars and the poverty rate was reduced to 19% in 2011. Particularly, Cambodia has remarkably succeeded in achieving **Cambodian Millennium Development Goals**, which Cambodia was chosen by the United Nations to be the example country for achieving Millennium Development Goals.

Based on the lessons learned and results achieved in the **Fourth Legislature of the National Assembly**, the RGC recognized that the **Rectangular Strategy for Growth**, **Employment**, **Equity and Efficiency** is still crucial and suitable for Cambodia to pursue its implementation by keeping the four angles, expanding the coverage, and prioritizing the policies and mechanisms to be more concrete as the **Rectangular Strategy Phase III**, which ensures development sustainability and poverty reduction in response to the aspirations of the people and both national and international new contexts.

NSDP 2014-2018 has been formulated for the implementation of the **Rectangular Strategy Phase III** with the identification of the priorities, indicators and timeframe for the implementation and with the identification of mechanism for the

Monitoring and Evaluation of the Result Framework, especially setting the responsibility of the line ministries and agencies within each angle in order to gain high benefits from ASEAN Economic Integration in 2015 and to move out of the Least Developed Countries and to be become an Upper-Middle-Income Country in 2030. For the preparation of **NSDP 2014-2018**, the RGC has used the existing procedures and mechanism as for the preparation of **NSDP Update 2009-2013** and spent a longer time period improving this national plan.

On behalf of the Royal Government, I would like to deeply thank our development partners for their technical and financial support that has greatly contributed to our progress. Indeed, we are now entering a new era in which the Royal Government and its institutions must take full ownership of our development processes and be accountable for our own destiny. As we move forward, the Royal Government will take full charge of the entire development process to ensure that all resources, government and external development partners, are clearly directed to priorities and sectors chosen. In this regard, the Royal Government will vigorously work towards achieving a greater "**net real transfer**" of development resources to the targeted beneficiaries in our rural communities.

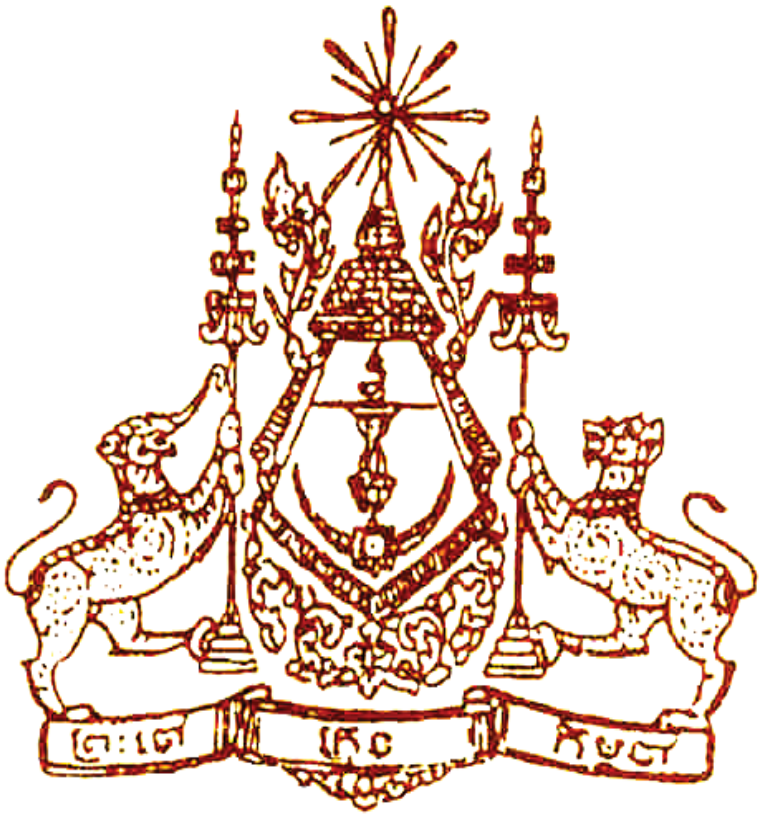
Once again, I would like to emphasise that the successful implementation of the Royal Government's prioritised policies outlined in **Rectangular Strategy Phase III** for our mandate in the **Fifth Legislature of the National Assembly** will require dedicated and concerted efforts by all RGC's ministries and agencies, development partners, private sector, civil society organisations, and other relevant stakeholders. I urge and expect all government agencies, development partners, private sector, civil society organisations, and other relevant stakeholders to strictly adhere to the priorities set out in the **NSDP 2014-2018** that is the road map for the implementation of the **Rectangular Strategy Phase III**.

Phnom Penh, May 30, 2014

Sd/-

Hun Sen

National Emblem and Flag of the Kingdom of Cambodia



CAMBODIA AT A GLANCE

GENERAL	
Total Geographic area: Sq. Kms.	181,035
Number of Municipality	1
Number of Provinces	24
Number of cities/krongs	26
Number of Khans	12
Number of Districts	159
Number of Sangkats	227
Number of Communes	1,406
Number of Villages	14,119
Fiscal Year	January-December
Currency	Cambodian Riel (CR)

	Particulars	Unit	2013	2014	2015	2016	2017	2018
	KEY INDICATORS							
1.00	**Poverty Headcount**							
1.01	Total for the Country	% of popn	17.9	16.9	15.9	14.9	13.9	12.9
1.02	Phnom Penh	%	15.3	14.3	13.3	12.3	11.3	10.3
1.03	Other Urban	%	13.5	12.5	11.5	10.5	9.5	8.5
1.04	Rural	%	19.0	18.0	17.0	16.0	15.0	14.0
1.05	Population below food poverty line	%	<5	<5	<5	<5	<5	<5
2.00	**Gender Issues**							
2.01	Women in Labour Force: In agriculture	% of Total LF	52	51	50	50	50	50
2.02	In Industries	% of Total LF	60	55	50	50	50	50
2.03	In Services	% of Total LF	30	35	40	40	40	40
3.00	**Population**							
3.01	Total : November 2013 CIPS	Million	14.7					
3.02	Population Density	per sq. km	82	85	87	88	89	90
3.03	Male/Female Ratio	100 Female	94.3	96	96.2	96.3	96.5	96.7
3.04	age 0-14	% population	29.4	29.6	29.2	28.9	28.7	28.5
3.05	age 15-64	% population	62.6	65.9	66.2	66.4	66.5	66.5
3.06	age 65 and above	% population	5.0	4.5	4.6	4.7	4.8	5.0
3.07	Rural	% population	78.6	78.5	78.4	78.3	78.2	78.1
3.08	Urban	% population	21.4	21.5	21.6	21.7	21.8	21.9
3.09	Annual Growth rate	%	1.46	1.44	1.42	1.41	1.39	1.36
3.10	Total Fertility rate (per 1,000)	live births	2.8	2.7	2.6	2.5	2.4	2.3
3.11	Life Expectancy at birth							
	– Male	%	67.1	67.3	67.5	67.7	67.9	68.1
	– Female	%	71.0	71.2	71.4	71.6	71.8	71.9
4.00	***Macro Economic***							
4.01	Annual GDP at Constant 2000 Prices	billion riels	61,525	68,618	75,636	83,422	92,143	101,548
4.02	Annual GDP at Constant 2000 Prices	million USD	15,191	16,943	18,676	20,598	22,474	24,768
4.03	Real GDP growth rate (constant prices 2000)	%	7.6	7.0	7.0	7.0	7.0	7.0
4.04	: Agriculture	%	4.2	4.2	4.0	4.0	4.0	4.0

	Particulars	Unit	2013	2014	2015	2016	2017	2018
4.05	: Industry	%	9.8	9.9	9.3	9.1	8.8	8.8
4.06	: Services	%	8.8	6.8	7.1	7.1	7.2	7.2
4.07	GDP Per Capita	000 Riels	4,248	4,670	5,072	5,523	5,949	6,472
4.08	GDP Per Capita	USD	1,036	1,139	1,237	1,347	1,451	1,579
4.09	Inflation (Year average)	%	3.0	3.5	3.5	3.5	3.5	3.5
4.10	Exchange rate per US$ (Year average)	Riels	4100	4100	4100	4100	4100	4100
4.11	Gross Foreign Exchange Reserves	months of imports	4.5	4.5	4.5	4.5	4.5	4.5
4.12	Gross Foreign Exchange Reserves - In US$	USD million	3,932	4,477	5,086	5,708	6,365	7,065
4.13	FDI: Investments -- for the year	USD million	1,216	1,211	1,361	1,529	1,696	1,904
5.00	**Fiscal**							
5.01	Total Budget Revenues	% of GDP	14.3	15.1	15.6	16.1	16.5	16.9
5.02	Total Budget Expenditures	% of GDP	19.5	19.9	19.8	19.9	19.9	19.9
5.03	Current Surplus	% of GDP	2.3	2.6	3.4	3.9	4.4	4.8
6.00	**Finance Sector**							
6.01	Commercial Banks and Specialised Banks	Nos	44					
6.02	Loan outstanding	million riels	30,204	39,265	51,045	66,358	86,266	112,145
6.03	Micro-Finance Institutions	Nos	38					
6.04	Loan outstanding	million riels	5,262	7,524	10,760	15,386	22,003	31,464
7.00	**Official Development Assistance (incl. NGOs)**							
7.01	Total	USD millions	1,566.4	1242.2	1,000.8			
7.02	Technical Assistance	USD millions	263.7	251.1	214.7			
7.03	Capital Assistance	USD millions	1,238.3	897	696.8			
7.04	Other than TA	USD millions	64.4	94.1	89.3			
8.00	**Agriculture, Forestry and Fisheries**							
8.01	Yield	tons/ha		3.15	3.18	3.21	3.23	3.25
8.02	Cultivated area (paddy)	Million ha		3.10	3.15	3.20	3.28	3.34
8.03	Rice production	Million tons		9.76	10.01	10.28	10.56	10.85
8.04	Paddy surplus	Million tons		5.24	5.41	5.60	5.79	6.00
8.05	Area under all crops (incl. permanent crops and plantation)	ha		4,814,534	5,024,534	5,234,534	5,444,534	5,654,534
8.06	Agricultural community	Nos		475	575	675	775	875
8.07	All kinds of Animal production in 3% increment	Million heads		35.86	36.93	38.03	39.17	40.34
8.08	% of Animals having vaccination	%		10	12	15	17	20
8.09	Number of slaughterhouses that have good standard	Nos		25	50	75	100	125
8.10	Cultivated area (rubber)	Ha		306,500	334,500	362,500	384,500	404,500
8.11	Yield of rubber	Kg/ha/year		1,257	1,282	1,311	1,373	1,368
8.12	Dried rubber production	Tons		137,520	181,560	240,800	300,800	340,930
8.13	Aquaculture (15% increased)	Tons		97,800	112,500	129,400	148,800	171,170
8.14	Fish catch (all sources)	000 tons		752	790	829	870	910
8.15	Fishery community received capacity strengthening	Nos		100	100	100	100	100
8.16	Protection Forest and Wildlife Conservation Area	Ha		50,000	50,000	50,000	50,000	50,000

	Particulars	Unit	2013	2014	2015	2016	2017	2018
8.17	Reforested area	Ha		25,000	25,000	25,000	25,000	25,000
8.18	Forest community	Nos		32	32	32	32	32
9.00	**Rural Development**							
9.01	Rehabilitation of Rural Roads – out of total 40,000 km	Km	26,900	28,600	29,450	30,300	31,150	32,000
9.02	Rural road covered with double bituminous surface treatment (DBST) or concrete	Km	125	550	980	1,430	1,880	2,330
9.03	Access to Improved Drinking Water - % of Rural Population	%	44.2	46.7	50	53	56	60
9.04	Access to Sanitation – % of Rural Population	%	37.5	42	46	50	55	60
9.05	Number of ethnic minority communities whose identities have been recognized	Community	100	130	160	190	120	250
9.06	Number of villages given training to VDCs in the Village Development Plan	Village	1,610	1,800	2,000	2,200	2,400	2,600
9.07	Studying and carrying out trial construction of rural roads 450 km with a bituminous surface which is 100% adaptive to climate change	Km	0	67.50	90	112.5	90	90
9.08	Building the capacity of the VDCs in the option of adapting to and reduction of climate change and the use of appropriate and scientific knowledge acceptable at the locality	VDC	0	1,854	2,472	3,091	2,472	2,472
10.00	**Industries**							
10.01	Manufacturing output	billion riels	25,335	26,095	26,855	27,615	28,375	29,135
10.02	Garment industry : Output	billion riels	20,840	21,465	22,090	22,715	23,340	23,965
10.03	: Labour force	Nos	686,146	699,869	713,592	727,315	741,038	754,761
10.04	Small and medium enterprises	Nos	38,108	38,279	38,540	38,801	39,062	39,323
11.00	**Energy**							
11.01	Electricity generated	million Kwh	4,349.5	5,219	6,263	7,516	9,019	10,823
11.02	Household consumers	Nos	1,125,679	1,328,301	1,527,546	1,665,026	1,764,927	1,835,524
11.03	Per capita consumption/year	Kwhs	268	295	344	400	467	544
11.04	Transmission line network (22 KV)	Kms	11,182	13,440	17,182	20,482	22,132	22,662
11.05	Transmission line network (115 KV)	Kms	422	520.5	675.5	875.5	875.5	875.5
11.06	Transmission line network (230 KV)	Kms	853	944.3	1,054.3	1,456.3	1,669.3	1,734.3
12.00	**Transport**							
12.01	Primary & Secondary roads	Kms	12,263	12,263	12,263	12,263	12,263	12,263
12.02	Of which paved	Kms	500	600	500	500	500	500
12.03	Railways	Kms	266	386	257	319	248	248
12.04	International Ports	Nos	2	2	2	2	2	2
12.05	Airports							
	a. International Airports	Nos		3	3	4	4	5
	b. Domestic Airports	Nos		8	8	8	8	7
13.00	**Telecommunications**							
	Expansion of Postal Services							
13.01	Rate of service user (1person/year)	1person/year	0.1279	0.1298	0.1316	0.1335	0.1354	0.1373
13.02	Rate of service per square Km per office	square Km per office	3,352.50	3,352.50	3,352.50	3,352.50	3,352.50	3,352.50
	Expansion of Telecommunication Services							
13.03	Total mobile and fixed telephones	Million	23.82	28.83	34.88	42.20	51.07	61.79

	Particulars	Unit	2013	2014	2015	2016	2017	2018
13.04	Rate of telephone use	In100	159.19	189.86	226.41	270.05	322.23	384.50
13.05	Number of Internet use	Million	4.33	6.93	11.09	13.41	16.23	19.64
14.00	**Tourism**							
14.01	Foreign Visitors	millions		4.72	5.19	5.65	6.11	6.53
14.02	Domestic Visitors	millions		8.70	9.00	9.30	9.50	9.80
14.03	Accommodations (Hotels & Guest Houses)	Rooms		50,328	53,851	57,621	61,078	64,132
14.04	Employment in Tourism Sector (thousand)	Nos		425	455	500	550	600
14.05	Income from Tourism	USD million		2,802	3,054	3,359	3,729	4,139
15.00	**Public Information**							
	A. State Media							
	State Television (TVK)							
15.01	- Central Station	Nos	01	01	01	02	02	02
15.02	- Provincial Stations	Nos	07	08	08	10	10	12
	State Radio (RNK)							
15.03	- Central Station (AM)	Nos	03	03	03	03	03	04
15.04	- Provincial Stations (FM)	Nos	18	20	20	22	23	24
15.05	National News Agency	Location	01	01	01	01	01	01
	B. Private Media							
15.06	- Television Stations	Nos	12	13	14	14	15	15
15.07	- Cable TV (city/provinces)	Location	96	98	100	100	102	105
15.08	- Radio Stations	Nos	51	53	55	57	59	60
15.09	- Printing media (newspaper, bulletin, magazine in Cambodian and foreign languages)	Location	574	580	580	600	600	600
15.20	- Printing House	Location	136	138	140	142	144	145
16.00	**Health**							
	Reproductive, Infant and Child Health and Nutrition status of women and children							
16.01	Maternal mortality ratio (100,000 live births)	100,000 live births	206		140			130
16.02	Neonatal mortality rate (1,000 live births)	1,000 live births	27		22			20
16.03	Infant mortality rate (1,000 live births)	1,000 live births	45		35			32
16.04	Under 5 mortality rate (1,000 live births)	1,000 live births	54		45			42
16.05	Unmet need for family planning	%	16.6		10			8
16.06	Abortion rate [OR repeat abortion rate]	%	5 [26%]		5 [22%]			5 [20%]
16.07	Contraceptive prevalence rate (using any modern contraceptive method)	%	34	37	40	42	44	46
16.08	% Of pregnant women attended antenatal care visit 2+ by health personnel	%	81.2	88	90	91	93	95
16.09	% Of pregnant women received iron- folic acid 90 tablets	%	84	88	90	91	93	95
16.10	% Of HIV+ pregnant women receiving Anti Retroviral Treatment for Protection from Mother To Child Transmission	%	78	80	82	84	86	88
16.11	Proportion of births delivery in public health facility	%	80	83	85	87	89	91
16.12	Caesarian section rate	%	3.2	3.5	4	4.2	4.4	4.6
16.13	% Of mothers who start breast-feeding newborn child within 1 hour of birth (delivery in	%	74	75	76	77	78	79

	Particulars	Unit	2013	2014	2015	2016	2017	2018
	health facility)							
16.14	% Of children under one year immunized against measles	%	90.1	95	95	95	95	95
16.15	% Of children under five with pneumonia received correct antibiotic treatment at the public health facility	%	65	66	67	68	69	70
16.16	% Of children under five with diarrhea received ORS + Zinc at the public health facility	%	95	96	97	98	98	100
16.17	% Of children with severe acute malnutrition with complications received treatment	%	25	35	50	65	80	90
	Communicable Diseases							
16.18	HIV prevalent rate	%	0.7	0.7	0.6	0.3	0.2	<0.1
16.19	% People Living with HIV/AIDS on Anti Retroviral Treatment survival after a 12-month treatment	%	90	90	90	90	90	90
16.20	Prevalence of all forms of Tuberculosis per 100,000 population	per 100,000 population	725	694	653	612	571	530
16.21	Tuberculosis death rate (100,000 population)	per 100,000 population	63	60	57	54	51	48
16.22	Tuberculosis Cure Rate	%	91	91	91	91	91	91
16.23	Malaria mortality rate reported by public health facility per 100,000 population	per 100,000 population	0.08	0.08	0.08	0.08	0.08	0.08
16.24	Number of Malaria cases treated at public health facility per 1,000 population	per 1,000 population	1.5	2.9	2	1.85	1.65	1.45
16.25	Dengue hemorrhagic fever case fatality rate reported by public health facilities	%	0.3	0.7	0.5	0.5	0.5	0.3
	Non communicable diseases							
16.26	Prevalence of adult 25-64 years-old having Hypertension*	%	11.2	11.2				
16.27	Prevalence of adult 25-64 years-old having Diabetes*	%	2.9	2.9				
16.28	Number and % of women aging 30-49 years-old received cervical cancer screening at least one	Number and % of women 30-49 years-old		38,600	42,460	46,710	51,380	56,520
16.29	Number of newly diagnosed cervical cancer per 100,000 women aging over 25 years-old	over 25 years-old		30.6	31.2	31.8	32.5	33.1
16.30	Prevalence of blindness	%	0.38	0.35	0.32	0.29	0.27	0.25
16.31	Cataract surgical rate per 100,000 population	per 100,000 population	1,200	1,300	1,500	1,700	1,900	2,000
16.32	Prevalence of Tobacco use among male (M)& female (F) adults	%	M: 42 F: 17	M: 41 F: 16	M: 40 F: 15	M: 39 F: 14	M: 38 F: 13	M: 37 F: 12
16.33	Prevalence of alcohol use among male & female adult	%	53	52	52	51	50	49
16.34	Number of cases of adults with mental health illness seen at public health facility per 10,000 population	per 10,000 population	25	30	35	40	45	50
16.35	% Of opioid addictive person received treatment	%	30	50	60	65	70	75
16.36	Road traffic mortality (per 100,000 population)	per 100,000 population	<11.60	<11.60	<11.60	<11.60	<11.60	<11.60
	Health System Strengthening							
16.37	% Of Health Center with stock-out of essential drug (14 items)	%	<5	<5	<5	<5	<5	<5
16.38	% Of blood donations collected from volunteer non-remunerated blood donor	%	50	55	60	65	70	75
16.39	New case consultation per person per year	per person	0.61	0.65	0.70	0.75	0.80	0.85
16.40	Client satisfaction index	%	86	87	87	88	88	89

	Particulars	Unit	2013	2014	2015	2016	2017	2018
16.41	% Of poor population living under the national poverty rate protected by Health Equity Funds	%	80	90	100	100	100	100
16.42	% Of Health Center having at least a secondary midwife	%	75	85	100	100	100	100
16.43	Data quality index	%	87	90	93	96	98	100
16.44	% Of Functioning Health Center Management Committee	%	80	>85	>85	>85	>85	>85
17.00	**Education**		**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
17.01	Percentage of five year old children in all aspects of ECE	%	56.5	62.0	66.0	71.0	75.0	80.0
17.02	Number of primary schools (grade 1-6)	Nos	6,910	6,915	6,951	7,073	7,302	7,606
	Net Enrolment Rate in Primary Education							
17.03	Total	%	97.0	97.3	97.9	98.6	99.3	100
17.04	Male	%	97.0	97.5	98.1	98.7	99.4	100
17.05	Female	%	97.0	97.1	97.8	98.5	99.2	100
17.06	Urban	%	89.8	91.8	93.9	95.2	97.9	100
17.07	Rural	%	98.6	98.9	99.2	99.4	99.7	100
	Gross Enrolment Rate in Primary Education							
17.08	Total	%	121.1	119.2	117.2	115.8	115.2	115.5
17.09	Male	%	123.1	121.6	118.2	116.4	115.5	115.4
17.10	Female	%	119.0	117.7	116.1	115.2	115.0	115.6
	Completion Rate in Primary Education							
17.11	Total	%	91.5	98.3	100	100	100	100
17.12	Male	%	91.9	98.7	100	100	100	100
17.13	Female	%	91.0	98.0	100	100	100	100
17.14	Number of Lower secondary schools	Nos	1,622	1,632	1,642	1,652	1,662	1,672
	Gross Enrolment Rate in Lower Secondary Education							
17.15	Total	%	56.5	60.4	66.9	73.7	81.3	87.4
17.16	Male	%	56.2	60.4	67.2	74.4	82.2	88.9
17.17	Female	%	56.7	60.3	66.5	73.1	80.4	85.9
17.18	Urban	%	78.4	80.7	84.4	88.2	92.3	94.3
17.19	Rural	%	52.6	56.7	63.6	71.2	79.2	86.1
	Completion Rate in Lower Secondary Education							
17.20	Total	%	42.2	44.4	61.6	57.2	67.3	76.4
17.21	Male	%	42.0	44.0	51.7	57.6	67.7	77.2
17.22	Female	%	25.5	27.3	31.6	35.1	41.6	47.0
17.23	Number of Upper secondary schools	Nos	433	443	451	498	566	668
	Gross Enrolment Rate in Upper Secondary Education							
17.24	Total	%	29.8	29.4	30.8	33.9	38.4	45.3
17.25	Male	%	31.9	31.6	33.1	36.1	41.1	48.5
17.26	Female	%	27.6	27.2	28.4	31.5	35.6	41.9
17.27	Number of Technical High Schools	Nos	4	4	5	5	6	7
17.28	Number of student in technical high schools	Nos	730	984	1,238	1,492	1,746	2,000
17.29	Literacy Rate (15-24)	%	91.5	92.5	93.5	94.5	95.5	96.5
17.30	Literacy Rate (15-45)	%	n.a	87.75	88.45	89.15	89.85	90.55
18.00	**De-Mining Programme**							

	Particulars	Unit	2013	2014	2015	2016	2017	2018
18.01	Number of casualties caused by landmines and ERW (killed and injured)	Nos	167	151	136	122	110	99
18.02	Number of casualties caused by mine and ERW tampering (killed and injured)	Nos	112	99	86	73	60	48
18.03	Landmine and ERW contaminated land cleared/released (based on information from the Baseline Survey)	Ha	8,708	9,143	9,600	10,080	10,584	11,113

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CHAPTER I
INTRODUCTION

CHAPTER 1

INTRODUCTION

Preamble

1.1. The Royal Government of Cambodia (RGC) has been successfully rebuilding Cambodia through the last two decades from a state of near total destruction. The civil war lasted nearly three decades, and an economic isolation/embargo was in force virtually since the early 1970s until 1993. Through the 'Win-Win Policy' of the RGC, peace was finally established in 1998 with the dismantling of the Khmer Rouge. Meanwhile, based on a national reconciliation among different erstwhile warring factions, the Paris Peace Agreement was reached in 1991, and the first general elections in 1993 followed thereafter. Inflows of Foreign Direct Investment (FDI) and Official Development Assistance (ODA) formally began since 1993. In the first decade until early 2000s, the highest priority of RGC was rebuilding the society, the economy and the infrastructure. In the second decade, the country began pursuing planned development in a market framework.

1.2. Cambodia is classified as a least-developed country (LDC) by the United Nations. Its per capita income exceeded USD 1,000 the first time in 2012. There has been a near 5-fold increase in the per capita income in the last decade or so, which is a notable achievement. In this regard, the country might be moving out of its least-developed country status in the near future.

Development Planning in Cambodia – A Recall

1.3. The Royal Government of Cambodia (RGC) outlined its long-term vision for the future in the National Program to rehabilitate and develop Cambodia (NPRD) in 1994 for initiating the process of rebuilding and rehabilitating the social, physical, and institutional infrastructure. Based on this vision, the First Five Year Socio-Economic Development Plan (SEDP I, 1996-2000) was formulated, setting clear goals to be reached by 2000. This Plan's focus was on establishing macro-economic fundamentals, social development contours, and poverty alleviation strategies. At the same time, a 3-year rolling Public Investment Program (PIP) was evolved for 1996-1998, so that domestic and external development cooperation resources could be channelled into priority areas for achieving the goals set out in the plan. Since then, PIPs is updated annually.

1.4. The Second Socio-Economic Development Plan (SEDP II 2001-2005) was prepared focusing on economic growth and poverty reduction. For RGC, the most formidable development challenge had been to develop the private sector as an engine of economic growth: to transform the economy, and to achieve poverty reduction (as well as improve people's wellbeing). Following the preparation of SEDP II, there were two important developments: First, after the United Nations Millennium Summit in 2000—which declared the Millennium Development Goals (MDGs)—Cambodia developed its own set of MDGs called the Cambodia Millennium Development Goals (CMDGs), focusing on poverty alleviation and human development. Second, a National Poverty Reduction Strategy (NPRS) was adopted in December 2002. Since that time, achieving CMDGs and alleviating poverty have assumed centrality in Cambodia's development strategies.

1.5. The Third Five-year Development Plan for 2006-2010 was formulated as an overarching national policy document for pursuing prioritized goals, targets and actions for the next five years. The new plan was renamed as National Strategic Development Plan (NSDP) 2006-2010. RGC of the Third Legislature attempted to create a favourable environment and necessary conditions, enabling Cambodia to step forward on the road for further reforms and progress. RGC adhered to the principle of national solidarity to rally its citizens from all walks of live under the motto "Nation-Religion-King" to build the nation and ensure national independence, integrity, sovereignty, peace, democracy and progress.

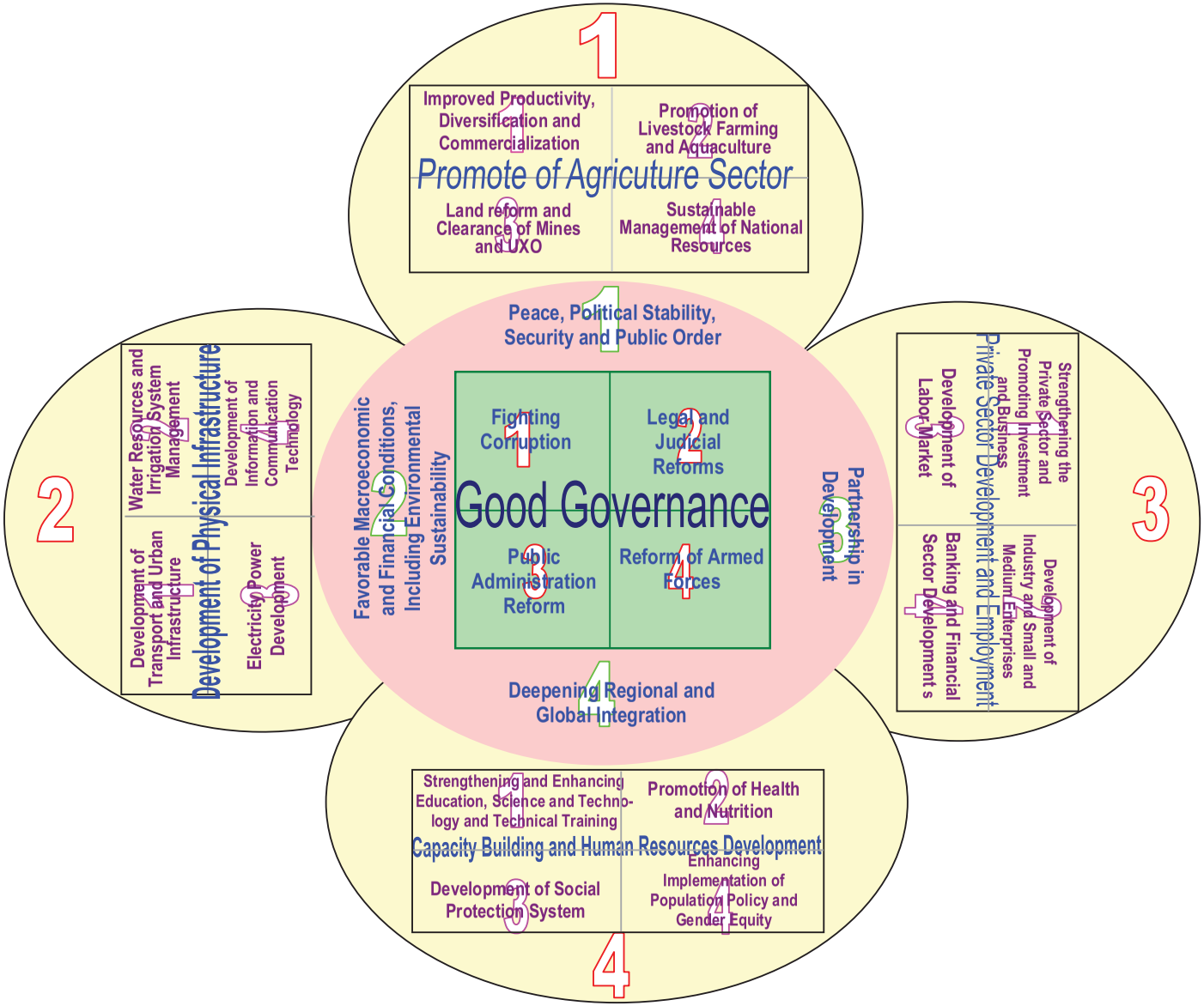
1.6. Following the General Elections of 2008, RGC announced a Socio-economic Policy Agenda of the RGC of the Fourth Legislature 2008-2013. With it, another plan was drawn up to replace NSDP 2006-2010 to synchronize the planning process with the political mandate. The new plan was named NSDP Update 2009-2013 and was the implementation tool for the RGC's priority policies during the Fourth Legislature. NSDP Update 2009-2013 was launched at the time of the international financial crisis and the economic recession in advanced economies (starting in 2008-2009), resulting in a declining demand for Cambodia's exports on the one hand, and increased macroeconomic and financial risks on the other. These (external) developments presented unexpected new challenges for Cambodia, for which RGC took systematic and sequenced measures to mitigate the negative impact of the international financial cataclysm and global economic recession. The planning methodology in NSDP Update 2009-2013 was so defined as to prepare the country for shocks and yet progress on the path to development.

The Rectangular Strategy

1.7. The Royal Government of Cambodia (RGC) has evolved a 'Rectangular Strategy' (RS), which has been the hallmark of development since about 2004. The NSDP 2006-2010 carried forward the agenda laid out in the first Rectangular Strategy, and the NSDP Update 2009-2013 on the RS Phase II. This NSDP 2014-2018 carries forward the agenda laid out in RS Phase III, which was unfolded in September 2013. RS provides a development framework, which will be implemented through the next five-year period.

1.8. The RS is a dynamic document that lays out the political commitment to a socioeconomic development process in the coming five years. RS has undergone three changes in the last decade to keep up with the times. A graphic presentation of the latest version of the RS, i.e. RS Phase III, could be seen in Figure 1.1. It is evident that it encompasses issues such as good governance, rule of law and institution building—the basic premise of any society—along with social, economic and human development and sustainable management of natural resources in this complex set of inter-woven rectangles.

FIGURE 1.1: RECTANGULAR STRATEGY - PHASE III



1.9. In essence, its present phase combines four key elements necessary for taking forward the development forward:

1. Ensuring an average annual economic growth of 7%. This growth should be sustainable, inclusive, equitable and resilient to shocks, through diversifying the economic base to achieve a more broad-based and competitive structure, with low and manageable inflation, a stable exchange rate and steady growth in international reserves.
2. Creating more jobs, especially for youth, through further improvement in Cambodia's competitiveness to attract and encourage both domestic and foreign investments.
3. Achieving more than one percentage point reduction in the poverty rate annually, including realizing the Cambodia Millennium Development Goals (CMDG), while placing high priority on the development of human resources and sustainable management, and use of environmental and natural resources.
4. Improving institutional capacity and governance at both national and sub-national levels and ensuring effectiveness and efficiency of public services to better serve the people.

1.10. Most elements of the RS Phase III also embed one or the other complementary factors required for achieving sustainable growth in addition to achieving the Millennium Development Goals (MDG) and other goals beyond these.

National Strategic Development Plan (NSDP) 2014-2018

1.11. Some key challenges facing the planners and other stakeholders at this juncture while drafting this plan could be grouped into the following:

1. The Cambodian economy, having achieved a per capita GDP exceeding USD1,000, will be moving towards becoming a low-middle income country soon. This in itself is a welcoming factor, but it will result in the country becoming increasingly less eligible for grants and will have to rely on (concessional or other) loans. The country will have to raise more resources at market rates (or with some concessions but all on returnable basis)—from both, internal and external sources—to finance the public sector plan investments. Next, it will require instilling greater efficiency in expending resources. This twin challenge will have to be accepted sooner rather than later, since by 2030 Cambodia aims to join the group of countries identified as 'upper-middle income' countries, and by 2050 become a developed country.
2. The current times are challenging because the world economy is yet undergoing a prolonged recession and financial crisis, and with Cambodia increasingly getting integrated into the regional and global system, it will not be left untouched by it. It was adversely affected in 2009, though it rapidly recovered; but to sustain growth will require an entirely different set of strategies, including diversifying markets, both for exports and investments. New partnerships would also imply newer forms of institutional arrangements, for which there is need for internal preparedness.
3. Cambodia would integrate into ASEAN by 2015; by this time, many barriers between countries will come down. The government will require being prepared for free movement of skilled workers, of capital, and equalization of tax rates. These will pose issues for the labour markets, land use, and budget revenues, which this plan will need addressing.

4. Good governance continues to assume a central position in RS Phase III. However, the next phase in good governance will require significant efforts to bring-in e-governance to make governance effective. For this to happen, the government will require 'electronic-wiring' of the whole country, developing on-line databases at different levels, and providing e-services. Investment in human capacities within the government and physical investments required for modernising governance will thus assume an important place.
5. With greater integration into the ASEAN, industrialization and weaving into the international division of labour are critical. The Industrial Development Policy (IDP) of the RGC is a key roadmap for this. Presently, the proportion of public investment into human capital is still limited. In contrast, Malaysia and Korea have this proportion in the range of 5% of GDP. More resources and concerted effort (to guide investments) in the human capital sector are essential requirements.
6. For Cambodia to have a greater control over its economy (esp. the monetary policy), it should have its currency acceptable to its people and to the countries in the region. De-dollarization, thus, is to assume primacy.
7. Finally, the environmental issues must also assume centrality, which currently not that it does not presently, but there is scope to step up efforts to save especially the Tonle Sap (and other water systems) and forests for sustainable development, sustainable livelihoods of people in rural areas, and sustainable agriculture.

1.12. The RS Phase III is sensitive to all these issues; resultantly, this NSDP (2014-2018) attempts to put forth actionable proposals for achieving the intents stated in RS Phase III.

The Structure of NSDP 2014-2018

1.13. The **NSDP 2014-2018** is organised in seven Chapters. Following the Introduction in this Chapter, the plan presents a summary of major achievements and challenges faced in the implementation of NSDP Update 2009-2013 in Chapter II. Chapter III outlines the Macroeconomic Framework for NSDP 2014-2018. Chapter IV presents RGC's key policies and actions that the concerned line ministries and agencies will undertake (in conjunction with the sub-national administrative authorities) to implement these policies. Chapter V details issues of costs, resources and programming. A results-based, analytical framework of the M&E for the period 2014-2018 is presented Chapter VI. Finally, Chapter VII presents the broad conclusions.

CHAPTER II

MAJOR ACHIEVEMENTS AND CHALLENGES IN THE IMPLEMENTATION OF NSDP UPDATE 2009-2013

CHAPTER II

MAJOR ACHIEVEMENTS AND CHALLENGES IN THE IMPLEMENTATION OF NSDP UPDATE 2009-2013

POVERTY REDUCTION

2.1. In 1993-1994, the poverty rate was estimated at about 39% according to a poverty line drawn up in the 1990s. According to this (old) poverty line, the poverty rate was 14.6 % in 2009: the CMDG target was achieved. However, the government redefined the poverty line in 2011, raising the bar. At the same time, the government decided that the target for reducing the poverty rate will continue to be 19.5% by 2015, despite an (upward) revision in the poverty line.

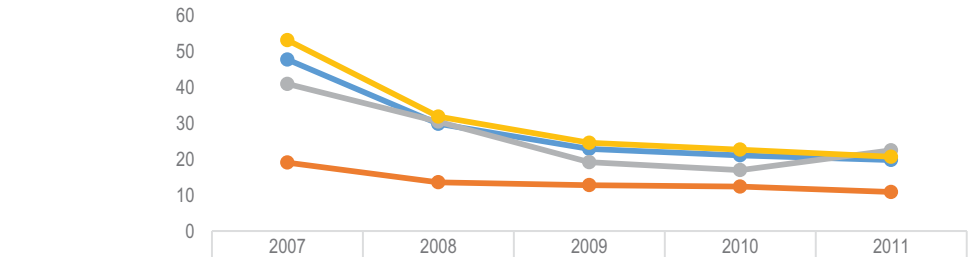
Box 2.1: A Brief on the New Poverty Line

1. The food poverty line is defined as the cost of purchasing food equivalent to 2,200 Kilocalories in a *Reference Food Basket* (RFB) designed to reflect food consumption patterns in the lowest 5th - 30th quintiles, by consumption distribution from the bottom. There is one single nutritional norm for the whole country.
2. The allowance for non-food items is the average value of non-food items consumed in the 20-30 % (per capita) consumption brackets, separately calculated for rural areas, other urban areas and Phnom Penh.
3. A small token allowance for clean water has been made, for the first time anywhere in developing countries.

Note: All calculations are based on the CSES database, which has been conducted annually since 2007.

2.2. Recent trends in the poverty rate, based on the new poverty line (Figure 2.1), suggest that the target of halving the proportion of people below the national poverty line between the early 1990s and 2015 has almost been met, despite a stiffer poverty line and an unchanged goalpost. Reasons for this achievement: double-digit growth in GDP for 3-4 years (2004-2007), urbanization, labor-absorption in non-farm sectors, and reduction in consumption inequality.

Figure 2.1: Trends in Poverty* Rates *in Cambodia by Broad Strata, 2007-2011



	2007	2008	2009	2010	2011
Cambodia	47.8	29.9	22.9	21.1	19.8
Phnom Penh	19.1	13.6	12.8	12.4	10.9
Other Urban Areas	41	30.5	19.2	17	22.5
Rural Areas	53.2	31.9	24.6	22.7	20.7

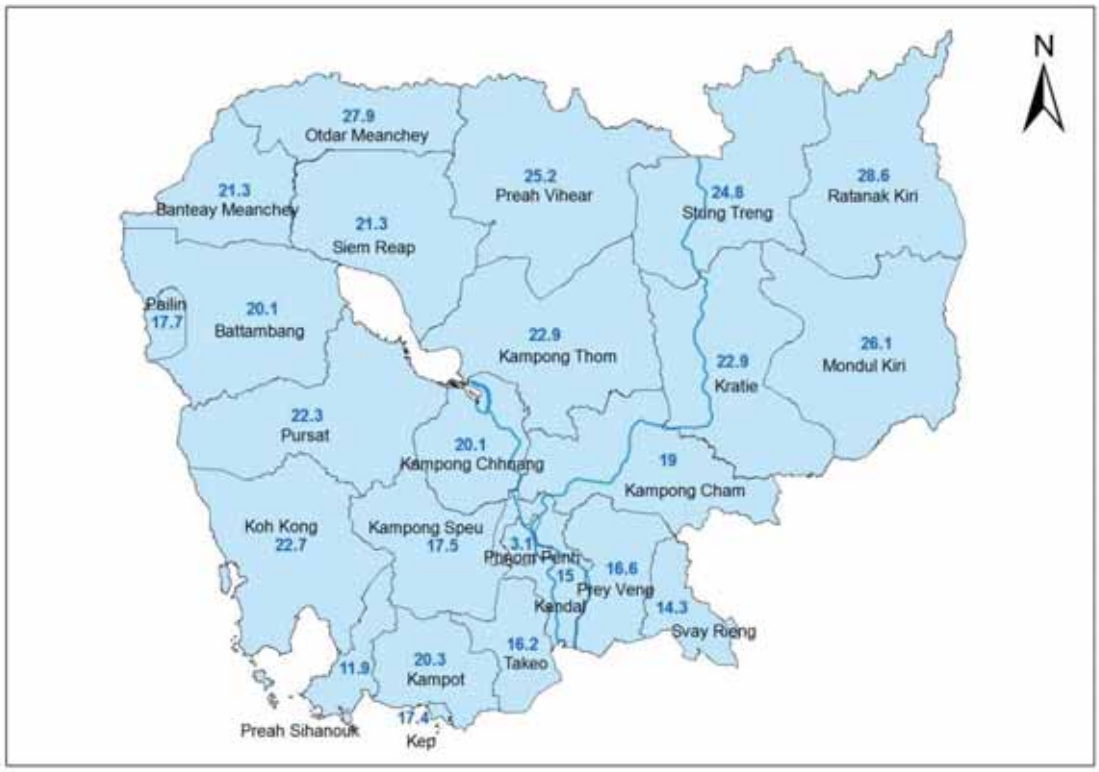
Source: Calculated from CSES

POVERTY RATES AT SUB-NATIONAL LEVELS

2.3. There was a steady reduction in the rural poverty rates from about 53% in 2007 to about 21% in 2011: steep in 2008 and 2009, and gradual thereafter. This is similar to the aggregate trend, and expectedly so, as close to 80% of the population resided in rural areas in these years. The reduction in poverty rates in Other Urban Areas is similar. Phnom Penh, however, shows only a gradual fall in poverty rates. What this suggests is that trends in poverty reduction are led by significant changes having happened in rural areas.

2.4. The CSES is the only source that collects data on consumption and standards of living in Cambodia, but its sample size and design do not permit disaggregations at province level. However, using the Commune Database (CDB)[1] it is possible to group together proxy (stock) indicators of poverty to arrive at a composite Poverty Index, and hence poverty rate (see Box 2.2 for the method).

Figure 2.2: Poverty Rates in Provinces, 2011



Source: Calculated, based on CDB and benchmarked with CSES

[1] CDB is an administrative database. It collects data from villages and communes from records maintained at that level. These data are a 'project database', not an official source, and their authenticity is yet to be verified. However, this is the only source that provides broad-based data at sub-national levels.

Box 2.2: Calculating Proxy Poverty Rates at the Province Level

A Poverty Index is first calculated using 5 groups of variables:

1. Assets (motorcycles, bicycles, house-types in villages);
2. Facilities (electricity, clean water, sanitation in villages);
3. Human endowments (literacy, school attendance in villages);
4. Work/productivity (non-farm employment, paddy productivity, <1 ha farmers, dependency ratio in villages); and
5. Isolation (distance of villages from urban centers).

The province-specific poverty rates are calculated using a three-step process. It deploys the method used for constructing the Human Development Index.

Step 1: Calculate Individual Variable Index (EVI) (for X_i) = [(Actual (X_i) – Min (X_i)]/[(Max (X_i)– Min_(X_i)]
Step 2: Calculate Composite Poverty Index = SUM (EVI)/k (where k is the number of variables – there are 13 here)
Step 3: Re-index the Composite Poverty Index with National Poverty Rate and obtain province-specific poverty rates according to variations in the Composite Poverty Indices across provinces

All variables are measured as ratios to the population to circumvent the problem of comparing provinces when there are unequal populations and population densities across provinces.

2.5. A profile of (proxy) poverty rates constructed at the provincial level is given in Figure 2.2. Provinces in the south and southeast of Cambodia, which are more densely populated and have had a long tradition of practicing sedentary-farming, have a lower poverty rate compared to those in the north, northeast and northwest. Of particular concern are the north eastern provinces, where indigenous communities mainly dwell. These provinces are predominantly rural and to an extent 'un-integrated' in the national mainstream. Relatively high poverty rates are seen in Siem Reap and Battambang, despite them having a long tradition of farming. Siem Reap is the most important tourist attraction of Cambodia and Battambang is an important paddy-growing province. The reasons for high poverty rates to persist there require more detailed analysis and should form a part of the future research agenda.

1. GOOD GOVERNANCE: THE CORE OF RECTANGULAR STRATEGY

2.6. Good governance remains at the core of the Rectangular Strategy. Four major reform areas to promote good governance continue to be RGC's priority in its pursuit for achieving sustainable, steady, and equitable socio-economic development, equal opportunity, equality before law, and social justice. These are: *(i) fighting corruption; (ii) legal and judicial reforms; (iii) public administration reforms (including decentralisation and de-concentration); and (iv) reform of the armed forces*. The ultimate objective of the reforms, as well as that of other reform programs including public financial management reform, land reform, and forestry and fisheries reform, is to strengthen the capacity, efficiency and quality of public services to raise public confidence in government and respond to the needs and aspirations of the people and business community. Major developments that have taken place in these areas are summarised below.

I. FIGHTING CORRUPTION

2.7. The Royal Government of Cambodia (RGC) placed high priority on governance and set it as the core of the Rectangular Strategy Phase II, and governance is still the core of the Rectangular Strategy Phase III.

2.8. The Royal Government of Cambodia in the Fourth Legislature implemented various activities to curb corruption. The National Anti-Corruption Council and Anti-Corruption Unit (ACU) were established, and anti-corruption mechanisms, including rules and regulations, were put in place. The Anti-Corruption Law has been enacted and disseminated to

government ministries and other relevant institutions. A focal point in each ministry/institution has been established for coordinating their work with ACU. Declaration of assets and liabilities has been done twice. Together with this, RGC has also set out a public service fee schedule and duration schedule for service provision, which government ministries and institutions are to follow for eliminating loss due to informal payments and other malfunctions within government institutions.

2.9. During the years 2009 to 2013, *Ministry of National Assembly-Senate Relations and Inspection (MONASRI)* has promoted policies of Good Governance for promoting economic growth, employment, equity and efficiency. The achievements could be stated in three headings:

- *First*, through its Program on Strengthening National Assembly-Senate Relations, MONASRI disseminated nine priority laws mentioned in NSDP Update 2009-2013, to 83,338 persons (in groups and public meetings) in 197 districts nationwide and answered 9,517 questions.
- *Second*, through its Inspection Program, MONASRI conducted several investigations in public establishments on mismanagement of state property. It also monitored the enforcement of the laws: the Law on Forestry; Law on Fisheries; Law on Drug Control; Land Law; Traffic Law; Law on Management of Private Medical, Paramedical, and Medical Aide Practice; and Law on Environment and Protection of Natural Resources. The ministry received 203 complaints from the public, of which it investigated 55% and referred the remaining complaints to other concerned public institutions.
- *Third*, through its Program on Strengthening Institutions and Developing Human Resources, 501 staff members of MONASRI (from both, sub-national and national levels) were trained in-country as well as internationally, on various skills such as administration, finance, complaint-handling, human-resource management, and inspection.

2.10. Even though significant achievements have been made, MONASRI has still been facing numerous challenges. First, its work results have so far not been in consonance to the plan because of budget constraints and capacities. Secondly, it lacks legal documents (Law on Inspection; Procedure for inspection, monitoring law enforcement, complain handling, and Law Dissemination; and Human Resource Development Policy); which remain a barrier for MONASRI to fully exercise its roles and functions effectively. Thirdly, limitation of staff capacities leads to outdated law and methodology of information dissemination.

II. LEGAL AND JUDICIAL REFORM

2.11. In order to achieve a credible and stable legal and judicial system that promoted human rights and dignity, strengthened the rule-of-law principle of a liberal democracy, ensured social justice and created a reliable environment for attracting investment, the RGC of the Fourth Legislation was committed to accelerating the Legal and Justice Reform through:

- Continuing the implementation of seven strategic objectives of Legal and Justice Reform:
  - Strengthening of the protection of fundamental rights and freedoms.
  - Modernization of the legislative framework.
  - Providing better access to legal and judicial information.
  - Enhancement of the quality of legal process and related services.

- Strengthening judicial services, including judicial power and prosecutorial services.
- Enlargement of alternative dispute resolution mechanisms.
- Strengthening of Legal and Judicial sector institutions to fulfil their mandates.

- Continuing the promotion of the adoption fundamental laws:

  - Law on the statute of Judges and Prosecutors.
  - Law on the Organization and Functioning of Courts.
  - Law on amendment of the Law on Supreme Council of the Magistracy.

- Continuing organizing programs and disseminating knowledge on laws and procedures to the people, and providing legal training to increase awareness and implementation for law enforcement officials.
- Strengthening the capacity building of judges and prosecutors.
- Creating mechanisms that contribute to promote and process:

  - Statute of Court Clerks.
  - Statute of Notary.
  - Statute of Bailiffs.

- Providing legal assistance.
- Continuing the promotion of alternative dispute resolution mechanisms.

2.12. For the reform of the structure of justice system, Ministry of Justice (MOJ) set up two more Provincial Courts, the Pailin Provincial Court (upgraded from Provincial Department), and the Oddar Meanchey Provincial Court (a new court) in January 2011. In the past 5 years, RGC has constructed seven buildings and repaired three buildings of Provincials Courts in addition to the two new courts set up, stated earlier.

2.13. Laws that were adopted during 2009 to 2011

- Law on Implementation of the Civil Code, promulgated in December 2011.
- Law on non-Civil relegation Procedure, promulgated in July 2010.
- Law on personal relegation status Procedure, promulgated in June 2010.
- Criminal Code, promulgated in November 2009.

2.14. Drafted laws were finalized and sent to the Council of Ministers for its review and approval, including:

- Draft Law on the Organization and Functioning of Courts.
- Draft Law on Statutes for Judges and Prosecutors.
- Draft Law on Statutes for Bailiff.
- Draft Law on Juvenile Justice.

2.15. For legal and judicial framework, MOJ has drafted 5 draft Laws, 2 inter-ministerial Prakas, 7 Prakas, 4 Guidelines, 1 Royal Decree, and an explanation for each of the laws on Suppression of Human Trafficking and Sexual Exploitation.

2.16. For education and dissemination of laws, MOJ has widely disseminated fundamental Laws and Laws related to promoting the cause of protecting women and children to judges, prosecutors, court clerks, justice officers and officials,a total of 9,200 participants in both the capital and provincials.

2.17. Law distribution through media has been deployed for disseminating laws to the people. Short spots on "violation of the law" have been produced and broadcast, to enhance people's understanding of the law. Round table meetings to discuss the Criminal Procedure Code and the Criminal Code as well as short spot on criminal code were broadcasted through radio and TV 5,200 times between 2009 and 2012.

2.18. MOJ distributed 156,164 copies of booklets of fundamental laws to legislative institutions, executive bodies, courts, justice officials, police, military police, City Hall authorities, Provincial Governor's offices, Bars Association, public and private libraries, and universities.

2.19. For developing, strengthening, and training human resources, MOJ focused on improving law and court service delivery by providing 39 trainings on fundamental laws, laws related to protect women and children, and other skills to judges, prosecutors, court clerks, justice officers and officials, in both capital and provinces.

2.20. According to Legal and Judicial Reform Policy, MOJ set up a Model Court Working Group. The strategic plan of the model court is to manage court registers (for example: managing statistics, following up, collecting, searching, and providing information related to litigation; thereby, all model courts has a standard). Model courts can help judges, prosecutors, the court clerk, and other related officials perform tasks simpler and more efficient. To carryforward this work, the Working Groups created 27 of court register civil and criminal books and have trained judges, prosecutors, court clerks and justice officers at municipal and provincial courts on the court registers. Moreover, their tasks were monitored and evaluated regularly.

2.21. Mechanisms for alternative dispute resolution to reduce the backlog of cases at the provincial court and to expedite dispute resolution for the citizen and the poor have been implemented by the *Ministry of Justice* and the *Ministry of Interior (MOI)*. MOJ and MOI had jointly established 20 Centres for Legal Services at the city/district/commune levels in 2007; however, the cooperation ended in 2010.Seeing this successful mechanism in dispute resolution, MOJ financed by RGC, has continued to operate 20 centres and established 31 new centres in city/district/commune and another 56 Commune-Sangkat Dispute Resolution Committees.

2.22. International cooperation in legal and judicial areas especially mutual supports through judicial means among ASEAN countries was strengthened.

- Treaty on Mutual Legal Assistance in Criminal Matters (ASEAN) in January 2010.
- Agreement on Transfer of Sentenced Persons and Co-operation in the Enforcement of Penal Sentences between Cambodia and Thailand in August 2009.
- Memorandum of Understanding on the cooperation on Legal and Judicial matters between the Ministry of Justice of Cambodia and the Ministry of Justice of Viet Nam in December 2009.
- Agreement on extradition, between Cambodia and the South Korea in January 2011.

2.23. Although significant progress of Legal and Judicial Reform has been made through the implementation, the work has also faced many challenges. The drafts of a numbers of laws such as (1) Organisation and Functioning of the Supreme Council of Magistracy; (2) Statute of Court Clerk; (3) Statute of Coteries; (4) Case Pending could not be completed as

planned due to the nature of complexity and they require revision and further consultations with line ministries. Other challenges faced have included:

- Human resource
  - Shortage of judges, prosecutors, court clerks, and administrative officials at the MOJ, and municipal and provincial courts.
  - Shortage of qualified special judge in the Labor Court, Juvenile Court, Commercial Court, and Administrative Court.
  - Shortage of registration officials in the court registers (Model Court Project).

- Institutional capacity management:
  - Shortage of office buildings in the ministry and provincial courts, and residences and offices for judges and prosecutors.
  - Shortage of buildings for dispute resolution mechanism.
  - Limited budget for MOJ and municipal and provincial courts.
  - Shortage of lawyers for legal assistance.
  - Shortage of budget for process criminal cases.
  - Limited transportation for field visits.

III. PUBLIC ADMINISTRATION REFORM

2.24. Good governance, the core of the Rectangular Strategy, is critical to achieving the priorities of the Royal Government. Public Administration is a strategic instrument of implementation. The Council for Administrative Reform (CAR) implemented the National Program for Administrative Reform to systematically and gradually transform the Administration and the Civil Service in order to serve people better.

2.25. Governance Action Plans (GAPs) is to facilitate coordination among national and sectoral reforms in the context of successive. The GAPs cover a broad span of reforms including the legal and judicial reform, reform of armed forces, reform of public finances, decentralization and de-concentration, reforms concerning investment and trade, management of social services and management of natural resources.

2.26. The Royal Government achieved significant results in the area of public administration reform during the Fourth Legislature period, including:

- Managing an appropriate size of civil service while almost doubling the average monthly salary of civil servants.
- Establishing Special Operating Agency (SOA) including the introduction of a public service database and the expanded scope of the "**single window**" mechanism to 24 municipal/district/khan office.
- Restructuring the administration system and other organizational structures at the capital, province, municipality, district and khan levels in accordance with the Law on Management of the Capital, Provinces, Municipalities, Districts and Khans.
- Developing and establishing the sub-national financial management system in compliance with the Law on Financial Regime and Property Management of Sub-national Administrations.

2.27. Meanwhile, the followings illustrate the breadth of achievements that have contributed to developing human and institutional capacity within the Public Administration Reform and the Civil Service:

- Integration of all civil servants into unifying systems more conducive to motivation and career progress has been completed.
- The legal and regulatory framework for the Civil Service is in place, including a Common Statute and all Particular Statutes.
- Management and control systems are operational and effective (for recruitment, promotion, retirement).
- Civil servants have been integrated into a new classification system more conducive to career progression.
- The payroll system has been automated through ICT.
- Innovative schemes to enhance performance and accountability such SOA is being deployed.
- The Performance Management and Accountability System is being implemented to better mobilize human resources and identify capacity development needs.
- The Policy on Public Services Delivery has been approved and is being implemented.
- A Human Resources Management Information System is operational and personnel management mechanisms have been streamlined and steadily strengthened.
- A system of functional allowances for management and specialised skills was implemented.
- Communication tools have been deployed to inform about the reform (bulletin, website, periodic workshops and seminars).
- For basic salary preparation, the RGC achieved the implementation of the 20% annual increase in basic salary.

MANAGEMENT FRAMEWORK

2.28. For the past five years (2008-2012), all ministries achieved following targets:

- Recruited 37,802 new personnel as civil servants.
- Retired 11,993 civil servants.
- IssuedIdentification Card to 41,711 newly recruited civil servants in the database.
- Issued 19,269 Royal Decrees and Sub-Decrees for civil servants.
- Issued 477 Royal Decrees and Sub-Decrees for retired civil servants.
- Issued 6,365 Royal Decrees and Sub-Decrees for promotion of civil servants.
- As of December 2012, payroll of 181,930 civil servants were automated through ICT.

DECENTRALISATION AND DE-CONCENTRATION REFORM PROGRAMME (D&D)

2.29. To promote the implementation of D&D Reform Programme effectively, the RGC of the Fourth Legislation developed, approved, and implemented the Law on Administrative Management of the Capital, Province, Municipality, District and Khan (2008), elections at the sub-national tiers (2009), establishment of the National Program on Sub-National Democratic Development (2010) and approval of the National Program's first three-year Implementation Plan (IP3: 2011-2013). All aforementioned represent a commitment to the political, administrative and developmental reform at the sub-national levels.

2.30. In mid-2011, IP3 became operational. It focused on mainstreaming gender and establishing basket funding arrangements. Major achievements of the IP3: 2011-2013 are following:

- Established sub-national administrative structures and nearly 10,000 civil servants were integrated into the new structures.
- Developed procedures and guidelines for Districts, Municipals and Khan, both for

Councillors as well as Administrators and Governors. The design of Sub-national Administration (SNA) systems was largely completed. The RGC also continued the provision of coaching and mentoring services to SNA Councils and Organizational Development (OD) process. An enormous amount of training was implemented across the reform.

- Five Ministries completed their functional mapping exercises and are making decisions about which functions to transfer to SNAs, either permanently or on a pilot basis. Much was learned through this rigorous process and at least two pilots are currently being designed. Several studies were completed to clarify the general mandate, which will serve as a basis for developing a regulatory environment which promotes SNAs essential role in poverty reduction.
- Established the District/Municipality (DM) Fund, created by a transfer 0.8% of the national recurrent revenues to sub-national levels. These funds support an extensive and active capacity development program, including organizational development, training, and coaching and mentoring of councillors. Projects were identified by DMs, and implementation of the DM fund will take place during 2014. Resources, through the CS Fund, equivalent to 2.8% of recurrent revenues have continued to enable Communes and Sangkat to implement their local development priorities.
- In terms of enabling SNAs to manage their own personnel, two key instruments were (i) an amendment to the law on the establishment and functioning of the Council of Ministers (which has been approved by the King) and (ii) a draft sub-decree on the delegation of power to SNA for the management, appointment, movement and termination of civil servants working at Sub-national levels. These will legally permit the RCG to delegate powers to SNAs for the management, appointment, movement and termination of civil servants working at Sub-national levels.
- Social Accountability Strategic Plan for Sub-National Democratic Development was approved by NCDD. The plan will be jointly implemented by government and civil society and was developed with extensive consultation with NGOs. The plan aims to (i) improve citizens' access to information in terms of sub-national performance and budgets; (ii) develops processes for citizens to monitor service delivery and expenditure; (iii) develops interface mechanisms for local governments and communities to agree on a set of actions which will improve service delivery. The plan emphasizes a process of constructive engagement.
- Planning systems and procedures have been updated, and, as a matter of routine, all SNAs have 5-year development plans and 3-year investment programs; CS plans continue to be developed and coordinated through District Integration Workshops.
- Significant progress was made in establishing two National Associations to represent the needs and interests of SNA councillors.
- To enhance the good governance in the framework of delivering public service to citizen in good quality, transparency, and response to the local need, the Royal Government of Cambodia issued the Decision to establish **One Widow Service Office** (OWSO) and District Ombudsman Office at district/municipality/Khan level. Based on this decision, from 2005 to 2013, the MOI has established and operated 24 OWSOs in 23 provinces to provide 186 administrative service types that were delegated by 10 ministries/institutions. Meanwhile, the MOI is also preparing to open new 13 OWSOs in municipalities and Khan in Phnom Penh in 2014. To ensure the application of good governance and other principals related to public service delivery, the MOI also established District Ombudsman Office at district/municipality/Khan of OWSO. The District Ombudsman Office is an independent and neutral institution that receives and mediates complaints made by citizen in relation to service delivery of district/musicality/Khan administration.

2.31. These whole of government reforms are complex and require a continuous process of dialogue and consensus-building among policy makers. In particular:

- The transfer of functions from central to local governments is critical for improving service delivery and local accountability. Although progress has been made in developing functional mapping and review processes, functions have not yet been transferred. Key challenges include getting consensus on the functions to transfer and designing mechanisms that will not disrupt service delivery.
- The National Program and IP3 identified several new central-local fiscal transfer mechanisms and local revenue sources. While the DM fund has been developed, other mechanisms, including conditional transfers, the Sub-National Investment Facility (SNIF), and own source revenues remain at an early stage of formulation.
- SNA personnel will need to be increasingly accountable to SNA management. Currently, staffs have not been formally transferred to SNAs, and some positions have dual accountabilities to both Councils and the national level. SNAs will need to be provided more autonomy to restructure their offices, attract, hire, fire, discipline, reward, manage and develop human resources. The challenge will be to provide this autonomy yet retain critical elements of a national civil service system.
- Strengthening horizontal and vertical SNA accountabilities is an important IP3 objective. Relationships between councils and Boards of Governors needs review, councillors' oversight role with respect to Central Government service delivery functions needs strengthening, and the Central Government will need to increasingly develop and inspect policies and standards.
- Mechanisms to encourage SNAs to be more innovative and to take more initiative within the scope of their poverty alleviation mandate need further development.

IV. REFORM OF THE ROYAL CAMBODIAN ARMED FORCES

2.32. The reform of the Royal Cambodian Armed Forces (RCAF) as one angle of Rectangle Strategy demands an effective protection of sovereignty and territorial integrity, security and social order of the Kingdom of Cambodia. The reforms of the RCAF based on the RGC defence strategiesincorporate in the **Rectangular Strategy Phase II** and the **NSDP Update 2009-2013**, achieved the following:

- *Reform of Armed Forces*: RCAF has reform the organizational structure and has strengthened the technical and fighting capacity. It has also developed policies for the Armed Forces of Category 2, and those retired.
- *Borders Protection*: The RCAF has been working diligently towards protecting the nation's borders and improving diplomatic relations with other countries.
- *Capacity Building in RCAF*: RCAF has been conducting training in combat and diplomatic skills, learning new technologies, knowledge and skills in defence, upgrading weaponry, and participating in peace missions under the umbrella of the United Nations.
- *Military Community Development*: The wars in the past left many areas contaminated by mines and explosive remnants of war. RCAF's Engineering Unit, in collaboration with Cambodian Mine Action and Victim Assistance Authority (CMAA) and other mine-action agencies, undertakes demining operations. The Mine and Explosive Action Centre was established under the Ministry of National Defence (MND). RCAF received significant lands under social concessions after the mines were cleared from them, which it has cultivated for agricultural development.
- *Business Development*: The RCAF has been authorized to undertake commercial activities since 2012. It established the Department of Development (DOD) in the MND to generate income, promote image of the military, and improve the standards of living of the military community.

- *Gender Improvement*: The RCAF has been encouraging female military officers to move up the organizational ladder, despite the fact that the number of female military officers is relatively low as of now. Gender awareness within the military communities has also been improving remarkably, though it requires further enhancement.

2.33. Although significant progress has been made in the reform process, the RCAF still has many major tasks to perform and continues its implementation:

- *Science, Technical and Vocational Knowledge and Skills*: RCAF still needs strengthening defence activities, defence industry, business development, science, technical and vocational knowledge, and skills. All of this requires more resources.
- *Physical Resources*: The management and utilization of RCAF's lands, equipment, factories, machinery and enterprises, are yet not efficient, resulting in low earnings from them, and the consequent low standards of living (of the military community).
- *Military Community Development*: Strategic development partnerships for long-term investment cooperation require putting in place.

2. ENVIRONMENT FOR THE IMPLEMENTATION OF THE RECTANGULAR STRATEGY

2.34. There are four main aspects addressing this issue: *(i) peace, political stability, security, and social order; (ii) partnership in development; (iii); favourable macro-economic and financial environment; and (iv) Cambodia's integration into the region and the world.*

I. PEACE, POLITICAL STABILITY AND SOCIAL ORDER

2.35. The practice of holding free and fair elections is now well established. So far, five General Elections have been held to elect members of the National Assembly. The latest one was held in July 2013, electing the Fifth Legislature. Three elections have been held to elect members of the Commune Councils across the country – first one in February 2002 and the second one in April 2007 and third 2012. An era of dynamic stability is now in place, with an emphasis on freedom of expression and free speech in an environment of accountability and responsibility for each individual's actions, both within RGC and the general public. RGC is committed to make every endeavour to ensure that these hard earned gains continue to enhance and get fully integrated into the Cambodian society and psyche.

2.36. The MOI has been engaged in three major roles: (i) managing the sub-national public administration institutions; (ii) ensuring internal security of the nation, and public order through the National Police Forces (NFP); and (iii) leading and coordinating the implementation of RGC's Decentralization and De-concentration Reform Programme (D&D). The MOI made significant progress in broadening and strengthening the sub-national public administration institutions, ensuring internal security, and putting in place institutional arrangements to guide the D&D reform process achieve democratic development at the sub-national level.

2.37. The MOI through the National Police Forces (NPF) effectively put down all terrorist activities. The MOI also provided safeguarding safety and wellbeing of the people, prevented all attempted aiming at controlling national solidarity and causing political instability and social chaos, and prevented attempts to use Cambodia as a springboard to create disturbance the neighboring countries. The achievements were also made in the overall safety and security, the organisation of elections of Commune/Sangkat Councils in

the third mandate in 2012, the general elections of the Fifth Legislature of the National Assembly in July 2013, and attainment of safety for the hearings of the Extraordinary Chamber in the Court of Cambodia.

2.38. The MOI successfully suppressed all types of crimes and assured full security, public order, and safety for the people, especially through implementing the "Safe Village/Commune" policy.

2.39. In spite of strong commitment and remarkable success, there are still some challenges emerging from limited institutional capacity, including human resources and equipment; as well as yet no complete legal framework to guide the work. Moreover, the overseas criminal elements, taking advantages of Cambodia's weakness in some corners, has used all means to infiltrate and hide in our country, evading the legal network and carrying out criminal activities. The control of foreigners is not as yet as comprehensive as it needs to be to safeguard national security. Despite a significant reduction in crimes, the incidences of armed robberies, murders, illegal drug circulation and trafficking, rapes, women and children trafficking, and violation of law and money laundering are still high. There are too many traffic accidents. The administrative management is complicated in cities and towns by juvenile delinquency in public places; night clubs and dancing halls are negatively affecting the youth, causing inactiveness in study, drop outs from schools and leading to the conduct of other wrong doings.

COMBATING DRUGS

2.40. The **National Authority for Combating Drugs (NACD)**, through Implementation of the Strategic Development Plan (2009-2013) by upgrading on drug control with continuing the collaboration and increase the multi-sector cooperation with national and international institutions by using social labors and with the support of international community, has achieved the following:

- *Strengthening the institutions*: NACD is responsible for implementation the RGC's drug control policy. It had developed a law on the control of drugs conjunction with the three international drug control conventions of 1961, 1971 and 1988, and 1972 Protocol, which the law on drug control adopted and promulgated in January 2012.
- *Drugs demand reduction*: NACD increased cooperation with Ministries, Provincial and Municipal Drugs Control Committees, the local and international development partners, and other stakeholders. It also conducted public awareness on drug abuse. Otheractivities involved drug demand reduction are as following:

  - Integration of the awareness on the dangerous drugs into educational curriculum
  - Dissemination at community level to say no drugs.
  - Dissemination on the danger drug through medias.
  - Dissemination on the occasion of the national and international public holiday.
  - Dissemination on the cover of products about the drug education messages putting on invoices, water bottles, buckets, boxes and buses and so on.
  - Dissemination at entertainment services at hotel, Tourism Transportation Association, and other entertainment places and guest house to distribute the information on drug control law, the risks caused by drug abuse and drug and HIV/AIDS problems.
  - Dissemination through the documentary Film production, CD, VCD and Karaoke accounted for 134 titles and encouraged concerned organizations to show off and demonstrate publicly to the people about the form of art and spectacle regarding drug education.

- Dissemination through poem, song, painting competition and concert programs broadcasted on radio and TV, especially with the involvement of actors, actress and comedians.

- *Drugs supply reduction*: NACD increased cooperation with ministries/Institutions and law enforcement agencies to crack down on the offences in production, trafficking, distribution of precursor chemical diversions. It also suppressed illegal extraction of precursor chemicals from Ephedra plants.
- *Strengthening the effectiveness of treatment, rehabilitation and reintegration*: NACD has made strong effort resulted as the following:

  - Prepared the books regarding the guideline on drug detoxification and treatment at referral hospitals, health care centres for drug treatment and rehabilitation.
  - The Royal government decided to provide drug addicts with subsidies who are under treatment in the rehabilitation centres governed by Ministry of Social Affairs Veteran and Youth Rehabilitation.
  - Promoted the drug detoxification and treatment program according to doctor's prescription at drug treatment.
  - Adopted community based on treatment and rehabilitation to carried out by mental health and drug services of the Ministry of Health.
  - Operated the treatment program for drug users who used opiates and heroine for methadone at the Khmer Soviet Friendship Hospital.
  - Developed a National Strategic Plan was designed in response to HIV/AIDS in relation to drug use (2008-2010) for implementing Harm Reduction programmes in Cambodia.
  - Developed the guideline on the implementation of the needle/syringe programme to effectively curb the spread of HIV/AIDS infection among drug users.
  - Evaluated and made recommendations to expand services and improve quality services and the needle/syringe programme in Cambodia.

- *Strengthening the effectiveness of the law enforcement*:

  - Collaborated with the local authority and municipal and provincial department of tourism to take administrative measures to make contract with the local vendors, tourism services, entertainment places to prevent drug trafficking, distribution, and abuse.
  - Established 14 Border Liaison Offices (BLO's) along the border of the country and the Mekong River to control and curb drug trafficking and precursor chemicals across the border.
  - Trained drug law enforcement officers in 11 municipalities and provinces on the drug control skills and harm reduction associated with drug abuse.
  - Produced training documents on precursor chemical control in DVDs to train law enforcement officers and officials serving at the checkpoint and law enforcement officers at district and municipal level near BLO of neighbouring countries throughout the countries.
  - Shared Cambodian law enforcement officers experiences with a particular skill at foreign countries.

- *Strengthening and expansion the international cooperation*: NACD has continued to everlastingly strengthen and expand the cooperation with international community in many forms:

  - Bilateral cooperation with neighboring countries.
  - Cooperation with international partners.
  - Cooperation with development partners.

2.41. While implementing the NSDP Update 2009-2013 on drug control, some challenges and difficulties faced were as follows:

- Cambodia is one of the countries in the region affected by all forms of drug abuse in both natural drugs and synthetics trafficked through the Golden Triangle, a source of production of a variety of drugs and also a favourable geographic location for drug traffickers. International drug traffickers have made attempts to use Cambodia for drug production and transit, through organized networks and complicated means.
- Synthetic drug production has dramatically increased in response to its demand for industrial applications. The capacities of law enforcement officers are limited in precursor chemicals control, which provides opportunities to the international drug traffickers to divert these chemicals to manufacture illicit drugs.
- Some constraints also include law enforcement officers' capacities, financial resources, materials, and professional morality. Fighting against the drug traffickers from the whole region simultaneously is thus difficult.
- No country in the region (or the world) has really succeeded in treating, rehabilitating and socially reintegrating drug addicts.
- Due to the global financial crisis, there is limited international cooperation in fighting against drugs.

II. CAMBODIA'S INTEGRATION INTO THE REGION AND THE WORLD

2.42. Cambodia's integration into the international communities, particularly the sub-regional and regional, and the world has significantly contributed to enhancing the prestige of Cambodia. Cambodia has also continued to perform foreign, peaceful, neutral, and non-allied policy frameworks, and has strengthened international relationship and bilateral cooperation and its role as a member of the WTO and ASEAN Community on the basis of equal right and equal footing as other members so that mutual benefits can be ensured.

2.43. Cambodia has so far established diplomatic missions with 165 countries and has had 34 embassies and permanent missions to overseas. Meanwhile, there are 26 foreign diplomatic embassies in Phnom Penh.

2.44. Cambodia has actively participated in international and regional communities. The cooperation activities the Cambodia has made so far include politics, security, economy, trade, and social and environmental atmospheres. As a chair of ASEAN in 2012, Cambodia successfully hosted ASEAN Summits, East Asia Summit, the first ever ASEAN global dialogue, ASEAN Ministerial Meetings, and other regional and sub-regional meetings such as Asia-Europe Meeting (ASEM), East Asian summit, ASEAN Regional Forum, Asia Cooperation Dialogue, Conference on Interaction and Confidence Measure in Asia, the Triangle Cooperation Cambodia-Laos-Vietnam (CLV), the Cambodia-Laos-Myanmar-Vietnam (CLMV) Cooperation, the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) among Cambodia-Laos-Myanmar-Thailand-Vietnam, Greater Mekong Sub-regional (GMS), Mekong-Ganga Cooperation and Mekong-Japan Cooperation, Mekong-Korea Cooperation, and Lower Mekong Initiative (LMI) with America.

2.45. Other major achievements that the government achieved in the world communities include:

- Elected as a member of the World Heritage Committee in 2009, Cambodia hosted the 37th Session of the World Heritage Committee in 2013.

- Within the international cooperation frameworks, Cambodia has joined UN's peace-keeping missions in Sudan and South-Sudan, Chad, Lebanon, Syria, Central Africa, and Mali, and has joined and hosted multi-national military exercises.
- Cambodia has joined several international conventions, including 12 conventions and protocols on the fight against terrorism, other conventions regarding the protection of the rights of workers and human rights, environmental conservation and protection, reduction and control of light weapons, nuclear weapons and chemical weapons proliferation.

III. FAVOURABLE MACRO-ECONOMIC AND FINANCIAL ENVIRONMENT

A. MACRO-ECONOMIC MANAGEMENT 2009-2013

2.46. The average economic growth achieved was 5.6% per year during 2009-2012. However, if the growth in 2009 (an economic crisis year) is excluded, economic growth was average 7%.The Gross Domestic Product (GDP) per capita increased to USD 1,036 in 2013 (estimate). Inflation has been under control and the exchange rate has been stable. Trade deficit declined from -15.3% of the GDP in 2008 to -13.9% in 2012. Cambodia received development cooperation financing from development partners of about USD 5,430 million between 2008 and 2012: USD 3,580 million was grant and USD 1,850 million was loan. Based on projections, Cambodia is likely get USD 1,200 million (USD 600 million as grant, and USD 600 million as loan) in the next 2-3 years. During the crisis period of 2009-2010, 40,000 job-losers and unemployed workers received short-term trainings in agriculture, industry, technology, handicraft, and services, from "**Prime Minister's Fund**" and "**Self-Employment Creation Fund**".

B. PUBLIC FINANCIAL MANAGEMENT

SITUATION OF PUBLIC FINANCES2009-2013

2.47. The average budget revenue between 2009 and 2013 (estimated) is 13.56% of the GDP--tax has been the major revenue. The General Directorate of Taxation developed and implemented several legal letters, especially regulation on Tax on Property. The General Directorate of Taxation also expanded its Automatic Declaration System in all provinces, and recruited and trained more than 300 new customs officers. Customs regulations, which are consistent with the international practices were also developed and implemented. Trade Facilitation and Customs-Private Sector Partnership Mechanism are now functional, and the Customs Database Automatic System has been put in place at 20 international checkpoints, covering nearly the entire customs operation. The Customs Risk Database Management System and Creditability of Businessmen Management System were developed and operated. Budget expenditure management too has improved, enhancing accuracy in forecasting expenditure requirements and linking these with national priorities. The expenditure priorities include education, health, agriculture, rural development, and improvement and expansion of physical infrastructure such as roads, bridges, schools, hospitals and irrigation. The average national budget expenditure increased 17% a year, of which17.6% was recurrent expenditure and 16.8% was capital expenditure.

2.48. Payroll expenditure increased from 1,437 billion Riels in 2008 to 2,672 billion Riels in 2012, in conjunction with the policy to raise salary by 20% each year. Health expenditure increased from 427 billion Riels in 2008 to 778 billion Riels in 2012. Expenditure on education increased from 607 billion Riels in 2008 to 907 billion Riels in 2012. Expenditure

on labor and vocational training increased from 39 billion Riels in 2008 to 99 billion Riels in 2012.Between 2008 and 2012, the total investment on physical infrastructure was 9,852 billion Riels, on transportation 6,821 billion Riels, on irrigation 2,251 billion Riels, and on electricity 780 billion Riels.

2.49. Public investment expenditures through domestic financing increased from 711 billion Riels in 2008 to 1,327 billion Riels in 2012. At the same time, foreign financing increased from 1,926 billion Riels in 2008 to 2,860 billion Riels in 2012. Meanwhile, the debt situation also improved, as could be seen in Chapter III.

C. Finance Management

Finance Sector Situation 2009-2013

2.50. During 2009-2013, significant progress has been made in this financial sector. Broad money (M2) had increased on average 21% per annum over the 2008-2012 period. Cambodia's finance sector is undergoing a transition. Its financial market are developing, especially the security markets, by diversifying institutions and financial instruments. Inter-bank/money market is likely to grow when the debt security market is established. Next, the Insurance sector is making good progress.

1. Banking Sector Development

2.51. The banking sector in Cambodia has been developing rapidly in terms of the numbers of operators, transactions, and scope. Many overseas banks—with many years of experience—have continuously invested in Cambodia. By the end of June 2013, Cambodia's banking system consisted of 21 branches of National Bank of Cambodia, 33 commercial banks (23 domestic banks and 10 foreign banks, and these banks have 171 province-city branches), seven specialized banks and five representative offices.

2.52. The total cash deposits with banks increased from 41% (of the GDP) in 2008 to 81% in the first semester of 2013. The total net domestic assets of the banking system increased dramatically from 1,513 billion Riels to 11,289 billion Riels (about 7.4 times), the total net foreign assets increased from 10,346 billion Riels to 19,874 billion Riels (approximately two-fold), the total credit to GDP ratio increased from 24% to 43%, and the total deposit to GDP ratio increased from 23% to 46%, during this period. Financial deepening, measured by M2 (money supply) to GDP ratio, increased from 28% to 53%, suggesting that the banking sector is now playing an increasingly important role in economic activities. The out-reach of the banks has expanded: the customers increased to 2,002 thousand customers by the end of June 2013, compared to 930 thousand customers in 2008.

2.53. The banking institutions in Cambodia remained healthy and their capital has increased steadily, from 3,783 billion Riels in 2008 to 10,861 billion Riels at the end of June 2013, a 2.9 fold increase. The non-performing loan to total credit ratio (NPLs) has decreased and remained at a low level, to 2.5% (of the total loans) at the end of June 2013 compared to 3.7% in 2008. Both, the liquidity ratio and solvency ratio remained at a relatively high level and stood at 82% and 26%, respectively. The levels of both ratios are higher than the minimum requirement stated in the regulation.

2. Micro-Finance Sector

2.54. Expanding and improving the efficiency of financial services and products, especially the capacity to expand the scope of services is the main target of developing

financial system in Cambodia. Microfinance institutions have grown noticeably and have played an active role in providing loan to small enterprises, particularly people in the rural areas. Licensed microfinance institutions have increased from 18 in 2008 to 37 in June 2013. Of these, seven MFIs have been allowed to receive deposits from the public since 2009. The total assets of MFIs have increased from 1,362 billion Riels to 5,277 billion Riels (increased around four-fold) and the total credit has increased from 956 billion Riels to 4,479 billion Riels (increased five-fold) in the same period. The total deposits increased from 27 billion Riels in 2008 to 1,554 billion Riels in June 2013, which suggests that micro-finance sector is relying increasingly on domestic sources for funds. The total number of people who have access to the micro finance has gone up from 1,007 thousand to 2,456 thousand. The micro finance sector in Cambodia is in a healthy condition and the micro-finance institutions are well compliant with the law and regulations of the National Bank of Cambodia. More specifically, the ratio of non-performing loans to total credit was about 0.4% in June 2013. Meanwhile, both the liquidity ratio and solvency ratio remained high, which respectively stood at 180% and 21%.

3. Non-Banking Finance Sector

- *Insurance Sector*

  - Insurance premiums increased to USD 30 million, a growth rate 20% a year.
  - Strengthened capacity of the insurance service providers through regulations to ensure sustainable development of insurance sector in accordance with the rules of the International Association of Insurance Supervisors (IAIS).
  - Increased creditability of insurance companies through their annual financial information reports.

- *Pension Sector*

  - Established the National Social Security Fund for Civil Servants, National Fund for Veterans, Fund for Cripples, and National Social Security Fund for Workers to improve social protection and inculcate a savings culture.
  - Formulated a law on Volunteer Pension of Private Sector.

- *Securities Sector*

  - A Supervising and Monitoring Framework was formulated with the following laws: the Law on State Security, Law on Publishing, Law on Buying and Selling Public Security, and Law on Bankruptcy.
  - Other achievements: Established a management structure for the Cambodia's Securities Exchange; established Securities Exchange and Commission of Cambodia and Cambodia's Securities Exchange; licensed 16 companies to be recognized as security corporations; issued recognition to agencies engaged in clearances related to securities, securities registration, and securities transfer registration; and issued recognition to certified accounting firms and independent auditors, and firms providing valuation services on securities.
  - Phnom Penh Water Supply Authority officially opened for trading in Cambodia's Securities Exchange.

- *Other Non-Banking Sectors*

  - Formulated Financial Trust Development.
  - Provided vocational certificates and licenses for valuation services and property services to 87 firms.
  - Property development business licenses have been offered to 20 firms to manage

and develop capital inflow in this sector.

- Valuator Association has been established and it has become the 8th full member of the ASEAN Valuator Association.
- The Regulation, Monitoring and Management Mechanism Framework, has been established to officially develop mortgage services and encourage capital inflow.
- Professionalism has been encouraged in mortgage operations using information technology system for regulators, operators, and authorities.

D. Legal Framework and Financial Infrastructure Development

2.55. The National Bank of Cambodia (NBC) has helped improve the banking infrastructure by strengthening the legal frameworks, setting up the National Payment System, and establishing the Credit Bureau. The Credit Bureau has been incorporated with joint ownership of the Association of Banks in Cambodia, the Cambodia Micro-finance Association, and private service providers to reduce credit-risk, avoid delinquent borrowers, and bring about greater transparency. Settlement instruments in the banking sector such as Settlement of Credit/Debit Card through ATM, Point-of-Sale (POS), and mobile banking, have also been modernized. As of end of June 2013, there were 718 ATM machines operating in the country. NBC is now working closely with the banking institutions to introduce the Negotiable Certificate Deposit (NCD). NBC has also been promoting inter-bank and money market development to enhance the efficiency of liquidity management and to develop usage of negotiable instruments.

2.56. Although the banking and financial sector has been playing an important role for economic development, the financial sector is at a fundamental stage and it faces following challenges during the implementation of the National Financial Sector Development Plan 2009-2013 and Financial Sector Development Strategy 2011-2020:

- There is high dollarization in the economy, which constraints the use of market-based instruments in implementing monetary policy.
- A well-organized institutional infrastructure is required, e.g. that having an efficient information system for banking operations, harmonization of legal and regulatory frameworks, and a wider use of the Payment System.
- The supervisory framework and the financial stability mechanisms are yet below the international standards.
- Money market and inter-bank market are yet not operational.
- There is lack of market instruments, especially government bonds, which are essential for operations in the money market and inter-bank operations.
- Knowledge regarding the benefits of using financial services is not widely known, especially in rural areas, and the human resources are still limited.

IV. PARTNERSHIP IN DEVELOPMENT

2.57. Recent achievements in building partnership have provided Cambodia a strong foundation and new opportunities in continuation of progress and solving on-going challenges so that effectiveness of development cooperation financing can be enhanced. The Royal Government has succeeded in mobilizing development cooperation financing from the development partners for its socio-economic development. Likewise, the disbursement reached about USD 1 billion per annum during the last 5 years. Development cooperation therefore accounted for approximately 10% of the country's GDP in the recent years, potentially contributed to a high economic growth rate, increased GDP per capita from USD 760 in 2008 to USD 1,036 in 2013, and reduced poverty rate from around 47.8% in 2007 to 19.8% in 2011. Besides demonstrating the international community's support for

the Royal Government's development programme and reform effort, this increased level of external resources has supported the creation of a positive environment, which has been associated with expanded public and private investment, primarily in the infrastructure, garment, agriculture, construction and tourism sectors.

2.58. RGC has successfully led the "Cambodia Development Cooperation Forum" since 2007, replacing the former "Consultative Group Meeting" mechanism. Moreover, Cambodia has been recognized as a role model and leading partner country in implementing the "*Paris Declaration*" and "*Accra Agenda for Actions on Enhancing the Effectiveness of Cooperation Financing*" in the Asia-Pacific region.

2.59. However, there is much more to be done in achieving the effectiveness of cooperation financing. The challenges that the government and stakeholders have been committed include:

- Ensuring the alignment of external assistance with national priorities.
- Harmonizing processes for managing external flows.
- Building capacities for improved public sector management.

2.60. These strong commitments from all stakeholders in strengthening partnership in development are key to complete the 'unfinished-business' towards more effective use of development resources. Achieving development results would also require building broader and more inclusive partnerships, and strengthening national systems, in accordance with the commitments made at the High-Level Forum in Busan in late 2011.

2.61. External financial support would be tapering off gradually from henceforth. Cambodia, therefore, needs to secure alternative funding sources as well as concentrate on mobilizing domestic revenues. Regional integration, including with ASEAN in 2015, represents an additional challenge—though also an opportunity—that highlights the need for all the development stakeholders to have a more engaged collaboration.

3. ENHANCEMENT OF AGRICULTURAL SECTOR

2.62. The enhancement of agricultural sector set in RS II of the Royal Government of the Fourth Legislature of the National Assembly is a key foundation for the growth of the economyand rural economy, equity, and food security. The four sides of this enhancement are: (i) Improving agricultural productivity and diversification; (ii) Land reform and de-mining; (iii) Fisheries reform; and (iv) Forestry reform.

I. IMPROVING AGRICULTURAL PRODUCTIVITY AND DIVERSIFICATION

2.63. The **Ministry of Agriculture, Forestry and Fisheries (MAFF)** leads, manages, and carries out activities to enhance crop production to contribute to: (i) Ensuring food security; (ii) Controlling quality and safety of agricultural products; (iii) Promoting agricultural productivity and agricultural diversification; (iv) Reducing poverty by increasing farmers income through value-added agriculture; (v) Ensuring market access for agricultural products.

A. RICE PRODUCTION

2.64. As of 2013, areas under all crops have reached more than 3 million hectares. During 2009-2012, average paddy yield increased from 2.83 tons per ha to 3.11 tons and

total production increased from 7.58 million tons to 9.29 million tons. Cambodia has a surplus of paddy from 3.5 million tons in 2009 (about 2.24 million tons of milled rice) to 4.7 million tons in 2012 (about 3.03 million tons of milled rice). The increases in paddy production, rice export, and rice surplus clearly shows that Cambodia has significantly achieved her "*Policy on the Promotion of Paddy Production and Rice Export*" in rice production.

Table 2.1: Rice Production and Growth, 2009-2012

Description	2009	2010	2011	(*) 2012	Growth Comparison 2009/2012
Cultivated area (ha)	2,719,080	2,795,892	2,968,529	3,007,545	10.6 %
Harvested area (ha)	2,674,603	2,777,323	2,766,617	2,980,297	11.4%
Yield (MT/ha)	2.836	2.97	3.173	3.117	9.9%
Total production (T)	7,585,870	8,249,452	8,779,365	9,290,940	22.4%
Surplus produce (milled rice - T)	2,244,598	2,516,752	2,780,328	3,031,017	35%
surplus produce (paddy)	3,507,185	3,932,425	4,344,263	4,735,964	35%

Source: Ministry of Agriculture, Forestry, and Fisheries

2.65. *Horticulture and industrial crops*: The cultivated areas under maize, cassava, mung bean and soybean have increased from 704,660 ha in 2011 to 716,370 ha in 2012. The cultivated area under horticulture and industry crops in 2012 was 912,880 ha compared with 856,777 ha in 2011.Production increased from 9.93 million tons in 2011 to 10.85 million tons in 2012. Cultivated area under permanent crops was 193,751 ha in 2012, 17.5% higher compared with 2011 (164,840 ha).

Table 2.2: Cultivated Area under Four Main Crops (ha)

Crop	2009	2010	2011	2012
Maize	206,058	213,622	174,257	216,330
Cassava	160,326	206,226	391,714	361,854
Mung bean	49,599	69,206	68,111	66,850
Soy bean	96,388	103,198	70,584	71,337
Total	512,371	592,252	704,666	716,370

Source: Ministry of Agriculture, Forestry, and Fisheries

2.66. *Agricultural cooperative development*: In 2012, there were 375 farmers' cooperatives established nationwide. These farmers' cooperatives involved in various business activities such as agricultural production, agricultural inputs supply and purchasing of agricultural products and market, and credit services for agricultural value change.

2.67. *Agricultural Product Export Promotion*: In 2012, 25 agricultural products (a total export volume of 0.68 million tons) were inspected and granted phyto-sanitary certificates for export. About 68 private companies exported 205,717 tons of milled rice to 57 countries in 2012. The export amount was 1.9% higher compared to 2011. An increase in the number of countries importing rice from Cambodia suggests that external markets are recognizing Cambodian rice. The total cassava export volume in 2012 was 0.22 million tons, consisting of cassava flour (48,874 tons), cassava chips (126,276 tons), and fresh cassava (50,540 tons).

2.68. *Agricultural Research and Development*: During 2009-2013, the following was achieved:

- Collected, conserved and used germ-plasm of major crops.
- Improved specific traits of the rice varieties most preferred.
- Improved yield and quality of rice, legumes and vegetables.
- Strengthened laboratory capacity.
- Developed agricultural equipment.
- Developed tools for storage and packaging of agricultural product.
- Developed technology packages for increasing rice productivity.
- Conducted studies on long-term trends in soil fertility for rice production.
- Investigated nitrogen transformation in soil and water layers.
- Determined nitrogen fertilizer efficiency on paddy yield in rainy season.
- Continued researching on pests, and found 11 additional rice pests.
- Conducted varietal screening for resistance to brown plant hopper damage.
- Adopted rice varieties released by Cambodia Agricultural Research and Development Institute.
- Developed technology for growing mung bean after wet season rice.
- Conducted training and extension.
- Field visits were conducted at 35 locations.
- Wrote research papers and extended knowledge.

2.69. Nevertheless, *agricultural research and development* for rice and other crop productions continue to face several challenges including:

- Limited budget for agricultural R&D activities and also, there is no earmarked budget line for it.
- CARDI (research facilities) is unable to offer adequate incentives to its skilled researchers; hence, it is unable to retain some of its best researchers.
- Unreliable electric supply to research institutes has resulted in damage to research equipment and laboratory facilities.
- Limited infrastructure and transport facilities for R&D activities.

2.70. Cambodian farmers also continue to be confronted with various constraints requiring solution. These include:

- Lack of human resources, infrastructure, and budgets for research and development, and extension.
- Inadequate policy support for scientific agricultural research.
- Inadequate legal instruments.
- Limited investments by the private sector on agriculture.
- Climate change, causing natural disasters: drought, flood, pest outbreaks, others.
- Limited farmers' knowledge, making it difficult to introduce new technologies, and limited farmers' capacities to partner with the private sector.

B. Livestock

2.71. Over the period 2009-2012, the number of cattle raised has declined from 3.58 million heads to 3.38 million heads and the number of buffalo also declined. The number of pigs and poultry has increased from 2.12 and 23.33 million heads to 2.46 and 27.32 million heads respectively between 2009 and 2012. The overall number of domestic animals probably increased by 3% per year, this growth is due to increased demand for animal products, mainly meat. The livestock and poultry's share of Cambodia GDP in 2012

accounted for 3.9% at current prices. The private sector has taken the lead in livestock production through acquiring improved breeds of animals, providing improved animal feed, setting up processing facilities, reducing animal diseases through vaccinations, and encouragement from the government for livestock production.

2.72. Although MAFF has finalized several legal documents related to livestock such as, the Law on Animal Health, and the Animal Production Sub-degree, challenges still remain:

- Veterinary services are yet weakat both national and sub-national levels.
- Capacity research and Diagnostics of animal diseases is limited due to insufficient human resources and legal frameworks.
- There is no health insurance for the staff working in dangerous places.
- It is difficult to control the physical movement of animals and animal products.
- Sanitary inspection of animals, meats and animal products at slaughterhouses and markets, is not yet done fully.
- Quality control on animal feeds is limited.
- Investment on animal feed production is still limited.
- Prevalence of scientific breeding has yet not caught up at the country level.
- Markets for livestock are underdeveloped.
- Diseases like H5N1 and the like have still not been fully eradicated.

C. Agro-Industry Sector

2.73. According to MAFF Strategic Plan 2009-2013, agro-industry sector plays key role implementing activities that are mentioned in Sub-sector Policy 2 on "Market Expansion for Agricultural Products" and Sub-sector Policy 3 on "The Framework of the Development of Institutions and Law Regulations".

2.74. *Technical service supports through Implementation of program activities*: Under agro-Industry sector, MAFF implemented two projects of Program 2: "Encouragement of market access of agricultural products". In this regard, 3,960 farmers received a number of trainings from different sub-programs such as "Training on feed processing and formulation", "Enhancement of standard quality and safety of agricultural products", and "Training on Contract farming" between 2009-2012.

2.75. RGC has encouraged the "Contract Farming Mechanism "as it is key to ensure markets for farmers. MAFF prepared a sub-decree on "Contract Farming" in 2011 and has prepared the draft law on "Agricultural Products Quality and Safety", and other legal regulations, such as guideline on "Contract Farming" and Prakas on "Agricultural Enterprises and Agro-Industry Statistics Management".

2.76. Notwithstanding the significant progress that has been made, a number of challenges remain to:

- Farmers have limited information on agricultural product / processing enterprises.
- Producer and buyer parties are not fully aware of "Contract Farming mechanisms".
- There is limited cooperation from organizations involved in the preparation of the "Law on Quality and Safety of Agricultural Products", officials, and the budget.
- Infrastructure, human resources, equipment, materials and management structure are still in limited.
- Research and development on post-harvest processing technology and management are still at a nascent stage.

D. RUBBER

2.77. In 2012, total areas under rubber plantation were 280,355 ha. In this regard, 54,209 ha or 19.34% of total areas under rubber plantation were under agro-industrial rubber plantations (existing), 118,448 ha or 42.25% under economic land concession companies (new investment), and 107,696 ha or 38.41% under smallholding rubber plantations. Some 55,361 ha plantations are already being tapped, producing about 65,000 tons for exports.

2.78. In 2013, total areas under rubber plantation is 307,854 ha implying that the RGC has reached its target (300,000 ha by 2020) set in the Strategy for Natural Rubber Development 2011-2020 much in advance.

2.79. Although significant progress has been made, MAFF faces some challenges that include:

- Lack of human resources, budget, material and equipment, and transportmeans.
- Lack of coordination between the central and sub-national levels.
- Since the smallholders are scattered across the country and (road) infrastructure is also limited, there are problems in extending technical support, marketing the product and collecting data on production.
- Rubber companies are yet not following up Sub-decree No.55, dated on June 04, 2007 on the issuance of rubber quality certification.
- Cambodia Rubber Research Institute lacks land for constructing a station or sub-station for testing, quality control, and such details.

II. LAND REFORM AND DE-MINING

2.80. The RGC's land reform programme is focused on measures to strengthen land management, land distribution and land use, to ensure the security of land ownership, to eradicate illegal land holding, and to prevent concentration of unused land in few hands. Land reform is also crucial for the increase and allocation of agricultural land within the framework of granting social land concessions to farmers in order to enhance agricultural productivity and diversification, and rural poverty reduction.

2.81. In meeting the above plans, during 2008-2013, the Ministry of Land Management, Urban Planning and Construction (MLMUPC) achieved the following:

- *Land Administration:*
  - Aligned the Land Law with the new civil code – already in place.
  - Law on granting rights of ownership for Private Entities/Properties of Co-owned Buildings to Foreigners.
  - Sub-decree on Mortgage (Pawning), Transferring Rights for Long-term Lease or Rights on Economic Land Concessions.
  - Sub-decree on Managing and Using Co-owned Buildings.
  - Sub-decree on Managing Cities (Borei).
  - Studied types of rights of occupying flooded land in the rainy season and cultivating the land during the dry season in areas around Tonle Sap Lake and the low-land areas covered under the Mekong River's water scheme.
  - Carried out land registration using modern technical survey and equipment.

2.82. Significant progress has been made in land registration especially the implantation of "Old Policy-New Action" framework.

- Registered land and distributed 380,000 land titles (under directive 01).
- Number of land titles given out through systematic titling was 2,257,151 (numbers).
- Another 603,302 titles were given out through sporadic land titling.
- State land registered: 515 land titles, equal to 257,886 ha.
- Registration of Economic Land Concession: 130 cards, equal to 101,179 ha.
- Registration of long-term lease right: 303 cards, equal to 65,829 ha.
- Registration of indigenous people's community lands, 8: Mondul Kiri has 6 indigenous communities land titles were issued and Rattanak Kiri has 2 indigenous communities land titles were issued.
- Provided legal trainings and legal procedures on systematic land registration to around 100,000 administrative commissions throughout the country. Moreover, 269 undergraduate students in land management and 296 associate degree students are being trained at the Faculty of Land Management and Land Administration.

2.83. *Land disputes resolution*: As of 2012, the number of dispute cases received was 5,608. The authorities solved 2,325 cases involving 10,982 families and all cases equal 36,119 ha. Yet, 1,807 cases were rejected and 524 cases were withdrawn.

2.84. *Land management and urban planning*: the Ministry has successfully implemented the work of land management and urban planning as follows:

- *Regional planning*: The Ministry has prepared a national strategy for coastal zones integration for the four provinces, namely Kep, Kampot, Preah Sihanouk, and Koh Kong.
- *Municipal and provincial planning*: Land use master-plans have been established for Phnom Penh, Preah Sihanouk, Kampot, Battambang, and Kep.
- *Town, District, Khan planning*:
  - Has prepared 10 master-plans and town land use plans and four urban land use plans. These include: Kratie town, Battambang town, Steung Treng town, Bavet town, Poi Pet town, Kampong Cham town, Soung town, Siem Reap town, Chbar Morn town, Khemarak Phoumin town, Kompong Trach urban area, Neak Leung urban area, Steung Hav urban area, and Anlong Veng urban area.
  - Master plans and town land use plans are being established for Kep Town and Preah Sihanouk town.
  - Has prepared land use master-plans for 17 districts, 01 khan and 03 towns: These include: Stoung district, Komreang district, Phnom Prel district, Ponhea Krek district, Snoul district, Chloung district, Peamro district, Chormksan district, Koh Thom district, Kirivong district, Ochrov district, Keo Seima district, Sen Monorom district, Banteay Srey district, Tbong Khmom district, Sala Krao district, Chantrea district, Khan Meanchey, Preah Vihea town, Serei Sorphorn town, and Kompong Chnang town.
  - Master plans and land use plans are being established for Taveng district, Andong Meas district, and Oyadao district in Rattanak Kiri Province.

- *Commune Level Plans:*
  - Land use plans in 120 communes in 11 provinces have been prepared.
  - Land use maps have been produced for 1,633 communes/sangkats.
  - Provided technical assistance in facilitating the demarcation of administrative boundaries for 148 communes/sangkats.

2.85. *Preparation of legal instruments to ensure the high efficient and effective implementation of the Program*:

- The Ministry has decided to implement:
  - Sub-Decree on the Procedures for Making Commune/Sangkat Land Use Plan.
  - Instruction on the Preparation of Commune/Sangkat Land Use Plan.
  - Circular on Managing and Developing Coastal Areas of the Kingdom of Cambodia.
  - Royal Decree on the Establishment of a National Committee for Managing and Developing Cambodia's Coastal Zones.
  - Royal Decree on the Establishment of a National Committee for Land Management and Urban Planning.
  - Sub-Decree on the Establishment of a Committee for Land Management and Urban Planning at the Municipal, Provincial, District, and Khan Levels.

- Has finalized the Draft Sub-Decree on Urban Planning for Municipalities, Towns, and Urban Centres.
- A Draft Law on Land Management and Urban Planning is also being prepared.

2.86. *Capacity and Technical Skills Training*:

- Has trained technical staff at all levels: district, Sangkat/Commune Council, local authorities at district level, Sangkat/Commune Councils, local communities, and NGO staff (totally 3,533 participants) on the procedures for making commune/sangkat land use plan, reading and using map, as well as projects monitoring and evaluation.

2.87. *Distributions of Land under Social Land Concessions:*

- Approximately 31,000 households received lands under the program by the end of 2013.
- Granted social land concessions to around 4,000 households (for veterans, militants, former soldiers and their families).
- Granted social land concessions to around 7,000 households (for militants and their families stationing at the western and northern territories of the country).
- Granted social land concessions to around 15,000 households (poor civilians) in the form of land gift.
- Land has been allocated to 5,000 families under the Land Allocation for Social and Economic Development Project (LASED) in cooperation with Development partners, national and international NGOs.

2.88. *Construction Management and Development*: Construction Sector has been considered one of the 4 key pillars of Cambodia's economy. Achievements made in this construction sector include:

- There were 2,156 construction projects in 2008, and the total construction size was 10,339,642 sqm, costing about USD 3,191,569,144.
- There were 2,230 construction projects in 2009, and the total construction size was 6,614,747 sqm, costing about USD 1,988,851,951.
- There were 2,149 construction projects in 2010, and the total construction size was 3,287,468 sqm, costing about USD 840,459,529.
- There were 2,129 construction projects in 2011, and the total construction size was 5,257,587 sqm, costing about USD 1,734,598,584.
- There were 1,694 construction projects in 2012, and the total construction size was 6,528,452 sqm, costing about USD 2,109,607,242.

- Decentralized/delegated function to the municipality, district, and khan so they have authority to issue a permission letter for construction and for other services relating to the construction work with the size smaller than or equivalent to 500 sqm at the one window service office in the 23 municipalities/districts/khans.
- Issued a Prakas on the Procedure of Registering Construction Companies and companies advising Construction Plan Projects to make it easy to manage those companies. Up to 2012, 1,205 companies (including enterprises, construction companies, and companies advising construction plan projects) were registered.
- Established a Board of Cambodian Architects aiming to accumulate and manage civil engineers and architects who have professionally registered in the Kingdom of Cambodia, as well as to enhance their professions, qualifications, architects work, and the prestige of the national architecture. Recently, the Board of Cambodian Architects has become a member of ASEAN Engineering and Architects Advisory Group.
- Established a Cambodian Constructors Association to respond to the progress of the new era and to contribute to the development of the construction sector. The Cambodian Constructors Association has become a member of ASEAN Constructionists Federation.

2.89. Concerning to Agricultural land management and Use, The Ministry of Agriculture, Forestry and Fisheries reviewed and assessed the existing agricultural land uses in order to develop agricultural land use planning and crop zoning. MAFF also developed the draft agricultural land legislation frameworks such as draft agricultural land law and agricultural land management guidelines to ensure effective land use planning and sustainable land use management.

2.90. The Royal Government has made significant results as follows:

- Drafted agricultural land use planning and crop zoning.
- Draft National action plan on sustainable land use management.
- Draft guideline on soil fertility management and conservation.
- Strengthened the capacity of complex labs: Soil, water and plants Laboratory and Department of Agricultural Land Resources Management.
- Drafted agricultural law.

2.91. Notwithstanding the significant progress that has been made, a number of challenges Cambodia faced:

- People in all places need land titles to ensure their land tenure security, to reduce land disputes and to improve their living standards, as well as to develop the national economy.
- State (tax) revenue received from the transfer of land rights has not been fully collected, and the land information has not yet been completely updated; therefore, the cadastral information system can be inaccurate to some extent.
- The participation and the responsibility of relevant institutions and the technical officers are limited, especially for land management and urban planning making it difficult to prevent illegal constructions, and constructions which are either not in the different from the permit list or are technically differently defined.
- Disputes on land use made by concerned parties at the time of public display of master plan at the local areas cause the difficulty and the delay in adoption.
- Land identification and land management, and participation of the Sub-National Working Group for implementing social land concessions program have not been fully implemented.

MINES AND ERW

2.92. Until 2012, over 64,000 Cambodians were killed or injured by landmines and ERW. The casualty number was 186 in 2012. These remnants of war also continue to prevent national reconstruction and development.

2.93. With support from the international community, RGC has made great efforts over the past 20 years to clean the uplands from landmines/ERW. Between 2009 and 2012, the Cambodian Mine Action and Victim Assistance Authority (CMAA) with support of the mine action stakeholders, implemented a Baseline Survey (BLS) in 124 landmine/ERW-contaminated districts.

2.94. Between 2009 and 2012, the mine clearance operators cleared and released 40,529ha of contaminated land for productive uses such as agriculture, resettlement, and infrastructure (schools, health centres, roads, and irrigation system), benefiting tens of thousands of households. Cambodia not only cleared landmines within the country, but also participated in UN peacekeeping missions. It sent 278 demining personnel to Sudan and Lebanon between 2010 and 2012, and also shared its experiences in mine action with a number of affected countries.

2.95. Table 2.3 below indicates the achievements made by the sector in term of casualty reduction and clearance/release of contaminated land between 2009 and 2012.

Table 2.3: Key Statistics Related Mine Clearance

Indicator	Unit	Target/result	2009	2010	2011	2012
Number of casualties caused by landmines and ERW (killed and injured)	Person	Target	244*	240*	220*	200*
		Result	244	286	211	186
Landmine and ERW contaminated land cleared/released	Ha	Target	5,268*	5,374*	5,481*	5,591*
		Result	6,136	11,950	14,150	8,293

Note: Clearance progress made between 2009 and 2011 includes land cleared outside of BLS polygons. Clearance progress made in 2012 excludes land cleared outside Base Line Survey (BLS) polygons.

2.96. The end of 2012 saw completion of the Baseline Survey in a majority of Cambodia's provinces where landmine contamination was previously reported. The survey results show that about 191,482 ha of contaminated land remain to be cleared. In addition, large areas which might be contaminated by ERW remain to be surveyed systematically in the coming years.

2.97. Mine action in Cambodia relies on financial support from the government and development partners. RGC is concerned by the decrease in funding since 2011. This situation requires intensified resource mobilization and increased national contribution to ensure sustainability and efficiency.

III. FISHERIES REFORM

2.98. RGC has implemented fisheries reforms to promote small-scale fishing. In 2012, the annual inland and marine catch quantities were 509,000 tons and 99,000 tons, respectively. In addition, the production of aquaculture products was 74,000 tons in 2012, an increase of 3% over 2011.

Table 2.4: Inland, Marine and Aquaculture Production, 2009 to 2012 (Unit: Tons)

Descriptions	2009	2010	2011	2012	2013
Inland production	390,000	405,000	445,000	509,000	550,000
Marine production	75,000	85,000	91,000	99,000	100,000
Aquaculture	50,000	60,000	72,000	74,000	80,000
Total	515,000	550,000	608,000	682,000	730,000

Source: Ministry of Agriculture, Forestry and Fisheries

2.99. Developing aquaculture development is an important additional policy of the Royal Government in order to help ensure food security. Aquaculture has been implemented through pursuing diverse approaches including enhancing rice-field fisheries and establishing Community Fish Refuge Ponds which can help increase farm aquatic production by up to 15% per annum.

2.100. Aquaculture development includes both fish and freshwater prawn. Total production of bred fish and freshwater prawn was up to 74,000 tons, an increase of approximately 3%; fingerling production was 140 million heads, an increase of approximately 8%; crocodile production was 250,000 heads, an increase of 25% due to its skin has high economic value.

2.101. The Fisheries Administration (FiA) established 516 communities for the management and sustainable use of natural resources within communities (the community fisheries development). Some 477 communities belong to the inland fisheries, and 39 are of marine, involving 156,628 family units (332,168 persons, including 33% women). There were 328 communities are officially registered.

2.102. For conservation, FiA established additional 50 conservation areas after the abolition of the fishing lots. Eight Tonle Sap fisheries conservation areas totalling 22,500 ha have been established, and approximately 726,221 ha of flooded forest around the Tonle Sap were planted to serve as breeding ground for multiple aquatic lives. FiA has also encouraged community participation in planting the flooded forest at approximately 100 ha per year. Alongside, 27 patrolling stations were built. The other 97 conservation areas are along the Mekong River.

2.103. There are many challenges, nevertheless, faced in the fisheries sector:

- Illegal fishing activities continue, especially the use of electrocuting fishing devices, fishing nets, application of Samras, cutting of flooded forest within community fisheries and state fisheries domains, trawling within the inshore fishing area.
- Community fishery groups do not have budgets or capacity to implement their activity plans and most of community members are poor.
- Communication between key stakeholders to ensure effective implementation of policies to reduce illegal cases and fish export and import is lacking.
- Lack of cross-border collaboration among key players.
- Community fishery groups are not adequately growing and their management is weak.
- There is limited law enforcement, compliance to regulations and a lack of awareness about the importance of fishery resources among fishers and other stakeholders.
- There are insufficient numbers of fisheries staff to replace those who have retired.
- Human resources development at both national and sub-national levels is limited, especially in the field of research.
- Equipment and funds to support the management, research activities, extension, conservation and protection of fishery resources.
- The effects of climate changes.

- There are adverse effects from hydro-dam construction in Upper Mekong and its tributaries.
- Effect of chemical inputs on fish.

IV. FORESTRY REFORM

2.104. The implementation of the Law on Forestry and regulations along with good collaboration between all concerned institutions, forest resources are now more strictly managed. In this regard, MAFF developed a 20-year plan for forestry (National Forest Program 2010-2029). The National Forestry Program (FA) that has 6 main programs achieved the following:

- *Forest Demarcation, Classification and Registration*: The forest cover in 2010 was 10,363,789 ha, equal to 57.07% of the country land. Demarcated forest boundary with poles posted for permanent forest was 2,513 Km.
- *Conservation and Development of Forest Resource and Biodiversity Program*: Established three protected forest areas, which are equivalent to 394,255 ha:

  - 101,348 ha of which are protected forest OYa Da in Ratanak Kiri Province
  - 292,690 ha of which are protected forest Seima in Mondul Kiri Province
  - 217 ha of which are conservation areas of crane birds in Kampot Province. MAFF has also implemented bird and animal conservation projects: At Prek Lopao lake in Takeo; at Unlongpring in Kampot; at Ang Trapieng Thmar in Phnom Srok District, Banteay Meanchey; in Kampong Thom; a Siamese Crocodiles project in Siem Reap; an Elephant project in Central Cardamom Mountains; and many biodiversity projects, including in the triangular zone with Lao PDR and Thailand. The private sector has planted trees in 80,692 ha.

- *Strengthening Forestry Law Enforcement and Governance*: The Forestry Administration (FA) drafted eight laws and issued 43 Prakas related to the conservation of the forest, wildlife, biodiversity, and fisheries.
- *Monitoring and Reporting of Forest Crimes*: The FA identified more than 235,042 ha of land, which were illegally cleared for cultivation. As a result,13,062ha of which were confiscated. The FA also identified 3,480 chainsaws, at least 3,262 of which were confiscated.
- *Voluntary activities for community development*: The FA also sent 198 personnel to join the national and provincial working groups and voluntary youth groups to facilitate land measurement activities.
- *Community Forestry*: The Community Forestry Department acquired 229,563 ha of land located in 251 sites in19 provinces from MEFF. The FA signed an agreement with the community forest management committees for 200 sites covering 168,923 ha in 16 provinces.
- *Capacity development*: Between 2008 and 2012, the FA sent 6,338 staff members to attend meetings, workshops, short- and long-term training programs in the country and overseas.

2.105. There are many challenges faced in the forestry sector:

- Lack of regulations; hence, limited law enforcement.
- Lack of awareness about the importance of forestry resources among relevant stakeholders.
- Shortage of incentives, equipment, and human capital/knowhow to perform the tasks in remote areas.
- Fighting against illegal logging and land grabbing is challenging since offenders constantly change their methods of poaching timber products, transportation, and

clearing forestland.
- Shortage of cooperation and involvement of the local authorities and relevant institutions.
- Influx of migrants into protection forest and wildlife conservation areas.

ENVIRONMENTAL PROTECTION, CONSERVATION, AND CLIMATE CHANGE

Green growth and Low-carbon Development

2.106. The Ministry of Environment (MOE), the National Climate Change Committee and National Council for Green Growth, have formulated National Climate Change Strategic Plan (2014-2028), and the National Policy on Green Growth Development and National Strategic Plan on Green Growth Development 2013-2030.

2.107. *Management of Natural Protected Areas*: MOE has appointed park rangers for patrolling, observing, monitoring, recording data, and preventing natural-resource-related crimes, for managing the 23 natural protected areas and RAMSAR sites. The management structure includes authorities from both national and sub-national administrations. Consequently between 2009-2012, 23 natural protected areas expanded its areas from 3,100,199 ha to 3,111,041 ha. Meanwhile, the government created community protected areas up to 115 as of 2012.

Table 2.5: Key Indicators of Natural Resources and Environmental Management

Indicators	Unit	2009	2010	2011	2012
23 natural protected areas	ha	3,100,199	3,111,041	3,111,041	3,111,041
Community protected areas	nos	84	98	102	115

Source: Ministry of Environment

2.108. MOE has created a green buffer zone to prevent encroachment on the protected areas through developing agro-industry projects and ecotourism projects. Another green buffer zone has been created through setting up protected area communities, a strategy in which forestlands within the protected areas are given to the local communities and ethnic groups for sustainable management and (local) consumption for non-timber forest products. Carbon-credit investments within the protected areas have also contributed to bolstering the economy.

2.109. MOE drew-up maps for 21 protected areas, erected 1,204 border posts, and set up 581 posts for the protected area communities. It also identified 115 protected-area communities, covering 211 villages having a land area of 158,994 ha.

2.110. *Biodiversity Conservation*: MOE works with the United Nations Convention on Biodiversity (UNCBD), and it is the Secretariat of the National Steering Committee for Biodiversity. MOE developed the 5th National Report on Biodiversity and ratified the Nagoya Protocol on access to genetic resources and fair and equitable sharing of benefits arising from their utilization.

2.111. *Women's Capacity Improvement*: MOE conducted a survey among employees of its ministry to identify their needs and suggestions for strengthening gender-mainstreaming within the ministry. The ministry also joined with its stakeholders to mainstream gender in climate change issues and has formulated Gender Mainstreaming Strategic Plan Phase II, 2013-2018.

2.112. *Environmental Quality Management*: MOE has undertaken measures to strengthen waste management at source and at final dumpsites to control environmental pollution. MOE has also encouraged urban waste recycling and has tried to coordinate large-scale investments in waste management. Additionally, the ministry strengthened the sewage management systems at the sub-national levels, by setting up wastewater treatment plants in the provinces of Battambang, Preah Sihanouk, Siem Reap, the coastal provinces, and provinces surrounding the Tonle Sap Lake.

2.113. MOE has improved its surveillance on major pollution sources, e.g. factories and large enterprises, by encouraging installation of liquid waste treatment plants at source, air purification devices before emission, and noise reduction equipment. To achieve all this has required the participation of owners of the polluting sources and strict law enforcement, including warnings, fines, and compliance of courts judgments. MOE has achieved the national goal of pollution control through monitoring the environmental quality (including water quality at the Tonle Sap Lake, the Mekong River, and major streams surrounding the Tonle Sap Lake), on a monthly basis. Furthermore, the air quality in Phnom Penh, Siem Reap, Battambang, and Preah Sihanouk Provinces, has been tested and found to be good.

2.114. The National Climate Change Committee (NCCC) was established for coordinating national climate change responses. The Climate Change Department at the Ministry of Environment is the secretariat of the NCCC. The Cambodia Climate Change Strategic Plan (CCCSP) was endorsed by the RGC. Nine line ministries and agencies have also developed their sectoral climate change strategic plans. RGC has raised around USD 250 million from multi/bilateral sources to implement projects addressing climate change. The pilot programme for climate resilience has assisted RGC to strengthen three priority sectors—water, agriculture, infrastructure—to adapt to climate change, while the Cambodia climate change alliance programme has funded 21 projects on climate change. Additionally, Cambodia has approved 10 clean-development mechanism projects, nine of which have been registered by the UN CDM Executive Board, having the projects to reduce approximately two million tonnes of greenhouse gas emission. Both national and sub-national levels have begun raising awareness and disseminating climate change related knowledge and policies. The Ministry of Education, Youth and Sports has started to integrate climate change issues into the formal and non-formal education systems. The Ministry of Environment has played an active role in leading the climate change negotiation process under the climate change talks of the United Nations Framework Convention on Climate Change (UNFCCC).

2.115. *Bio-safety and Modern Bio-technology*: MOE has made significant progress in bio-safety and biotechnology, including developing a legal framework for reducing risks from modified organisms, and strengthening the capacities of laboratories engaged in biotechnology. MOE has also helped raise public awareness and participation in the fields of bio-safety and modern biotechnology.

2.116. *Education and Communication*: MOE has carried out environmental education activities based on four main pillars:

- Formal environmental education.
- Informal environmental education.
- Capacity building.
- Cooperation and networking for environmental education.

2.117. Other achievements also include: capacity-building for primary and secondary school teachers, development of learning/teaching materials on conservation of natural

resources, biodiversity and environmental quality management (focusing on provinces surrounding the Tonle Sap Lake), organizing quarterly environmental debate programmes for the youth, organizing the National and World Environment Day, and organizing the National Environmental Clean-up Day. Moreover, MOE conducted 3 drawing contests on environment to promote awareness on environmental issues. In addition, the MOE has worked with the ASEAN on environmental education, development of guidelines and implementing an "Eco-School" programmes, and sending Cambodian youth to join environmental efforts with other youth from ASEAN for information and experience sharing.

2.118. In spite of significant achievements, MOE faced major challenges as follows:

- Lack of means to manage natural protected areas.
- Influx of migrants into natural protected areas.
- Disobeying the sustainable conservation policies within the natural protected areas.
- Clearing and occupying forestland, under the garb of being 'poor people'.
- Increasing population, driving up the demand for land for agricultural production from protected forests and wildlife habitats.
- Lack of information on biodiversity and natural resources.
- Lack of budget for coordinating activities with the communities in the natural protected areas.
- Lack of funds, transport, and equipment for analysis.
- Biotech laboratories having limited capacities.
- Lack of qualified human resources and work places.
- Lack of materials and equipment for carrying out environmental impacts assessment.
- Lack of data and data management mechanisms for analyzing to support responses to climate change.
- Limited inter-ministerial/institutional cooperation for coordinating activities including provision of funds and monitoring and evaluation to respond to climate change.
- Absence of action plans and detailed studies stipulated under the adopted policies and strategies for supporting climate change adaptation activities and reduce greenhouse gas emissions.

DISASTER MANAGEMENT

2.119. In 2009, the natural hazard which seriously hit the Kingdom of Cambodia was the Typhoon Ketsana. In accordance with the damage and loss assessment (DaLA) in socio-economy, the typhoon had left 43 people dead, widespread damage to houses, rice crops, and infrastructure which estimated at about USD 132 million and the amount of USD 191 million required for the recovery. Subsequently, the 2011 flood was impacted on the people devastatingly that the country had never faced since the 2000 flood. The flood had caused of 250 people dead, damages and losses of houses, agricultural and infrastructure sectors with the total amount of USD 451 million. The recent raining flood and Mekong flood in 2013 had caused of 168 people dead and damages of rice transplanting approximately 62,878 ha. Whereas, the Avian Influenza Virus had caused of 1 people dead in 2010, 8 people in 2011, 3 people in 2012, and in 2013 alone 14 cases infected with H5N1, within 8 of them died and 2 people were cured. Besides, there were a number of natural hazards such as lack of water for cultivation in the certain areas, strong wind-storm, lightning, and so on which annually occurred and caused considerable damages and losses of human life, houses, and destruction of other infrastructure networks.

2.120. In reducing the disaster risk impact caused by the mentioned natural hazards, the Royal Government of Cambodia had formulated and promulgated a "Strategic National Action Plan for Disaster Risk Reduction (SNAP) 2008-2013" through the strengthening of a

mechanism with the effective involvement and coordination among the relevant stakeholders either the RGC, development partners, private sector or civil society organizations. Those accomplished laws, regulations, and plans include:

- A resolution of the Royal Government of Cambodia on the establishment of the Inter-Ministerial Committee for formulation a draft law on disaster management. The draft law had gone through the consecutive meetings up to the plenary session of the Council of Ministers on 14 December 2012 with the decision for further improvement that could meet the reality of the situation and perfectness (February 2009).
- A sub-decree on the establishment of the Cambodian Food Reserve System in order for the disaster response to victims or other emergency events timely (May 2012).
- A direction on the establishment of a village disaster management mechanism namely the Village Disaster Management Group (VDMG) for strengthening the community-based disaster risk management (CBDRM) (July 2010).
- Development of a National Contingency Plan (NCP) for the disaster response aim at minimizing the impact of potential disasters.
- Development of a strategic plan on climate change for disaster risk management sector and incorporation into the national strategic plan on climate change adaptation of the National Committee on Climate Change.
- In the regional cooperation framework, the National Committee for Disaster Management (NCDM) has implemented the agreement on the establishment of ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) by contributed the amount of USD 30,000 to the AHA Centre Fund on the annual basis which commenced from the fiscal year 2012.
- In closed collaboration with the organization partners, the Provincial Contingency Plan (PCP) for responding at provincial level had been developed by 11 flood-prone provinces. The plan has been annually updated which usefully to the preparedness for disaster response.
- The natural and man-made safe areas had been built and equipped with bathrooms, latrines, and shelters for human beings and animals at 958 places in 112 districts of the 17 provinces through collaboration with organization partners.
- Foods, rice seeds, and fertilizers were distributed to the poor people of 342,853 households in 200 targeted communes of the 7 provinces around Tonle Sap Lake.
- Mainstreaming the disaster risk reduction into education sector by developing the textbook and incorporating into school curriculum at grade 4 and 8. The disaster risk reduction has also mainstreamed into the project plans of the MAFF and MOWRAM. Along with this, the disaster management activities have been integrated into the safety village, Sangkat-commune policy guideline.
- The national forum on disaster risk reduction was established aim at promoting the disaster management through the information sharing, strengthening coordination, and implementing the joint activities with line ministries and agencies.

2.121. Goalsand action plans yet unaccomplished and challenges in disaster management:

- Reforming the disaster management mechanism to meet the requirement at all levels remained pending.
- The disaster management team and reform of the working structure at line ministries and agencies had not been considered.
- Law on disaster management, legal framework, legal instrument, standard operation procedure, and policy guideline for the effective disaster management has not been achieved.
- The NCDM and the Sub-National Committees for Disaster Management were inadequate in resources and capacities for implementation of their tasks and requirement of the communities.

- Norm and procedure had not in place for implementation of CBDRM and the guideline on integration the disaster risk reduction into the Sangkat-commune development plan has not also been launched.
- The organizational structure and human resources at the Municipality-province, Town, Khan-district, and Sangkat-commune levels had not been improved

RURAL DEVELOPMENT

2.122. Rural Development is a major crosscutting sector, covering rural infrastructure, primary health care, agriculture, rural water supply and sanitation, and rural credit since the poverty rate is high among the poor living in rural areas. RGC has adopted a multi-pronged approach to foster rural development and empower local communities to plan and manage development. Decentralization of public services and provision of rural credit to households and small businesses are two of examples of the RGC's efforts in this sector.

2.123. Since 2007, Rural Development is a priority sector among other priority sectors of the RGC under the Public Financial Management Reform Program (PFMRP), which is now Step 2, for budget allocations and timely disbursements.

2.124. Institutional and human resource capacity development have been progressing though the development of policy and regulatory framework under the following regulations: (i) Policy 1: Ensure that the standards of living in rural areas are promoted and that the rural-urban gap narrows, nearing equality by 2025; (ii) Policy 2: Promote rural economic growth through integrated rural development with participation from both national and international communities.

2.125. Major achievements in rural development sector from 2009-2012 include:

- *Training on planning and other skills*:
  - In accordance with the PFMRP, MRD trained 1,575 officials (495 at the national and 1,080 from sub-national levels). Some 450 officials also got computer training.
  - A training-needs-assessment of officials at the sub-national was carried out.
  - Training of the clientele in vocational-training skills was carried out in 5 provinces in skills like hairdressing, beauty treatment, repairing generators, tractor machines, motorbikes, and electronic devices, in addition to training in English language. The outputs of the implementation of the plan for a period of five years from 2009–2012 are:
    - Training given to 2,666 ministerial civil servants (613 female).
    - Basic skills training given to 1,460 the clientele (512 female).

- *Rural transport infrastructure development*:
  - Prepared a road inventory in nationwide.
  - Constructed of 2,587.89 Km of laterite road.
  - Rehabilitated 3,954.95 Km rural laterite roads.
  - Constructed 19.9 Km DBST rural roads, 23.1 Km of concrete roads, 141 m of balley (metal) bridges, 7,594 m of concrete bridges, and culverts at 2,766 locations.

- *Rural water supply*:
  - Prepared the groundwater map for 8 provinces: Svay Rieng, Prey Veng, Kandal, Takeo, Kompong Speu, Kompong Chhnang and Kompong Cham and a suburb in Phnom Penh capital.

- Prepared guidelines for water treatment and safe household water storing.
- Constructed of 10,678 new wells (1,132 mixed wells and 276 ring wells) and repaired 4,122 wells.
- Renovated of 22 community ponds and 192 community ponds.
- Constructed of 3,580 rainwater reservoirs.
- Constructed 6 pipe water distribution systems.

- *Primary health care and rural sanitation:*
  - Conducted sanitary education and training at villages and carried out disseminating campaigns on sanitation.
  - Constructed 68,508 latrines in private houses and 420 public latrines.
  - Promoted sanitation markets in 10 provinces: sanitation market refers to participation from the private sector in the constructing good quality and affordable home latrines (at clients' own expenses).
- *Rural community development:*
  - Arranged re-elections of the Village Development Committees (VDCs) whose mandates had expired in 246 villages.
  - Conducted Training of Trainers (ToT): 30 courses for sub-national level 410 officers.
  - Trained 423 courses for VDCs on the roles, duties and development plans of VDCs in 24 capital and provinces, with 13,398 participants.
  - Provided the community with 635 kg of paddy varieties;
  - Restored of two small canals with 2,400 m length and constructed four water gates.
  - Donated 104 pigs, 31 cows, and 705 chickens to people.
  - Provided 94 fishponds and 17,800 baby fish to people.
  - Donated 200 bags of corn, 657 of sweet potato trees, 5,698 other fruit trees.
  - Provided materials for building 240 compost fertilizer sheds to 240 households.
- *Rural economic development:*
  - Shared with 367 poor households, techniques on biogas and Neang Kangrey cookers, and donated biogas plants (to 35 families) and Neang Kangrey cookers (60 families).
  - Created initiatives for job creation and business management for 464 people.
  - Provided agriculture market information and credit management to 171 people.
  - Transferred techniques of Krama (45 households) and Haul (75 households).
  - Cooperating with NGOs, microfinance enterprises in offering rural credit.
- *Ethnic Minority Development:*
  - Determined the identity, culture and tradition of the ethnic minorities in Ratanak Kiri, Mondul Kiri, Kompong Speu, Kratie and Preah Vihear provinces, and issued certificates of recognition of the community identity to 69 communities.
  - Disseminated the National Policy for Development of Ethnic Minority 7 times, of which two were carried out at the national level and five at sub-national levels.

Table 2.6: Progress in Rural Development

Indicator	Plan/implemented	2008 Baseline	2009	2010	2011	2012
Rehabilitation of Rural Roads – out of total 40,000 (km)	Plan (Km)	24,140	25,658	26,658	27,658	28,658
	Implemented (Km)	24,484.89	25,236.89	25,686.07	26,293.87	26,900.56
Access to Improved Water Supply - % of Rural Population	Plan (%)	40.49	41.99	43.49	44.99	46.49
	Implemented (%)	40.49	42.20	41.10	43.20	41.90
Access to Improve Sanitation – % of Rural Population	Plan (%)	23.24	24.24	25.00	27.00	29.00
	Implemented (%)	23.24	23.00	29.20	33.20	33.30

Source: Ministry of Rural Development

4. FURTHER REHABILITATION AND CONSTRUCTION OF PHYSICAL INFRASTRUCTURE

2.126. Infrastructure development including rehabilitation and construction is a key factor for supporting economic growth, enhancing economic efficiency, and strengthening competitiveness and promoting Cambodia's economic diversification. In these regards, the Strategy Phase II of the Fourth Legislature outlined: (i) further rehabilitation and construction of transport infrastructure; (ii) water resources and irrigation system management; (iii) development of the energy sector; and (iv) the development of information and communication technology (ICT).

I. FURTHER REHABILITATION AND CONSTRUCTION OF TRANSPORT NETWORK

2.127. Significant progress has been made in rehabilitating and construction of physical infrastructure of national roads network, railways, ports, and main airports for a strategic transportation network connecting all parts of the country and with neighbouring countries. At the end of 2012, the national and provincial roads, under control of Ministry of Public Works and Transport (MPWT) and MRD measured the total roads network of 47,263 Km that include:

- 2,262 km of 1-digit national roads.
- 3,360 km of 2-digit national roads.
- 6,541 km of 3- and 4-digit national roads.
- 35,000 km (74%) of rural roads.

2.128. During NSDP Update 2009-2013, the MPWT:

- Completed thirty road infrastructure rehabilitation and construction projects (1,972.7 Km) and another 35 projects (2,365.27 Km) are under progress. The projects have made the paved national and provincial road length to increase 5,596.28 Km (i.e. 45.72%). The total road length of paved roads now as in 2013 is 12,239.9 Km.
- Carried out periodic repair and maintenance on 13,666 Km of paved roads and on 5,148 Km on laterite roads. Carried out road repair and maintenance on 1,249 Km of all types of paved roads and laterite roads were 2,116 Km.
- Significantly improved the business operation of Port Autonomy de Sihanouk (PAS), Phnom Penh Autonomous Port (PPAP), and Kampuchea Shipping Agency and Brokers (KAMSAB) have improved significantly in the past five years.
- Prepared the Road Law and the new law on Road Traffic.
- The National Road Safety Committee (NRSC) has prepared the National Road Safety Plan 2011-2020, and Road Safety Action Plan 2011-2014.
- The Permanent Coordination Committee (PCC), under the supervision of the Overloaded Truck Inspection Committee, has undertaken measures against overloading of trucks.

2.129. *Road Safety Enhancement*: The National Road Safety Committee (NRSC) has formulated a new draft law on road traffic; a National Decade Action Plan for Road Safety 2011-2020; and an Action Plan for Road Safety 2011-2014 focusing on use of safety helmets and safety belt, and controlling drunken driving.

2.130. *Road Safety Enhancement*: There were a total of 31,992 road accidents (which caused 9,280 casualties, 24,417 serious injuries, and 28,602 slight injuries) in the 5 years 2009-2013. The road death toll during 2009-2013 increasing by 44.53% when compared

with 6,421 of the earlier 5 years.

2.131. The Permanent Coordination Committee under the supervision of the Overloaded Vehicle Inspection Committee, conducted inspections of overloaded vehicles and arranged 6 educational/training programs, and disseminated laws, rules, and regulations concerning overloaded vehicles.

2.132. *Railway Concession: A* 30 years concession agreement between the Royal Railways of Cambodia and a private company (Toll Royal Cambodia) was signed on June 12, 2009. The agreement included purchases of train engines, carriages and wagons, new equipment and facilities for railway maintenance. The new building of the Railway Department began construction in December 2012.

2.133. *Rehabilitation of Cambodian Railway*: The total cost incurred so far is USD 141.6 million, of which USD 84 million is an ADB loan; USD 21.5 million a grant from the Australian Government; USD 13 million donated by OFID; USD 2.8 million in the form of railway tracks granted by the Malaysian government; and USD 20.3, RGC's contribution.

2.134. *Road-Transport Related Activities:*

- Registered 1,361,575 vehicles (in which 1,197,296 units were motorcycles and 164,279 units were cars and trucks, which is a sharp increase compared to the preceding 5 years). Vehicles registered between 1990 and 2012 were 2,175,418 units.
- Issued 428,579 driving licenses (in which 136,096 were motorcycle driver's licenses and 292,483 were other driving licenses; this was a sharp increase compared to the previous 5 years).
- Some 426 sub-standard trucks were adjusted to comply with the laid down technical standards.

2.135. *Waterway, Transport and Merchant Marine:*

- *Waterways*: The length of waterways in Cambodia is about 1,750 Km, of which only 850 Km are navigable in the dry season. Channel dredging was done depending upon surveys of Bench Mark Level (BM level) in the Mekong River (about 221 Km upper-stream from Phnom Penh at Kratie, and 97 Km down-stream Mekong from Phnom Penh at Ka-Orm Samnor); in Tonle Sap (about 146 Km from Phnom Penh at Chhnok Tru); and in Tonle Bassac (about 100 Km from Phnom Penh at Chhrey Thom).
- *Waterway Transport*: Ownership was transferred of 124 vessels; 97 ID Cards for vessels were issued; ID Cards for 23 units of vessels were extended; 200 navigational licenses were issued; 17 vessel operator licenses were issued; 870 vessels were technically inspected; and 905 water transport business permits were issued.
- *Merchant Marine*: ID Cards were issued to 36 vessels; technical inspections (for renewal and extension) were conducted for 147 vessels, 67 business patents were issued; 195 certificates of competency were issued; and 596 extensions of crew books were made.

2.136. *Sihanoukville Autonomous Port*: Cargo throughputs: 12,141,414 tons, which is an increase by 49.57% compared to 8,117,654 tons in the previous 5 years. Container throughputs: 1,189,108 TEUs, which is an increase by 3.77% compared to 1,145,868 TEUs in the previous 5 years.

2.137. Phnom Penh Autonomous Port: Some other achievements are as follows: Fuel and gas throughputs are 7,215,831 tons, increased by 54.75% compared to 4,662,963 tons in the previous 5 years; ship-calls are 7,979 vessels, increased by 22.94% compared to 6,490

vessels in the previous 5 years; passenger vessels are 11,495 units, increased by 54.15% compared to 7,457 units in the past 5 years; and container throughputs are 442,532 TEUs, increased by 157.97% compared to 171,547 TEUs in the previous 5 years. The total operating income in 2012 was USD 4,141,332 – a distinct increase compared the previous 5 years.

2.138. *Shipping Agency Service-Logistics*: The Shipping Agency Service Logistics has carried out their roles and responsibilities at the international ports of Sihanouk Ville and Phnom Penh, and provided shipping services at private ports (Oknha Mong, Sre Ambel, Koh Kong, and Kampot). The KAMSAB achieved the following: 17,016 units (or 42,197,242 gross registered tonnage); Import cargoes: 17,703,253 tons; export: 5,808,156 tons; cargo consignment (D/O) for import: 938 containers, and for export: 5 containers; and port tally in case of PPAP: 3,223 vessels, and PAS: 2,708 vessels. Estimated total operating incomes: USD 17,605,648, showing a significant increase compared to the previous 5 years.

2.139. *GMS Cross Border Transport Agreement (GMS-CBTA):* The Agreement, including its 20 Annexes and Protocols, is now in force. RGC has ratified and adopted 3 Protocols and 17 Annexes. To implement this agreement, RGC has entered into bi-lateral MOUs on Initial Implementation of the GMS Cross-Border Transport Agreement with Thailand and Vietnam.

2.140. *Cooperation with Lao PDR*: Transport operation between Cambodia and Lao PDR opened in 2009 (Tropeang Kriel-Nongnokkean checkpoints). In quota, forty cargo vehicles have been authorized to operate through these checkpoints. However, other vehicles are not permitted yet. Cambodia and Lao PDR have also jointly approved the road and bridge connections and have encouraged plying vehicles in Kompong Srolao between Chhep District (Cambodia) and Monglapake (Lao PDR) to Kampong Thom and Siem Reap.

2.141. *Cooperation with Vietnam:* The 2 parties signed MOU on Bilateral Agreement on Cross-Border Transport between the two countries. The quota has been increased, from 40 trucks earlier to 150 in 2009, and to 300 in 2010. These operate through 5 international check-points: Paokor-Mokbay, Prek Chak-Ha Tieng, Phnom Den-Tinh Bien, Tropeang Plong-Smach, and Tropeang Srae-Valy. The MPWT has requested the Council of Ministers (COM) to add Dakdam-Boprang as an international checkpoint.

2.142. *Cooperation with Thailand*: Cambodia and Thailand had agreed to revise an MOU on change of road traffic direction, at the Poipet-Aranh Prateth border checkpoint in 2009. In September 2011, the Thai authorities proposed implementing the change of road traffic direction at the Poipet-Aranh Prateth border checkpoint and requested for opening 6 routes for inter-country passenger transport (Bangkok–Siem Reap, Bangkok–Phnom Penh, Trath–Koh Kong, Srash Keo–Phnom Penh, Srash Keo–Siem Reap, and Soren–Siem Reap). In June 2012, Cambodia and Thailand formally declared official opening of the inter-country transport operations applying the quota of 40 trucks.

2.143. *Cambodia-Lao-Vietnam Cooperation*: An unofficial consultative meeting between Cambodia, Lao PDR and Vietnam was held in 2009, followed by other meetings through 2010 to 2012 to review a draft agreement on change of road traffic direction for inter-country transport. The 3 countries are at an advanced stage of agreement on inter/multi-country road transport arrangement.

2.144. Although major achievements have been made, the MPWT faces many challenges that include:

- Human resources for the road, waterway and maritime transport sectors are still inadequate and officials having knowledge of law, IT and maritime wherewithal are few in numbers,

- The service quality is still requiring, the market of Preah Sihanouk Autonomous Port is still small so the price of services and sea transport is still high.
- The management and container stacking in container yards are yet to adopt modern technologies. The Phnom Penh Autonomous Port Container Yard is still narrow while the frozen warehouse and warehouse for dangerous cargoes are yet not available;
- The port employees did not fully discharge their functions and duties especially in some private ports. Human resource training for port operation is yet not fully responsive to the need of the organization.

2.145. *Air Transportation Services:* RGC has been implementing its "Open Sky" strategy. The progress of air transportation services has significantly contributed to the development of tourism sector and the growth of economy. The achievements and challenges are:

- **Phnom Penh International Airport:**
  - *Airport transportation* has been remarkably progressing, which can be noticed through the increase in the international airlines that are operating their regular flights to Cambodia (18 airlines).
  - *Airport infrastructure*: total size of boarding lounge for international terminal is 16,000 sqm (on-going expansion by 850 sqm). The terminal is capable of handling 2 million passengers (2,077,282 both international and domestic passengers in 2012). While the domestic terminal is 3,670 sqm.
  - *Air traffic control* has also been steadily improved and strengthened. As a result, Air Navigation System [Performance Based Navigation (PBN) Flight Procedure] has been implemented since July 2013.

- **Siem Reap International Airport**
  - *Airport transportation:* 17 airlines have been operating regular flights.
  - *Airport infrastructure sector* considerablyy successful. The boarding lounge for both terminals (international and domestic) are 13,700 sqm (with possible extensions), which is capable of handling 1.5 million passengers (2,223,029 passengers).
  - Air Navigation System: PBN Flight Procedure has been designed and will been implemented in 2014.

2.146. Notwithstanding the major achievements, the air transportation service sector needs further improvement of airport infrastructure.

II. WATER RESOURCE AND IRRIGATION SYSTEM MANAGEMENT

2.147. The Ministry of Water Resources and Meteorology (MOWRAM) has made significant progress during 2009-2013 in rehabilitating and constructing irrigation infrastructure to expand capacity of the irrigation system and to provide protection from natural disasters. The MOWRAM has carried out many projects across the country. The previous planned activities have included:

- *Expanding irrigated area*
  - For the past 5 years (2009-2013), the possibility of the irrigation system has increased to provide water for 387,907 ha of agriculture land (296,000 ha of land in the rainy season and 91,907 ha of land in dry season). The total irrigation possibility as in 2013 was 1,485,670 ha (1,050,135 ha rainy season and 435,535 ha in dry season).

- *Reducing vulnerability due to flood and drought*:
  - Repairing eight flood control projects, which are able to protect 5,097 ha of cultivated land. Total protection areas since 1999 until 2013 were 138,630 ha.
  - Repairing 10 sea-water-protecting dam projects, which are able to protect 1,750 ha of cultivated land. Total protection areas by seawater-protecting dam projects since 1999 as in 2013 was 19,743 ha.
  - Installing one pumping station and repairing 49 pumping station and 140 pumping machines.
- Establishing 109 Farmer Water Users Communities (FWUC) involving 13,899 famer households. The FWUC covered 31,948 ha in the rainy season and 17,587 ha in the dry season.
- Improving hydrological control through:
  - Installing five hydrological stations along the Mekong, Tonle Sap and Basac rivers and repairing one hydrological station.
  - Installing one hydrological station.
  - Installing 31 water levels measuring boards and repairing three at check points along major rivers.
  - Installing two water-discharge measuring instruments along major rivers.
- *Providing up-to-date weather information*:
  - Installing 3 new climate-observation stations and upgrading five climate-observation stations in provinces.
  - Installing18 stations and repairing 26 stations for measuring rain precipitation.
  - Installing other automatic instruments in eight climate-observation stations.
- Strengthening capacity of the MOWRAM officials through training courses (302 staff members) and workshops (181 participants) related to conservation and development of the water resources sector both in domestic and international.

2.148. Notwithstanding the progress made so far, many challenges remain:

- Financing of irrigation system maintenance, repair, and construction progressed very slowly and was not responsive to actual needs.
- Participation rate of FWUC in management, use, and maintenance of irrigation system is yet limited.
- There is a need to strengthen irrigation infrastructure management:
  - Prioritizing locations that have high potential for generating incomes in rural communities for rehabilitation and construction of irrigation infrastructure.
  - Engaging Commune Councils in managing commune irrigation infrastructure.
  - Encouraging famer in water resources management, which contributes to increase in agricultural production.
  - Increasing participation of farmers and farming communities in solving matters related to the use and maintenance of irrigation system.
  - Carrying out costing the maintenance of irrigation systems.

SUSTAINABLE DEVELOPMENT OF THE MEKONG RIVER BASIN

2.149. Cambodia is one of the 1995 Mekong Agreement Signatories (Cambodia, Lao PDR, Thailand and Vietnam) for Sustainable Development of the Mekong River Basin. The Agreement is to cooperate in all fields of sustainable development, water utilization, management and conservation of water and related resources of the Mekong River Basin.

2.150. Cambodia National Mekong Committee (CNMC) is an inter-ministerial committee responsible to ensure effective coordination among 17 member line ministries in implementing all related programmes and activities at regional and national levels under the framework of the Mekong River Commission (MRC). In the past years, MRC Strategic Plan, Integrated Water Resources Management Principles (IWRM), and MRC IWRM-based Basin Development Strategy have been developed and updated for implementation. CNMC with full cooperation of its member line agencies has been actively implementing the MRC IWRM-based Basin Development Strategy and related programmes: Basin Development Plan, Fisheries, Irrigated Agriculture, Sustainable Hydropower, Flood Management, Drought Management, Climate Change, Mekong Integrated Water Resource Management, Information and Knowledge Management, and Integrated Capacity Building, to serve regional and national interests.

2.151. Although progress has been made in sustaining development of Mekong River basin, many challenges remain:

- Insufficient financial resources.
- Insufficient capacity of human resources.
- A need for sustainable development of hydropower on the mainstream of the Mekong River after reaching an agreement among the Mekong Member Countries, the civil society, and environmentalists.

URBAN DRINKING WATER SUPPLY

2.152. The urban water supply situation has improved progressively, especially during the last 5 years of the Fourth Legislature. The coverage rate of piped water supply in urban areas increased from 52% in 2008 to 68.5% in 2012. Over the same period the number of urban households having access to safe water supply increased from 269,755 to 400,181.

2.153. Despite this progress, and with the exception of Phnom Penh which had a coverage rate of 85% in 2012, urban water supply coverage outside of the capital is still limited at around 50%. In addition, many small towns and rural growth centres are experiencing rapid urbanization, outpacing the speed of water supply development. Threats due to climate change are also likely to have an increasing impact urban water supply services in the future.

2.154. The urban water sector is facing some significant challenges, which include:

- Incomplete legal and regulatory framework. There is no enacted law for the management of the urban water supply.
- Lack of a national level Master Plan and long term investment plan.
- Public waterworks, except Phnom Penh Water Supply Authority (PPWSA) and Siem Reap Water Supply Authority (SRWSA) lack of autonomy in their operations and investment execution.
- Lack of staff at central level to adequately manage and exercise oversight of the public waterworks.
- Outdated and dilapidated water production and distribution systems.
- Weak operational performance and limited human resources.
- Lack of government funding for rehabilitation and the development of new water supply infrastructure in underserved areas.
- The sector remains largely dependent on contributions from development partners.
- Water tariffs of many public waterworks remain below full cost recovery levels, such that operational and investment expenses cannot be covered.
- The investment climate is not yet ready for domestic commercial banks to be actively involved in lending to private water operators.

III. DEVELOPMENT OF THE ENERGY SECTOR AND ELECTRICITY NETWORK

2.155. The objective the Royal Government of the Fourth Legislature in the sector was to further expand the electricity supply coverage, lower the tariff and strengthen institutional mechanisms and management capacity. As a result, significant progress has been made in increasing the available supply of electricity and the expansion of the electricity network. To guide the development of the energy sector, the Ministry of Industry Mine and Energy has continued the implementation of Energy Sector Development Plan, 2005-2024. Meanwhile, Rural Electrification Master Plan focusing on the use of renewable energy is also being implemented. Some major improvements are as below:

- Constructed and operating several hydropower plants as follows:
  - Kamchay Hydropower Plant with capacity of 193.2 MW.
  - Third Kirirom Hydropower Plant with capacity of 18 MW.
  - Atai Hydropower Plant with capacity of 120 MW.
  - Stoeng Russeychrum Krom Hydropower Plant with capacity of 103 MW in addition to the total capacity of 338 MW.
  - Coal-fired Power Plant in Preah Sihanouk with capacity of 100 MW.
- Expanded transmission and distribution networks and connected several locations and operating them as follows:
  - A 115KV-transmission line, from the Thai border to supply electricity to Banteay Meanchey, Siem Reap, and Battambang Provinces.
  - A 230KV-transmission line from Cambodia-Vietnam border to Phnom Penh.
  - A 115KV transmission line has been added to Phnom Penh and a sub-station has been installed in western part of Phnom Penh.
  - A 230KV-transmission line connecting Phnom Penh, Kompong Chhnang, Pursat and Battambang.
  - A 230KV-transmission line connecting Takeo, Kampot and Preah Sihanouk.
  - A 230KV-transmission line connecting Phnom Penh and Kompong Cham.
- To implement the Rural Electrification Policy, the RGC has transferred Rural Electrification Funds be led by Electricite Du Cambodge (EDC) to promote equity in access to electricity supply services and encourage private sector to participate in investing in rural power supply services with a sustainability, in particular, encourage the use of new technologies and renewable energy.
- Expanded its regional cooperation, within the framework of the GMS, Cambodia has been participating in the implementation of GMS Power Trade Plan.
- Within the framework of ASEAN, Cambodia has participated in the implementation of ASEAN Power Grid.

2.156. Although significant progress has been made, the energy sector also faces many challenges:

- Electricity production from hydropower plants is only in rainy season, but in dry season, power production is only 25%.
- Expansion of distribution line to the rural areas is limited.
- The selling price of electricity between the urban and the rural area is far different.

IV. DEVELOPMENT OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

2.157. The strategic objective of the Royal Government of the Fourth Legislature was to promote the development of a modern and high quality information and communication technology by strengthening the regulatory framework, building institutional capacity, modernizing technical equipment base, fostering competition, strengthening the efficient use

of IT system and e-Government, and building and enhancing the efficiency of the backbone infrastructure of the information and communication technology sector.

2.158. Cambodia's Information and communication technology sector includes postal services, telephones and telecommunications, and mass media. Therefore, for the past 5 years, significant achievements and major challenges RGC faced include:

POSTAL SERVICES

- Effort has been made to improve the post services: (1) reduced the duration of delivery, (2) operated Express Mail Service in the capital and provinces, (3) expanded post services to all urban areas, (4) established a management system to track and trace post.
- The Ministry of Post and Telecommunication (MPTC) has implemented an open post policy. MPTC provided licenses for international express and mail services to 21 companies and three postal agencies working in Cambodia.
- The service operates twice a day for local dispatch and delivery in the capital and provinces. Local and international express mail delivery services have increased to 37,217 and the P.O Boxes to 1,729.
- In Cambodia, the average post service usage (sending and receiving) is 0.1279 per person annually. About 95% of total dispatch/delivery service is with parties and addresses in other countries.
- The number of post offices in Phnom Penh and the provinces combined are 54: 8 at Phnom Penh, 22 at provinces, and 24 at Khan/Districts.
- The staff members have been trained in postal business skills: International Post Service (IPS) Management, International Financial System (IFS) Management, and Business Income Management.

TELECOMMUNICATIONS

- In December-end 2012, there were 8 telecom operator companies in the business of mobile telephone services, 7 in fixed line telephone services, 24 in internet services, five in 3G services, 3 in gateways, 27 in VoIP, and 1 in VSAT services.
- In December-end 2012, the number of people using mobile telephone was 19,105,115 (SIM Cards sold out), equaling 129.60 per 100 persons, compared to it being 3,791,834, equal to 24.43, per 100 persons in 2008. The fixed line telephone connections given out were 584,475 (equal to 3.96 per 100 persons) in 2012, compared to fixed line connections being 43,417 (equal to 0.28 per 100 persons) in 2008.
- Internet connections were 2,706,922 (equal to 18.67 per 100 persons) compared to 20,108 internet connections in 2008.
- The quality of network and services has further improved. The mobile telephone service has improved, particularly in Phnom Penh and the provinces where optic fiber cable network has been laid.
- The development of telecommunication infrastructure has been financed by loans and private investment. The cost of optic cable infrastructure of length 23,080 Km was USD 1,700 millions and the companies involved include, Cambodia Telecom (1,900 Km), CFOC Company (5,180 Km), and VIETTEL Company (16,000 Km). All the 3 companies connect to Vietnam, Laos and Thailand.
- A telecom satellite project is in progress for sovereignty, national security, as well as benefits of social economy.

MASS MEDIA

- About 85% population in the country is within the coverage to receive quality educational information and entertainment programmes broadcasted through television, radio, print medium, and Internet and Facebook.

- The Socio-economic Survey of 2010 shows that 64% of total Cambodian households had television, while 41% had radio sets, and about 20% used the Internet and Facebook.
- Use of media at the sub-national level has-been extensive. They are operated locally in 16 municipalities/provinces, to live-relay major events and also air their own programmes for their community and region on topics ranging from societal education, human rights, and health, especially of women and children. Provincial radio stations serve as a bridge, linking the government and people by giving messages about government policies for them to take part in national development. They are also open and effective forums for people to voice their opinions and make their recommendations.

2.159. Major challenges in this information and communication technology sector include:

- The efficiency of telecom management is limited since the Law on Telecoms is not yet approved.
- Illegal services at the border continue, cutting into the government's revenues.
- Cooperation between MPTC and service providers is still limited.
- Private postal services are more competitive than public.
- Ability of the government officials is limited and they are unable to respond to advances in technology.
- Public media outlets (radio, TV and the news agency) face financial crunch; therefore, they are unable to produce more comprehensive educational programs, especially programs to educate people about social issues. Most educational programs broadcast so far have depended on cooperation with international agencies and local NGOs.
- Technical facilities of the state media outlets, i.e. National Radio, National TV and National News Agency, need renovations and modernization, especially a shift from analogue to digital.

5. PRIVATE SECTOR DEVELOPMENT AND EMPLOYMENT

2.160. The four sides or sub-components of this component of the Rectangular Strategy Phase II deal with: (i) strengthening private sector and attracting investment; (ii) creation of jobs and ensuring improved working conditions; (iii) promotion of small and medium enterprises; and (iv) creation of social safety nets.

I. STRENGTHENING PRIVATE SECTOR AND ATTRACTING INVESTMENT

2.161. The private sector is the engine of economic growth and poverty reduction. The Royal Government recognises that improving the business climate and creating an enabling environment for private sector development are key pre-requisites for fostering growth, creating jobs, reducing poverty and achieving sustainable economic development. Strengthening private sector and attracting investment is a crosscutting issue that involves a number of RGC institutions. To implement RGC priority policies for the Fourth Legislature, the highest priority of all concerned RGC institutions was to support the creation of an enabling environment that fosters private sector development by taking measures to alleviate major bottlenecks for private sector development.

2.162. The Cambodian Investment Board of the Council for the Development of Cambodia (CIB/CDC) has operated a "One Stop Service" for investors for many years in order to reduce the administrative burden of seeking RGC's approval for new investment projects. During the Fourth Legislature, this mechanism was further strengthened and streamlined

and a new "Investor Aftercare" mechanism, as well as, an "Investor Tracking System" was developed and implemented. The CIB/CDC and the Ministry of Commerce will continue to actively promote new investments in the priority economic sectors to diversify and broaden the economic base, develop and widely disseminate information on investment opportunities in priority sectors, and strengthen coordination between concerned RGC institutions to promote a sense of joint responsibility for enhancing the competitiveness of the private sector.

2.163. The Council for the Development of Cambodia continued strengthening the implementation of the Special Economic Zones (SEZ) and ensuring that the locations of the SEZs were suitable for maximizing the integration of Cambodian economy into the region.

2.164. Since its establishment in December 1999, the Government-Private Sector Forum and the Committees under this mechanism have made important contributions in the processes of administrative and regulatory reforms to promote private sector development. This coordination mechanism has proven to be effective not only in building partnerships with the private sector, but more importantly, in providing inputs in the process of prioritization of activities under the reform programmes. The Royal Government continued exploring new ways to further strengthen this Government-Private Sector coordination mechanism and to build public-private partnerships.

2.165. Cambodia has gradually but definitively integrated into the global economy through trade and investment; in the process, its economy is diversifying.

2.166. Cambodia received foreign direct investment (FDI) of about USD 4.476 billion between 2008 and 2012. An increased trend of FDI shows the success of the private sector development policy.

2.167. Exports of goods and services—recorded as well as informal—are estimated to have increased from USD 2.995 billion to USD 6.907 billion (expected) through (2009-2013). However, new competitors are emerging to challenge the Cambodian exporters. Cambodia must respond them by strengthening the competitiveness of its present export sectors, as well as nurturing newer ones.

2.168. Competitiveness is critical for export. With rapid growth in the export-oriented agricultural sectors and tourist destinations, Cambodia has made important progress on this front. Nevertheless, there is need for more interventions to ensure that trade expansion fosters inclusiveness and greater equity.

2.169. Trade sector competitiveness results from an interaction of a number of factors:

- *Improved market access*
  - Favorable changes in the Rules of Origin (ROOs) governing the E.U.'s Everything but Arms (EBA) program, Canada's Least Developed Country Tariff (LDCT) program, and implementation of free trade agreements with ASEAN Dialogue Partners, triggered sharp increases in Cambodia's exports to those countries; in particular, the garment exports.
  - Owing to less favorable market access conditions in the US, the share of Cambodian exports to that country declined from 55% to 35% during 2007 to 2011. The EU, ASEAN Dialogue Partners, Thailand, Vietnam, and others are now becoming relatively more important destinations for Cambodian exports.
  - Market access for agricultural products has improved. Reliance on neighboring

countries (principally Vietnam and Thailand) as intermediary markets for exports of unprocessed, informal agricultural products, is now giving way to direct, formal exports to markets where Cambodia enjoys duty-free access.
- Cambodia needs to be active in negotiations involving ROOs, including the forthcoming RECP negotiations between the ASEAN and its Dialogue Partners.

- *Strengthened domestic business environment*

  - A predictable legal and regulatory framework based on international norms is critical for business and trade development. Trade facilitation and logistics are other key areas affecting competitiveness. The latter will be particularly important for the development of exports, such as high-end garments or intermediate inputs into production chains, where delivery deadlines are critical.
  - The Trade Policy Review held in Geneva in November 2011 under the auspices of the WTO showed that a number of legal and regulatory reforms identified in the 2004 Work Programme on WTO Obligations have been completed. A balance of 84 reforms and actions has been identified in a follow-up 2012 Work Programme.
  - Trade facilitation costs for exports and imports in Cambodia are 136% of the ASEAN-6 average. Next, the average release time of cargo is 24 days here compared to (average) 16 days in ASEAN-6 average. Cambodia planned to establish a National Single Window by 2018, which should help improve on these two issues.
  - Notwithstanding significant improvements in road infrastructure since the late 2000s, much remains to be done to improve the effectiveness of transport logistics in Cambodia, again with a view to reduce the cost of doing business.

- *Problems in raising total factor and labor productivity:*Increased productivity defines competitiveness. Productivity increases primarily through investment in equipment having more advanced technology. The use of such equipment, in turn, requires higher skill levels. Cambodia must confront its “skill gap.”

  - Cambodia lacks a robust technical and vocational education and training (TVET) system that works closely with the private sector, including export sectors, to ensure that the skill needs are met.
  - Cambodia’s higher education institutions have grown quite rapidly over the past decade or so, leading to a rapid rise in university graduates. However, the university curricula remain quite disconnected from the skills needed in the (export) market place.
  - Cambodia lacks a transparent labour market information system to help educators and labour market entrants understand where the demand is, what the skill requirements are, and how to assist employers, including in export sectors in identifying where potential new workers can be found.

- *Issues in Increasing Domestic Value Added*

  - Cambodia’s main export industries—garments, shoes and bicycles—operate almost exclusively by assembling imported components and parts into finished products. Cambodia’s agricultural exports are mainly unprocessed agricultural products. In both cases, the value added in Cambodia is small in the total value chain. Cambodia needs to explore possibilities for adding more value within the country. In agriculture, this entails undertaking processing of farm-gate output, as is already underway in rice. In the case of garments, shoes, and bicycles, attention needs to be paid to produce more in the value-chain and retain a larger component of the value added within the country.
  - Supply linkages between local SMEs and export firms are important and should be fostered. FDI in the production of domestic inputs also needs to be encouraged.

Export industries should become hubs around which networks of domestic production could develop.

- Cambodian exporters should make products requiring higher value operation in Cambodia. This, however, will require bridging the skill gap. Example, rice millers / exporters are finding it challenging to ensure sustained quality of their export product. Also, producers of high value silk products must learn how to better control the quality of imported yarn.
- In SPS-sensitive sectors (rice, cassava, corn, soy beans, hospitality sector, processed food, fisheries), producers should enhance the quality of their facilities to meet international standards. On its part, the government should put in place, surveillance and enforcement systems required by the importing countries to control plant pests and animal diseases, monitor use of pesticides, and control food safety.
- Financial backstopping of exporters through specialized financial institutions has received attention, including in the context of the 2010 Rice Sector Policy, but needs furthering in the coming years.

2.170. During the Fourth Legislature, the Ministry of Commerce (MOC) has achieved the following:

- Strengthened the implementation of the Trade Sector Programme that is based on a sector-wide approach, focusing on trade facilitation and private sector development.
- Continued to promote exports of agriculture products, garments and other products as part of its poverty reduction strategy.
- Continued to strengthen integration into the regional and international export markets and to improve competitiveness.
- Organised more national and international trade fairs.
- Strengthened the effectiveness of market surveillance in order to protect the health and well being of consumers.
- Promoted effective law enforcement.
- Strengthened partnership with international institutions and foreign countries in order to make Cambodia become a well-respected and trustworthy development partner.
- Adopted the law on Geographical Indications.

2.171. During the Fourth Legislature, the MOC submitted the following drafted laws to the Council of the Ministers for reviews and adoptions:

- At the end of 2009, the Law on Commercial Contracts, Law on Geographical Goods Protection, and Law on Commercial Court.
- In 2010, the Law on Competition, the Law on E-Commerce, the Law on Consumer Protection, and the Law on Trade Remedy.
- At the end of 2011, the Law on Commercial Agents.

TOURISM

2.172. The global crisis, spread of A/H1N1 virus, and political problems in the neighbouring countries adversely influenced ‘Cambodia-Kingdom of Wonder’ campaign to promote tourism, which earlier on average grew at double-digits per annum. A number of tourist arrivals declined in 2009 but increased to 3.58 millions, of which 2.71 millions from Asia in 2012. In this regard, Vietnam was ranked the first followed by Korea, China, Japan, and Lao PDR. Tourists from both Europe and America showed an increase of 12-13% (2011-2012) in spite of continuing economic turmoil.

2.173. The implementation of the Tourism Strategic Development Plan (2009-2013) has helped Ministry of Tourism (MOT) reach its targets which were supported by several activities listed below:

- Promoted 'Cambodia: Kingdom of Wonder' and 'Clean City, Clean Resort, Good Service' campaign.
- Promoted "Open Sky Policy".
- Simplified visa services and travel facilities during the global financial crises, and permitting Border Pass for residents of Laos, Vietnam and other neighbouring countries' residents to visit Cambodia.
- Endorsed ASEAN tourism agreements and some others agreements especially visa-exemption agreements between Cambodia and ASEAN.
- Provided capacity building of concerned officials in surveillance against abuses, like child sex tourism.
- Built and developed tourism infrastructure to help drive the industry forward (road, airport, water supply, electricity).
- Developed tourism products in the four priority tourism locales (Siem Reap, Phnom Penh and their suburb area, Coastal Zone, and North-East Nature-based Eco-tourism).

2.174. Cambodia earned USD 1,912 million (in 2011) and about USD 2,210 million (in 2012) from tourism directly, and helped earn more than USD 3 billion through indirect impact. At the same time, however, it is believed that Cambodia approximately lost 25% in revenues from tourism, mostly through import of foreign goods to boost domestic supplies including vegetables, fruits, fish, furniture, and labours.

2.175. In 2012, tourism sector created around 350,000 direct jobs and several thousand indirect jobs.

Table 2.7: Tourism Strategic Development Plan (2009-2013) Indicators

Indicator	Unit	2009	2010	2011	2012	2013 (estimate)
International Tourists	Million	2.6	2.51	2.88	3.58	4.21
Domestic Tourists	Million	7.02	7.56	7.81	8.25	8.40
Tourism Employment	Thousand	305	315	330	350	380
Tourism Receipts	Million USD	1,561	1,786	1,912	2,210	2,547
Accommodations	Rooms	37,522	39,714	43,236	46,446	48,768

Source: Tourism Statistic and Information Department, Ministry of Tourism

2.176. During the Fourth Legislature, the Ministry of Tourism (MOT) focused on improving the quality of tourism services in order to attract visitors, make them extension their stay, and attract new investments in the tourism sector. The MOT focused on the following actions:

- Continued to implementing the Open Sky Policy and advertising Cambodia – Kingdom of Wonder and promoting the contest for "clean city", "clean resort", and "good service".
- Examined the possibility of exempting entry visa for Japan and Republic of Korea.
- Developed a website to advertise tourism sector of Cambodia to the countries considered as major targeted markets.
- Continued disseminating the Law on Tourism to concerned institutions in particular private sector in order to effectively enforce this Law and improve the quality of tourism goods and services.
- Facilitated travel and transportation, and reduce unnecessary barriers that restrict tourist travel within the country.
- Developed innovative tourism products, tourism events, and attractive destinations (provided that tourism of Cambodia is the cultural and eco- tourism).
- Promoted domestic tourism in order to contribute to poverty alleviation.
- Strengthened the cooperation with countries in the region and the world in tourism sector.

- Strengthened the close collaboration with concerned ministries and agencies, private sector, and national and international organisations in transforming the tourism sector of Cambodia into a sustainable and accountable tourist destination.
- Fostered the capacity building and human resource development to conform to RGC's policies and to be in line with the current trend of tourism.
- Fostered gender mainstreaming in tourism sector in public sector, private sector, and local communities.
- Conducted tourism survey and developed tourism statistics.
- Strengthened security and social safety for tourists visiting Cambodia.

2.177. The MOT finalized the formulation of policies, strategies, plans, and regulations necessary for the development of tourism sector. Those include:

- National Policy on Tourism in Cambodia.
- Law on Tourism.
- National Tourism Development Strategy 2012-2020.
- National Eco-Tourism Strategic Policy (on-going).
- Regulations that are required by Law on Tourism and necessary for tourism activities.

2.178. Challenges in implementations of the Tourism Strategic Development Plan (2009-2013):

- Inadequate standards in tourism both in product and service.
- Insufficient water and energy supplies at tourist facilities.
- Overlapping roles and duties of concerned agencies.
- Tourism budget plan and tourism strategic development plan, still not smoothly aligned, and also, lack clarity while translating intent into action.
- A Tourism Promotional Board—meant to encourage the private sector and public to promote the tourism industry—is yet to be established.
- Capacity to analyse the tourism market share and potential are yet limited.
- Direct air connectivity with Indonesia and Philippines among the ASEAN is not there.
- Lack of proper monitoring systems for judging food quality up to international standards.
- Rescue systems for tourists in danger are still limited, particularly in remote tourist destinations and coasts.
- Land area demarcation between community areas and tourism areas is yet not complete.
- Illegal land grabbing on coasts and tourist destinations.
- Overlapping laws creating problems of jurisdiction.

2.179. Preservation and promotion of the rich Khmer heritage and traditions were a high priority of the Royal Government during the Fourth Legislature. The Ministry of Culture and Fine Arts (MOCFA) not only continued to preserve ancient temples and archaeological museums but also actively promoted Khmer arts including traditional Khmer dances, songs and other artistic endeavours. The ministry also promoted revival, production, and marketing of Khmer handicrafts. Preservation and promotion of the rich Khmer heritage and traditions as seen as an important contribution to support the growth of the tourism sector.

2.180. During the Fourth Legislature, MOCFA carried out 23 projects that involve:

- The preservation of ancient temples, as well as improvements to roads and bridges for easy access to the ancient temples.
- The preservation of the archeological museums.
- The construction of conservative offices in provinces and a Tribal Centre in North East.

- The construction of a cultural exhibition hall for exhibiting products and a hall for traditional Khmer dance performances.

II. CREATION OF JOBS AND ENSURING IMPROVED WORKING CONDITIONS

2.181. RGC's continuing long-term goals are creating jobs and ensuring improved working conditions, aimed at enhancing the living standards of the population, alleviating poverty, and accelerating economic growth. The creation of new job opportunities, however, is dependent on the level of investments by the private sector in the formal and informal sectors in both urban and rural areas. Ensuring that the skills of the new entrants match with the requirements of the new jobs is a challenge that will require more efforts focused on expanding technical and vocational education.

2.182. *The Ministry of Labour and Vocational Training* (MOLVT) has been providing employment placement services to assist job-seekers in finding employment in private sector businesses in the country and overseas.

2.183. The progress of labour sector in Cambodia is contributed by the implementation of Rectangular Strategy Phases II for employment and equity, NSDP Update 2009-2013, Action Plan of MOLVT, the Labour Law adopted in 1997 (Management of Sending Workers Abroad), and other legal resolutions. Therefore, between 2009 and 2013, the achievements in the area of labor sector include:

- Minimum wages of workers in the garment, textile and footwear sector increased from USD 50 to USD 80 per month, and the employers provided an additional allowance of USD 20 per month.
- Government agencies rescued 45,000 children (out of an estimated 250,000) from unacceptable forms of labor between 2008 and 2012.
- The authorities sent 88,842 workers to work in Thailand, Malaysia, and Japan through private recruitment agencies, and sent 16,892 workers to work in the Republic of Korea, under the Employment Permit System (EPS) through the Training Committee between 2009 and 2012.
- The government helped improve health system and work safety through 1,338 occupational health inspections at 586 establishments in 2012.
- The government helped provide occupational accident insurance to over 37,000 workers/employees between 2008 and 2012, and by the first quarter of 2013, the coverage of occupational risk insurance regime has extended to all the 24 provinces.
- MOLVT provided 2,293 short-term skill training courses to 59,460 male and female youths (workers) having lost their jobs between 2009 and early 2013.
- MOLVT set up 7 new vocational training centres in various provinces and 6 new private and non-governmental establishments for extending technical and vocational trainings.
- MOLVT improved information system on labour market and labour services by collecting information on 27,889 employment seekers, providing appropriate instructions to 7,984 employment seekers, and collecting necessary data for recruitment of 95,142 persons between 2010-2012.
- RGC established a commission in-charge of gender affairs in the MOLVT.
- MOLVT disseminated and allocated duties for implementation of the 42 point recommendations of the convention on elimination of all forms of discrimination against women (CEDAW).
- RGC participated in the fourth and fifth writings of national reports on the implementation of the convention on elimination of all forms of discrimination against women in Cambodia.

- The government instilled training courses on administrative, personnel, financial and statistical planning, and legislative skills, to 237 civil servants in 2011 and 2012.
- RGC established labour cooperation with the countries in the ASEAN region, through participation in ASEAN Workshops on unemployment insurance, security measures on revenue, and the active market policy.

2.184. In spite of remarkable achievements, there are many challenges that will require concerted efforts to attract new private investments. These challenges include:

A. Challenges in Labor

- Working conditions in some enterprises and establishments was not improved nor the environment; thus, occupational hazards and deterioration of the health of workers persists. It has been observed that some workers faint in garment and footwear enterprises owing to poor work environment.
- Insufficient facilities to supervise and regulating labour recruiting companies.
- Lack of capacity to regulating the Law on Trade Unions and Law on Labour Courts.
- Lack of expertise to conduct research and formulate policies on labour and occupations.
- Limited provision for checking legal documents of Cambodian workers travelling out to work in the morning and returning in the evening. The procedures and formalities to send labourers overseas also takes time.
- Inadequate mechanisms to manage foreigners coming to work in Cambodia.
- Lack of effective training for labour inspection officials.
- Lack of awareness among the employers related to the use of child labour in accordance with the international legal provisions and conventions.
- Cambodia is shortage of skilled workers, which are in demand in foreign labour market markets.

B.Challenges of National Social Security Fund

2.185. National Social Security Fund (NSSF) under the provisions of Labour Law has been in place for only four years, so several challenges during implementation include: The laws, procedures, work-risk insurance policies, and especially the registration and contribution process through IT system were found to be difficult for small enterprises that have insufficient human resources.

2.186. The implementation of social security insurance also had significant challenges regarding work performances, registration, contributions, fault report of wage scales and actual number of employees being hired, and documentation made by employers, employees, workers, and medical service providers. Hence, understanding any law related to NSSF is not easy. Therefore, these were the reasons for not getting the necessary benefits in case of accident to death although they registered to NSSF.

C. Challenges of Technical and Vocational Training

2.187. Most Cambodians did not attach value to technical and vocational training. They tended to encourage their children to continue their studies at the graduate level; as a result, the enrolment at the TVET institutes was low.

2.188. The quality of technical and vocational training was not responsive to all the segments of the labour market. Thereby, challenges include: lack of infrastructure, equipment, technical documents, and regulations related to labour statistics and labour market information systems, staff or teachers not having enough skill and experience, curricula not responsive to labour market, and lack of participation, cooperation and

contribution of the private sector.

2.189. In the vocational training sector, there are also other challenges, such as:

- Lack of consistency in training coordination mechanisms.
- Lack of awareness of the value of technical and vocational education and training and the tendency to encourage children to further their studies in general education.
- Curricula and quality of technical and vocational education and training do not yet completely meet labour market demands.
- Lack of workshop technical equipment, materials and laboratories.
- Lack of labour market information and types of skills that meet labour market demands.
- Lack of financial resources for developing technical and vocational education and training, and limited cooperation and sponsorship from the private sector.
- Lack of skilled labourers for emerging industries, resulting in mismatch between the demand and supply of labour.

D. Challenges of Labor Market Information

2.190. Although the National Job and Employment Agency, a national agency, has been implemented for three years (2011-2013),it has encountered several challenges as follows:

- Intended citizens could not access to market information due to limited structure of service provision, information of services, and service-provision coverage, especially in rural and other remote areas.
- Limited public awareness of employment services and labour market information in the rural areas. Some citizens did not take advantage of employment services, and there was little cooperation between the concerned parties such as trainers, public citizens, and authorities at all levels.
- Limited cooperation between service providers, ministries, agencies, local authorities, and employers, and the National Job and Employment Agency. There had no scope for expanding the services from feedbacks.
- No incentives for officials working at the National Job and Employment Agency.
- The existing database and information regarding the labour market information are limited.
- Limited awareness of labour services and labour market information systems of the NEA among stakeholders. And cooperation among stakeholders such as those seeking employment, employers, education providers, and training agencies was not improved.
- Collecting and collating primary data on labour and related issues is time and resource consuming.

E. The gender sector challenges include:

- Lack of gender awareness of the CEDAW Convention and the concerned laws among technical officials both in central and capital/provincial levels.
- Insufficient laws and guidelines for the selection, promotion, capacity enhancement and participation of civil servants.
- Lack of gender mainstreaming in various capitals and provinces under the supervision of the ministry and enterprises/establishments.
- Insufficient budget and materials for disseminating policies and laws related to equity between male and female workers both in labour market and vocational trainings.

III. PROMOTION OF SMALL AND MEDIUM ENTERPRISES

2.191. The development of this sector has contributed to benefiting rural communities in processing and adding value to products as well as creating jobs. It has also created an important link with the trade sector and with larger enterprises. In order to achieve these aspects, the Royal of Government has reduced minimum requirements for the registration of small and medium enterprises and the company registration fee. Loans provided by financial institutions (microfinance institutions) to small and medium enterprises have increased considerably.

2.192. *The Ministry of Commerce* (MOC) has taken steps to reform the commercial registration procedures for SMEs. The timeline required for commercial registration was reduced to 3-5 days. The documentations required to register a SME were also reduced. The requirements to report criminal convictions and reconfirming address of the company are no longer needed. The capital requirement in the form of a Bank Deposit for commercial registration was reduced from 20 million Riels to 4 million Riels. The Administrative-Fee for Commercial Registration is 1,600,000 Riels, and the Administrative-Fee for Sole Proprietorship is 300,000 Riels. After the reform in 2005, the number of registered companies has increased every year.

2.193. As of 2012, 907 new factories registered to the MIME. These factories employed 559,585 workers of which 492,520 workers were engaged in garment factories.

2.194. Significant progress in promoting small and medium enterprises (SMEs) sector has been made through:

- *Strengthening institutional capacity and good governance in public service delivery:*
  - Formulated inter-ministerial Prakas on the minimum requirement fee for the registration of factory and handicraft workshops, Prakas on punishment measures on criminal offense on the management of factory and handicraft workshops, and Prakas on the implementation and establishment of institutional facilitation capacity of food safety system.
  - Implemented deconcentration program.
  - Promoted factory and handicraft workshops statistics in accordance with International Standard Industrial Classification and strengthened factory and handicraft workshops via internet system.
  - Established national testing laboratories.
- *Strengthening the quality and the efficiency in law enforcement on the Management of Factory and Handicraft Workshops:*
  - Established claim settlement and claim inspection mechanisms for factories and handicrafts in order to foster transparent practices in SMEs; conducted dissemination campaigns of industry-related laws and regulations to local authorities, and industry and handicraft owners in capital-provinces; participated in the implementation of regulatory impact assessment--a system approach to assessing the effects of regulations.
  - Formulated Prakas on regulations and procedures (documentations) for the registration of factories and handicrafts. This Prakas is necessary to facilitate business procedures and certificate of origin in an effective and a timely manner.
  - Officially announced the required information to be filled in the annual production report and further plans to the handicraft-factory and enterprise owners so that the statistics of handicrafts, factories, and other enterprises can be managed and manufacturing policy can be developed.
- *Strengthening partnership with private sector and development partners:*

- Strengthened functions and roles of SME sub-committee and the Manufacturing working group.
- Considering the shortfall of financial issue of SMEs, the ministry cooperated with financial institutions such as the International Finance Corporation, the National Bank of Cambodia, and ADB to facilitate orientation and forums to respond and to promote financing to the SMEs and manufacturing sector.
- Strengthened partnership with private sector and development partners through implementing programs and activities with the framework of the Government-Private Sector Forum.

- *Formulating policies to support industries and SMEs:*
  - Proposed a strategic development plan and encouraged SMEs through cooperation with development partners in the area of Mekong River Basin and ASEAN framework.
  - Proposed a roadmap for creative industries for promoting the investment for prioritized local industries.
- *Promoting national products to comply with national and international standards*: Established National Standards Institute to ensure product quality is complying with regional and international standards. The implementation of measures include:
  - Developed necessary national standards to improve the quality of national products.
  - The National Standards Committee approved 75 standards to be prioritized.
  - Broadcasted the importance of national and international standards and encourage Cambodian entrepreneurs to adopt them in order to ensure the quality of their products and services.
  - Strengthened the quality assessment system in compliance with standards.
  - Promoted collaboration with national, regional, and international standard institutions.
- *Enhancing productivity and capabilities of Cambodian industrial producers*: Established the National Productivity Centre to improve productivity and reduce production costs:
  - Formulated policies and strategies to improve techniques and technologies.
  - Disseminated productivity- and technique-related information.
  - Fostered trainings on productivity- and technique-related subjects to producers.
- *Formulating and implementing policies to strengthen works on industrial property rights:*
  - Strengthened and provided protection services for industrial property rights.
  - Fostered the dissemination and trainings on the subjects related to industrial property rights.
  - Established and strengthened the performance and functioning of centres for innovations.
  - Promoted and strengthened relationships with intellectual property right agents and applicants for innovation certificate, functional model certificate, and industrial design registration.
  - Established advisory services for industrial property rights.
  - Fostered the cooperation with national and international organisations in the implementation of industrial property rights.
- Formulating and implementing policies to strengthen works on metrological issues:
  - Issued legal and regulatory framework and technical regulations for the management of national metrological practices.
  - Established metrological management structure including a national metrological centre and control and verification centres in 5 regions.
  - Disseminated and provide trainings on metrology-related subjects for 15 provinces;

- ➢ Cooperated with regional and international metrological organisations.

2.195. MIME also acquired a number of actions including:

- Strengthened mechanism of industrial right protection in order to promote industrial innovation.
- Promoted modern science and technology.
- Provided trainings and skills.
- Enhanced the relevant legal frameworks.
- Continued implementing the "One Village One Product" movement in designated rural areas.

2.196. In order to take advantage of integration into the region and the world, Cambodia needs industry-based economy that promotes diversification of products of small and medium enterprises into an adding value. In this regard, the challenges that Cambodia faces are not only market access but also improved productivity and competitiveness of more domestic products. The challenges to increaseindustrial productivity and competitiveness include:

- Lack of effective mechanisms to promote local products:
  - ➢ Lack of domestic investment in value chain in particular processing agro-industrial products.
  - ➢ Depending on neighboring countries for exports.
  - ➢ Lack of disseminations of local products in the region and international markets and lack of recognition in accordance with international standards.
  - ➢ Lack of customers' confidence in domestic products.
  - ➢ Low skilled labor and low productivity.
  - ➢ Capacity to receive financing from financial institution is very low for SMEs.
  - ➢ Business environment fee is high and law enforcement to protect investment and business is weak.

- Production capacity, technology, and capability in adding value to products and services is replacing cheap labor that is no longer the case to promote technology development, innovations, improved productivity, and competitiveness.
- Emerging challenges is how to link Cambodia's economy and cooperation into the regional and international markets. This network linking is necessary for Cambodian comparative advantages in agriculture, industry, trade, and services sector.
- Industry sector cannot ensure the sustainability of economic growth because about 70% of industry sector is composed of garment and manufacturing sector which can be negatively impacted.

IV. CREATION OF SOCIAL SAFETY NETS

2.197. Private social security in Cambodia has made significant progress in the last few years following the strategic plan and action plan of the National Social Security Fund (NSSF) -- (Law on Social Security), for all persons who fall under the provisions of Labour Law. Between 2008 and 2012, NSSF registered 4,583 enterprises and 868,134 employees, and provided work risk insurance to more than 37,000 employees. By about the first quarter of 2013, the work risk insurance would expand its coverage to 24 cities of all the 24 provinces in the country.

2.198. The Ministry of Social Affairs, Veterans and Youth Rehabilitation (MOSVY) is responsible for developing and managing the Social Security Fund and the National Social Security Fund for civil servants. Therefore, MOSVY achieved 6 outputs:

- *Priority 1: Strengthen and Expand Social Welfare to the Vulnerable and Poor:*

  - Launched emergency programs to provide assistance to the victims, especially the poor, affected by natural and other disasters.
  - Prepared mechanisms for humanitarian assistance for the homeless. Each year, more than 1,000 homeless families were provided with rehabilitation services, health care, counseling, and vocational training, so that they re-integrated into their communities.
  - Created MOSVY Gender Working Group. Through this group, MOSVY has disseminated gender-related issues to its officials both at national and sub-national levels.
  - Prepared policies, minimum standards and programs, to assist victims of human trafficking. Hundreds of victims of sexual trafficking were rescued, rehabilitated and re-integrated into their communities. Cambodia received evaluation as TIR 2, a high level, in a global fight against human trafficking.
  - Implemented programs on enabling families-integration and preventing domestic violence.

- *Priority 2: Strengthen and Expand Child Welfare and Youth Rehabilitation:*

  - Implemented 4 fundamental rights of children mentioned in the United Nations Convention on the Rights of the Child: survival rights, development rights, protection rights, and participation rights.
  - Promoted the Millennium Development Goals related to the child, such as: reducing maternal and) child mortality rate, and increase the school participation rate of children.
  - Established a policy of alternative care for children, set up minimum standards for the care of children in residential care centre, established minimum standards for childcare in the community, carried out regular inspections, and delegated part of the functions in the Child Welfare activities to the municipal/provincial district councils and commune councils.
  - Ratified the Hague Convention on cooperation related to inter-country adoption of children. The law on inter-country adoption was approved on Dec 03, 2009.
  - Implemented the Youth Rehabilitation and Juvenile Justice Programmes and provided legal services to protect children and juveniles.
  - Prepared policy for rehabilitation to victims of drug abuse and juveniles who fell on the wrong side of the law and encouraged treatment and rehabilitation of the victims of such abuse. The draft law on juvenile justice is under process with the office of the Council of Ministers.
  - In accordance with the Convention on Rights of the Child, prepared the 2nd and 3rd reports (and others reports) on the implementation of the Convention and its Optional Protocol; analysed Child Protection and Legislation framework and conducted research to follow up on child situation and prepared a response plan, such as develop child protection law, and National Plan for Child Development, to improve Child Rights in Cambodia; strengthened monitoring mechanisms and implementation of child rights; as of now, 9 ministries and institutions and 24 municipal/provinces have been aligned with the policy; and prepare 62 Child-Rights indicators into 4 sections:

    - Ten educational indicators.
    - Twenty-four health and nutrition indicators.
    - Seven-teen good governance indicators.
    - Eleven social indicators.

- *Priority 3: Strengthen and expand Welfare and Rehabilitation for Person with Disabilities:*

- Created a law on the protection and promotion of the rights of persons with disabilities. Through this law, effort has been made to reduce discrimination against persons with disabilities, in jobs or otherwise.
- Created a Disability Fund. More than 20,000 persons with disabilities have been provided physical rehabilitation services with food, transportation and accommodation free of charge each year.
- Formulated a policy to support the poorest persons with disabilities.
- Implemented a community-based rehabilitation programme for persons with disabilities, provided them with rehabilitation services, created self-help groups, and promoted livelihoods and small business.
- Encouraged creation of organizations of persons with disabilities: the Association for the Blind Cambodia, the Cambodian Disabled People Organization, and the National Centre for Disabled Persons.
- Created programmes for blind and deaf children and children with mental problems through setting up of a centre to provide special education and other basic need services to them.
- Encouraged art and sports among persons with disabilities and broadcasted news in sign language.
- Ratified the Convention on the Rights of Persons with Disabilities.
- Endorsed the Asia and Pacific Decade for Disabled Persons 2013-2022 and the Incheon Strategy "to make the rights real" for persons with disabilities in Asia and Pacific.

- *Priority 4: Strengthen and Expand the Social Security System and Welfare Services for the Elderly, Civil Servants, and General People:*

  - Created and implemented national policies for the elderly, and set up a National Committee and sub-national mechanisms for the implementation of policies for the elderly.
  - Implemented two important programmes: Elderly Development Programme in the Community, and Home Care for the Elderly.
  - Disseminated national guideline on home-based care for elderly.
  - Created 569 Older People Associations at the Commune/Sangkat level.
  - Promoted Elderly Care Programme in the family through the media, and promoted good family traditions of respect and gratitude to the elderly.
  - Encouraged communities, and Buddhist and other religious places, to assist the elderly.
  - Charitable people have established humanitarian programmes to help the elderly.
  - Created database for civil servant retirees, invalids and their dependents for providing cash benefits through banking systems. Up to now, civil servant retirees, invalids and their dependents in 16 municipalities and provinces out of the 24 have been registered in the database, in which beneficiaries in 15 municipalities and provinces have been served cash benefits through the banking system.
  - Implemented social security for civil servants, and 6 benefits provided: retirement, invalidity, maternity, work injury, death, and assistance to dependents.

- *Priority 5: Strengthen Social Security System and Welfare Services for Veterans:*

  - Implemented National Policy for Veterans for strengthening their livelihoods through material, national budget support, emergency assistance, physical rehabilitation, and vocational training.
  - Created a veterans' and their families' database to provide cash benefit for them. In 17 provinces, monthly payments are now made through the banking system.
  - Implemented policies to provide social land concessions to the most needy, retired armed forces personnel, and veterans and their families.
  - The RGC continued implementing Cambodia Veterans' Association in order to

improve family living condition, participation in local development, credit fund and death relief fund, house construction, and veteran community development.

- *Priority 6: Strengthen institutional capacity, partnerships, and fund-raising capacity to increase the effectiveness of social services:*

  - Institutional capacity-building: Trained officers working in the social sectors for creating quality human resources on Basic Social Services Training (BSST), Professional Social Services Skills (PSST), Trans-culture Psycho-social training (TPO), Management of social service training (MSST), Working with Traffic Victims, and Care of Orphaned and Vulnerable Children. The government also established the National Institute of Social Affairs for training and research in the area of social affairs and prosthetic and orthotic engineering.
  - Created a website of MOSVY: *http://www.mosvy.gov.kh.*
  - The D&D Working Group of MOSVY conducted function mapping, which was approved by the NCDD.
  - Cooperated and encouraged organizations to implement a project on social welfare and services.

2.199. Cambodia a number of challenges related to social welfare, financial crisis, climate change, natural and manmade disaster etc. Such problems increased vulnerabilities such as out-migration, human trafficking, drug use, HIV/AIDS, lonely poor elderly, poorest people, street person, moral illness, orphans and victims, and vulnerable children. Other challenges include:

- Limited enforcement of laws and legal framework related to social affaire veteran and youth rehabilitation enforcement.
- Shortage of officials and social workers to provide the social welfare services.

A. Food Security and Nutrition (FSN)

2.200. Last year the review of the Strategic Framework for Food Security and Nutrition (SFFSN 2008-2012) was conducted and the results showed that considerable progress has been made in many areas such as paddy rice surplus, poverty reduction, and nutrition status of children and women in overall.

2.201. However, despite the significant progress made in FSN relevant areas since 2005, nutritional status of under-5 children and of women showed little improvement. Among children under five, chronic malnutrition (stunting) was only slightly reduced from 43.2% in 2005 to 39.9% in 2010 and underweight stagnated at around 28%. Child wasting increased from 8.4% in 2005 to 10.9% in 2010. Maternal nutrition also showed little improvement. Roughly one out of five women of reproductive age was underweight (low BMI) in 2000, 2005, and 2010. Persistent high micronutrient deficiencies were also found in child children under five (55%) and 44% of women in reproductive age were anaemic. The latest survey data also provides some intuitive causes of high malnutrition:

- A third of the population (and more than half of the poorest households) had insufficient dietary energy (calorie) intake.
- Inadequate infant and young child feeding (IYCF) practices (75% of children did not receive a minimum acceptable diet).
- Poor sanitation conditions are endemic; more than half of the population and two-third of rural households defecated in the open. Poor environmental living conditions contribute to a high prevalence of diarrhoea among young children. As a result, it is a major contributor to malnutrition.

2.202. Global shocks, including the economic downturn and high food prices, likely had a negative impact on the nutrition status of children and women. In addition to shocks, climate change and natural disasters remain key challenges to food availability and accessibility at household level.

B. Social Protection

2.203. A Social Protection Coordination Unit has been established in the Council for Agricultural and Rural Development to provide policy oversight, monitoring and evaluation, and coordinate inter-agency dialogues and information management on social protection. The implementation of National Social Protection Strategy (NSPS) requires a mix of programs that cover both chronic and transient poverty as well as help promote human capital development. This has been done through the targeting tool IDPoor, that identifies poor people by capturing idiosyncratic risks and covariate vulnerability like that caused by climate change or natural hazards. The NSPS has provided a framework to scale-up existing interventions such as the school meals program, poverty-targeted scholarship programs and the health equity fund, and to introduce new modalities of implementation through for example the Productive Assets and Livelihood Support program (a cash-based public works program).

2.204. The key achievement in the strengthening and improvement of social protection systems include:

- Four major assessments at policy level had been carried out including: (1) Social protection expenditure review (the assessment on financial capacity and fiscal space to finance social protection programs), (2) The National Social Protection Strategy costing exercise (considering targeted and universal scenarios), (3) The study on rates of return to social protection investment (support decision-making at policy level on selecting social protection interventions), and (4) The Monitoring Framework for the National Social Protection Strategy (developed based on the existing data sources gathered through nationally administered surveys and pooled into 33 monitoring indicators).
- Council for Agricultural and Rural Development had examined and developed the modality of empowering the Sub-National Administration to coordinate the implementation of social protection interventions at sub-national level. Two approaches had been elaborated including: (1) The Social Service Delivery Mechanism (to replicate the modality of One-Window Service Office for social service delivery in rural areas), and (2) The Integrated Social Protection Approach (to harmonize and integrate the different social protection interventions according to the Guiding Principle on the Implementation of Social Protection Programs).
- A model cash transfer program using government structures has been designed to provide benefits to pregnant women and young children taking into account early childhood development approach. Pilot programs are being implemented by development partners and the successful modality will be subject to review by CARD for national scale up.
- In 2012-2013, 450,000 students in primary schools had received School Feeding Programs and nearly 100,000 students in 4,725 schools in 15 targeted provinces had received Cash and Food Scholarship. The RGC has contributed 2,000 tons of rice to this intervention.
- The Public Work Programs in the form of Cash for Work and Food for Work from various interventions had created more than 500,000 working days for poor households. A new implementation modality of a cash for work program has been tested, the Productive Assets and Livelihood Support Program, which has increased national ownership and developed sub-national capacities to manage labour-intensive programs.

- At Social Security areas, the National Social Security Fund for Civil Servants (NSSF-C), the National Fund for Veterans (NFV), and the National Social Security Fund (NSSF) had been established since 2008, 2010, and 2002 respectively which provided the frameworks of expandability, affordability and efficiency to social protection system in Cambodia.
- A numbers of pro-poor health financing schemes had been implemented including user-fee exemption (Health Equity Funds, Voucher for Reproductive Health Services, and Community-based Health Insurance). The Health Equity Fund has been expanded to 370 Health Centres and 64 Hospitals. About 167,000 people had been enrolled into the Community-based Health Insurance, which are implemented in 179 Health Centres and 13 Referral Hospitals including Phnom Penh.

2.205. Ensuring food security and reducing poverty for all Cambodians is still one of the priorities of RGC. RGC attaches strong priorities on improving the livelihood of about 20% households who continue to be poor. Moreover, special attention paid to many households who had moved out of poverty but remained vulnerable to health and other shocks that might cause them to fall back below the poverty line. Malnutrition among children under five years, which prevents them from acquiring full cognitive capacity and increases their likelihood of being sick, has remained an issue to be addressed. These human development constraints, particularly among the poor, can hinder the potential for equity, economic growth and prosperity in Cambodia in the times to come.

2.206. With the planned opening of a regional job market through ASEAN Community Integration in 2015, labour mobility is likely to rise across the community and broaden opportunities for overall employment. However, workers from countries like Cambodia, which generally have lower skill levels, might be pushed out of their current jobs by increased competition from in-migrating counterparts from the region. Some 60% of the workforce is engaged in the informal sector, with little or no social protection in case of ill health, family emergencies or income uncertainty. With increased threats of unemployment, these workers take up even more insecure and low-paying jobs. The challenges for implementation of social protection is to ensure equitable growth and mitigate social risks while at the same time build up human capital and a productive workforce for Cambodia.

C. ONE VILLAGE ONE PRODUCT (OVOP)

2.207. To promote and accelerate OVOP, the RGC carried out some actions as follows:

- Organizing workshops to raise awareness of the proven success of the concept of One Village One Product at National and Sub-National Levels.
- Organizing 7 workshops consecutively. Each workshop devoted to one product workshop in order to find ways to improve quality, increase quantity, and improve marketing, for OVOP products.
- Facilitating the setting up a Research and Development Centre for mulberry planting and silkworm cultivation to promote silk production in Cambodia.
- Selecting Kirivong District of Takeo province to promote silk production as a part of OVOP movement with the development OVOP Market, OVOP Supporter's Association, and to encourage people there to plant mulberry, rear silkworm, and produce raw silk.
- Providing technical trainings on planting and processing such as planting mulberry, rearing silkworms and producing raw silk and handicraft improvement training to farmers at rural areas.
- Participating workshops, conferences, study visits and exhibits abroad where they have succeeded in promoting OVOP such as Japan, China, Vietnam, Thailand, Laos and Malaysia etc.

6. CAPACITY BUILDING AND HUMAN RESOURCES DEVELOPMENT

2.208. The last component of the Rectangular Strategy Phase II is covered predominantly the social sectors that included: *(1) strengthening the quality of education; (2) enhancing health services; (3) implementation of gender policy; and (4) implementation of population policy*. Progress has been very impressive in education, health, and gender empowerment.

I. STRENGTHENING THE QUALITY OF EDUCATION

2.209. RGC is fully committed to strengthening the quality of all educational services for them to contribute to economic growth though strengthening human capital development. The Ministry of Education, Youth and Sports (MOEYS) had prepared and implemented a sector-wide approach, reflected in the Education Strategic Plan 2009–2013. Implementing the ESP 2009-2013 has contributed to increasing, with greater equity, the enrolment rate of children, especially at the primary school levels, and providing them learning opportunities to become active and knowledgeable citizens.

2.210. RGC has made considerable efforts to increase its own budget and also mobilize cooperation financing from the development partners to implement educational reforms specified in the ESP 2009-2013 and achieve the key objective of human resource development. ESP priority policies are:

- Ensure equitable access to education by building more schools closer to people's homes, building dormitories (especially for girls), providing operational budgets, and appointing sufficient numbers of qualified teachers.
- Improve the quality and efficiency of education by increasing the supply of learning materials, library materials and laboratories, continually reforming the curricula, increasing study hours, and providing more scholarships to the poorer students.
- Institutionally develop and build knowledge and skills of officials by providing a strong legal, regulatory and policy structure supported by a capacity development of education providers at all levels.

2.211. During 2009 to 2013, the net enrolment rate of primary education (Grades 1-6) increased from 94.4% in School Year (SY) 2008-2009, 97% in the SY 2012-2013, with acompletion rate of 87.3%. During this plan period the number of primary schools increased by 345 to 6,910. Provision of school-meals and scholarships to poorer students, implementing child-friendly schools, and providing transport to the District Training and Management Teams who directly support schools, have successfully provided opportunities for the children to attend schools. The gross enrolment rate at the lower secondary education (Grades 7-9) was 53.6% in SY 2012-2013 and completion rate 42.1%. During this plan period, the number of secondary schools increased by 92 to 1,214; of these 84.2% have toilets and 51.6% have clean water. The gross enrolment rate at upper secondary school in SY 2012-2013 was 27.4%, and the completion rate 27.8%. During this plan period, the number of upper secondary schools increased by 84 to 433. Enrolment and completion beyond primary school is worrying.

2.212. The government's focus is on improving the quality and effectiveness of education through promoting early grade reading skills, developing basic life-skills training programs, allowing students to select subjects of their choice, improving the relevance of the curriculum and textbooks, designing evaluation standards for student achievement, and improving the supply of learning materials and textbooks. The literacy rate among youth aged 15-24 years rose to 91.5%in 2011, an increase of four percentage points compared to

2008. In higher education too there has been progress: in 2012, there were 101 higher education institutions, of which 39 state-owned and 62 private. The number of students graduating with a degree or higher in SY 2012-2013 was 45,650.

2.213. Despite some of the successes stated above, the education sector lags and concerted effort is required for improvement. Principal problems include the low quality of learning, limited learning infrastructure, insufficient well-qualified teachers, not fully implemented quality assurance system, and few quality institutions of higher education.

2.214. The challenges and responses identified during the implementation of the ESP 2009–2013 are discussed below.

- *Challenge 1 - Expanding early childhood education*: Improving access to early childhood education programs for the age-group 0-5 years, building the capacity of pre-school teachers through better pre- and in-service training, and increasing the awareness of parents and communities about the value of early childhood education.
  - Response 1: Increase access to home-based care and Community Resource Centres along with training programs for mothers and community teachers.
- *Challenge 2 - Expanding access to primary education in remote areas and to the most disadvantaged groups.*
  - Response 2: Expand bilingual education, scholarships and school meals programs, and accelerated learning and re-entry programs, through non-formal education and integration of disabled children into formal schooling.
- *Challenge 3- Access and quality of secondary education.*
  - Response 2: Expand secondary education, a focus on reducing gender gap and ensuring completion of lower-secondary education; increase the number of scholarships for students from poorer families (especially girls); expand the number of lower-secondary schools through upgrading some primary schools.
- *Challenge 4 - Reach out-of-school children and build non-formal education system.*
  - Response 4: Measures to reduce the number children out of school with a specific focus on children from indigenous communities, children with disabilities, and children from poorer families, through targeted programs.
- *Challenge 5 - Poor overall quality and relevance of classroom learning.*
  - Response 5: Initiate a national framework to ensure quality mechanisms that can assess student achievement; strengthen regular classroom testing; initiate student assessment in Grade 3and gradually expand it to Grades 6 and 8;and enhance the quality and relevance of learning through curriculum and textbook review.
- *Challenge 6 - Improving the quality of higher education.*
  - Response 6: Prepare a vision document for higher education with focus on priority programs [science, technology, engineering, arts and mathematics (STEAM)] to the level of ASEAN quality-assurance standards.
- *Challenge 7 - The supply of core textbooks.*
  - Response 7: Review and improve the distribution and management of textbooks; and ensure a supply of new textbooks, curriculum and teacher-guides in remote areas.
- *Challenge 8 - The supply and deployment of qualified teachers.*
  - Response 8: Deploy qualified teachers at the newly established upper- and lower-secondary schools, especially in remote areas. Increase the knowledge and skills of

teachers in mathematics and science through in-service training, and initiate a staff performance appraisal system.

- *Challenge 9 - Strengthening education management system and preparation for D&D.*
  - Response 9: Training to develop the capacity of school principals and officials at the Provincial Office of Education and the District Office of Education; strengthen the capacity of District Training and Monitoring Teams for supporting and advising schools.
- *Challenge 10 - Hard and soft skills development for youth.*
  - Response 10: Increase the enrolment on technical education, technology and science, and being ready to participate for regional integration in 2015 and respond to labour market needs and increasing job opportunities.
- *Challenges 11 - Strengthening Sport activities.*
  - Response 11: Promote physical education and sport activities in schools and promote the activities of sports associations, sports clubs and the sports physical infrastructure.

Table 2.8: School Enrolment and Completion Rate

		2008/09	2009/10	2010/11	2011/12	2012/13
Net Enrolment Rate in Primary Education						
Total	%	94.4	94.8	95.2	96.4	97
Boys	%	94.8	95	95.8	96.7	97
Girls	%	94	94.6	94.6	96.1	97
Gross Enrolment rate in Lower Secondary Education (Grade 9)						
Total	%	61.6	58.1	58.5	55	53.6
Boys	%	64	59	59	55	53.9
Girls	%	59.2	57.1	57.8	55	54.2
Completion Rate Grade 6						
Total	%	85.6	83.2	85.3	89.7	87.4
Boys	%	85.4	82.8	85.6	89.6	86.9
Girls	%	85.7	83.6	85	89.9	87.8
Completion Rate Grade 9						
Total	%	49.0	48.7	46.8	42.1	40.6
Boys	%	52.1	50	44.6	42.6	42.2
Girls	%	45.9	47.3	44.3	41.6	40.4

Source: Ministry of Education, Youth and Sports (MOEYS)

II. ENSURING ENHANCED HEALTH SERVICES

2.215. The implementation of the Health Strategic Plan 2008-2015 has significantly contributed to the Health Sector. As a result, Cambodia has achieved several health-related Millennium Development Goals 2015 in advance. These include reduction of Maternal Mortality Ratio (MMR), Infant Mortality Rate (IMR), Tuberculosis Mortality Rate, and Malaria Mortality Rate. Other achievements also include reduction of Under-5 Mortality Rate (U5MR) and HIV Prevalence Rate.

A. REPRODUCTIVE, MATERNAL, NEWBORN AND CHILD HEALTH

2.216. The main indicators of Reproductive, Maternal, Newborn and Child Health are on progressive track from year 2009 to 2013 (Table 2.9). The RGC's Midwifery Incentive Scheme for live birth is seen as a key factor for increasing the number of deliveries at public health facilities (wherein, each health centre has a trained midwife). There have been positive trends in expanding emergency obstetric and neonatal care services at the health facilities, increasing the number of delivery waiting rooms and strengthening the referral system from health centres to referral hospitals. Antenatal and postnatal care visits, coverage of tetanus immunization for pregnant women, prevention of HIV transmission from

mother to child, and contraceptive prevalent rate of modern methods used among married women in the reproductive ages, have also progressively improved.

Table 2.9: Trends in Performance Indicators for Reproductive, Maternal, Newborn and Child Health 2009-2013

Indicators	Unit	Result 2009	2010	2011	2012	Expected result 2013	Target 2013
Pregnant women attended antenatal care 2 +	%	83	72	84.25	87	87	87
HIV+ pregnant women receiving Anti Retroviral Treatment for Protection	%	81	56.30	61.10	60	65	65
Proportion of delivery by trained health personnel	%	63	69	72	74.68	75	80
Proportion f delivery in health facility	%	44	52	61.39	66.33	66	66
Caesarean-section rate	%	1.69	2.03	2.43	2.83	3.2	3.2
Postpartum women attended postnatal care 2	%	NA	NA	NA	43.33	44	44
Contraceptive prevalence rate (any modern method)	%	22.33	28.27	29.18	30.48	37	37
Health facility providing youth reproductive health services	Nos	91	226	260	255	270	270
Referral hospitals and health centres providing Basic Emergency Obstetric	Nos	NA	28	49	67	122	122
Referral hospitals and health centres providing Comprehensive Emergency	Nos	NA	26	31	34	43	43
New consultation per person per year for children under 5	Nos	1.0	1.51	1.57	1.70	1.80	1.80

Note: Indicators 1, 3, 4, 5 and 6 are calculated as percentage of expected pregnant women
Source: Ministry of Health

2.217. In common with most health outcomes, there are inequalities in neonatal mortality across wealth quintiles, and there is an urban-rural divide. It was estimated from the Cambodia Demographic Health Survey (CDHS) of 2010 that the neonatal mortality rate was 39 and 34 per 1,000 live births in the lowest and second quintiles respectively, while it was 16 in the highest quintile. Neonatal mortality was much higher in the rural areas (35) versus the urban areas (11).

2.218. A notable progress was seen in reducing the prevalence of Measles: cases reported were zero in 2012. The proportion of children under one year of age, immunized against Measles, was 93% in 2012. The coverage of DPT3 (Diphtheria, Pertussis, and Tetanus) and HepB3 (Hepatitis B) vaccination for target children has been maintained at over 90% since year 2008.

2.219. The health sector has actively contributed to enhancing the supplementary nutrition status of women and children. These include, provision of micronutrient to children, pregnant and post-delivery women; child deworming; counselling for breast feeding and young infant feeding; training of community trainers; and providing services for managing severe and acute malnutrition.

B. Communicable Diseases

2.220. *HIV and AIDS*: Cambodia has made notably progress in the reduction of HIV prevalence. The HIV prevalence among the general population in Cambodia has been on

the decline since the late 1990s, from a peak of 1.7% in 1998 to 0.7% in 2012, and is projected to decline further to 0.6% in 2015. Newly transmitted HIV cases have dropped from 100 cases per day in 2008 to three cases per day in 2012. The rate of new infections is on the decline with an estimated 1,202 new cases in 2012, projected to further decrease to 924 in 2015. The estimated number of adults living with HIV is estimated at 74,572 at the end of 2012. HIV prevalence among pregnant women has decreased from 1% in 2007 to 0.3% in 2012 while the prevalence to HIV transmission from mother to child decreased from 25% in 2008 to 8% in 2012. While HIV prevalence among men who have sex with men (MSM) is estimated to have remained relatively low so far at 2.1%, the rates amongst the higher-risk entertainment workers (EWs) (with more than 7 clients per week) are estimated at 13.9%, and people who inject drugs (PWID) at 24.4%. The coverage of anti-retroviral treatment has expanded gradually, and the survival rate among people living with HIV/AIDS (on anti-retroviral treatment after 12 months of treatment) is over 85%.

2.221. To further strengthen and better target HIV prevention efforts, Cambodia is now implementing the 'Boosted' Continuum of Prevention Care and Treatment to address the need of Most-at-Risk Populations (MARPs) and the Boosted Linked Response to reduce mother to child transmission.

2.222. Throughout 2011 and 2012, the National AIDS Authority (NAA) succeeded in advocating with stakeholders, mobilising resources and engaging the MOI to play key coordinating roles with concerned institutions in building the Police Community Partnership Initiative (PCPI) that will support effective HIV interventions for MARPs especially in 32 hot spots ODs. The PCPI is aimed at better harmonizing implementation of emerging laws and administrative orders that may drive MARPS population away from health (preventive and treatment) and social services.

2.223. With Development Partners' support, the Ministry of Women Affairs (MOWA) is striving to promote cross cutting interventions on Gender-based Violence while MOEYS has been trying to mobilise resources to implement the MOEYS Strategic Plan for HIV and Response 2012-2013 to address mainly in-and out-of-school youth. MOLVT continues to promote HIV in the workplaces with greater involvement of employers and employee as part of HIV sensitive approach.

2.224. Some programmatic, institutional, resource mobilization, investments, and partnership cooperation have been identified. Those challenges are following:

- Lost to follow-up of HIV-positive women (before delivery and in post-delivery) and their HIV-exposed infants, particularly among migrant workers. Many deliveries are taking place in private clinics, which may not systematically offer Prevention of Mother to Child Transmission (PMTCT) programmes, do not offer referrals to other services. For instance, HIV-Treatment and Counselling (HTC) are not in coordination with national programmes.
- Sub-optimal systems to track PLHIV from HTC to pre-ART care and relatively high loss to follow up during pre-ART care; not fully functional community-based treatment adherence support system, community-based reporting of service access, and quality; lack of systems to monitor TB deaths among PLHIV, as well as treatment side-effects, resistance and/or failure. As ART coverage expands, more attention will need to be given to keeping treatment adherence high and drug resistance low, as well as to introduction of second line regimens.
- The emergence of some laws and administrative orders has led to the unintentional targeting of MARPs (EWs, MSM and Trans Gender) by local authorities and police, forcing these populations out of the reach of essential HIV prevention and treatment services.

- In regard to resource mobilisation and investment, there is decline of overall funding, sub-optimal value for money, and the lack of evidence-base to inform decisions on resource allocation.

2.225. *Tuberculosis*: There is reduction in the prevalence of tuberculosis. Prevalence of Pulmonary Tuberculosis Positive decreased 38% or 4.2% annually between the year 2002 and 2011. Tuberculosis death rate was 63 per 100,000 populations in 2011. The tuberculosis cure rate has been maintained at over 85% through the last 14 years. Community-based Directly Observed Treatments (DOT) has increased. It was available in 506 Health Centres in 2008, which has now increased to 827 Health Centres in 2012. Tuberculosis-DOTs have been implemented at 19 prisons and as many factories and enterprises. Public-Private Partnership for the DOTs strategy is currently implemented at 35 Operational Districts in 10 provinces. Treatment facilities for DOTs and HIV are now available in all the 79 Operations Districts (as in 2012) compared to 57 Operational Districts in 2008.

2.226. *Malaria*: Worldwide, between 2000 and 2010, malaria cases decreased by 25% (99 malaria-risk countries); in Cambodia it reduced by 54%. The number of malaria cases treated at public hospitals and health centres were 2.9 per 1,000 populations in 2012. Malaria fatality rate per 100,000 populations decreased from 0.67 in 2011 and to 0.32 cases in 2012, thus meeting all the CMDG targets. Through 2011 and 2012 of the implementation of the National Malaria Elimination Strategic Plan 2011-2025, around 3,700,000 mosquito nets were distributed free of cost to the people.

C. Other Communicable Diseases

2.227. *Dengue*: The number of dengue cases treated at public health facilities increased from 9,542 in 2008 to 42,382 in 2012. Despite that the number of hospitalized cases in 2012 was higher compared to those in the previous years, dengue mortality rate nation-wide has remained low at 0.40 per 100 populations.

2.228. *Emerging/remerging Diseases*: Cambodia has been continuing to strengthen the implementation of International Health Regulations 2005, aimed at preventing and controlling communicable diseases outbreak. The surveillance systems for Avian Influenza and other emerging diseases have been strengthened nationwide and at the international entry gates.

D. Non-Communicable and Chronic Diseases and Other Public Health Problems

2.229. *Non-Communicable and Chronic Diseases*: Cancer, diabetes, cardio-vascular diseases, eye problems, oral health, and mental illness related to drug use have posed a great burden on the health system because treatment and care of such diseases are expensive and life-long. At the same time, road accidents and other injuries remain major public health issues.

2.230. Finally, between 2008 and 2012, oral health education and hand-washing sessions were conducted at 645 primary schools with the participation of 175,433 students.

E. Public Health Interventions

2.231. *Food safety*: Food safety is being promoted through the following main activities: training of trainers in food safety, educating restaurant/cafeteria owner and managers and food processing factory owners, managers and cooks, about food hygiene. Supervision to food sellers and restaurants in Phnom Penh and provinces is conducted regularly.

2.232. *Tobacco and Heath*: The main activities include, organizing World No-tobacco days; strengthening the functions of the Inter-ministerial Committee for Education and Reduction of Tobacco Use, and one of Secretariat on Framework Convention on Tobacco Control; educating people on the impact of smoking; and announcing smoke-free areas in 165 workplaces (including Provincial Health Departments, Operational Health Districts, referral hospitals, health centres, Education, Youth and Sport Departments, pedagogical centres and primary and secondary schools).

2.233. *Environmental Health*: The National Committee for Environment and Health and Inter-ministerial Technical Staff has taken up the task of disseminating the National Strategy on Environment and Health. They have produced posters and video spots on the impact of chemical products, climate change, etc. on health, which are broadcast via the television.

2.234. *Disaster management*: MOH, Provincial Health Departments, Operational Districts, Referral Hospitals and Health Centres have been prepared to respond to disasters. Timely interventions are carried out in flooded areas for prevention of disease-transmission during and after the flood.

F. Public Health

2.235. There has been notable achievement in health infrastructure, as a result of the implementation of Health Coverage Plan 2008-2012 (Table below). The number of health centers increased from 967 to 1,024, and the number of hospitals increased from 87 to 91. The number of hospital beds has increased from 8,986 in 2008 to 12,651 in 2012 (including 2,741 beds for TB patients). The bed occupancy rate increased from 61.31% in 2008 to 86.16% in 2012.

G. National Health Budget

2.236. RGC has increased the national budget allocated for health every year. Accordingly, the level of public expenditure on health has also risen. Table 2.10 shows the national budget allocated to health and the expenditure on health sector, for 2008-2012.

Table 2.10: Trend in National Budget Allocation and Expenditure for Health 2008-2012

Budget allocation	2008	2009	2010	2011	2012
Approved budget planned (in million Riel)	404,803.8	503,846.6	600,056.0	694,331.4	794,213.5
% Of annual increase	20.1	24.5	19	15.7	14.3
Budget expenditure					
Current expenditure (million Riel)	426,790.3	524,146.3	615,375.3	655,098.9	759,206.6
Budget expenditure as percentage of approved budget	105.4	104	102.6	94.3	96

Source: Ministry of Health

2.237. MOH has implemented a number of pro-poor health financing schemes. These include, user-fee exemption, the Health Equity Fund, and Voucher for Reproductive Health Services. Poor people are also supported by community-based health insurance schemes. The Health Equity Fund protects those living below the poverty line. This number is now about 2.5 million poor people. The Health Equity Fund coverage has expanded from 101 Health Centres to 370 Health Centres, and from 44 hospitals to 64 hospitals, between 2008 and 2012. The scheme for Vouchers for Reproductive Health Services for poor women began in January 2011, and is currently operational in 118 health centres, 5 referral hospitals, and 4 NGO-run clinics in 9 Operational Districts in 3 provinces. Community-based Health Insurance is being implemented in 179 Health Centres and 13 Referral Hospitals in 11 provinces including Phnom Penh, with 166,663 persons enrolled. In year 2012, the total expenditure on the Health Equity Fund was USD 9,457,954.

2.238. *Health Information System:* The MOH launched a web-based Health Management

Information System in 2011. The system allows all the 1,024 health centres and 91 Hospitals nationwide to report on the health service provision, to MOH on a monthly basis. MOH has also developed and operated a database for personnel, training, drug management, health coverage plan, annual operational plans, etc.

2.239. *Health System Governance:* Unlicensed private pharmacies decreased from 47.5% of the total in 2008 to zero in 2011. Unlicensed drug outlets also reduced to nil by the end-2011. Elimination of unlicensed drug outlets has minimized the circulation of counterfeit drugs, sub-standard drugs, and drugs from unspecified sources from 0.50% in 2010 to 0.13% in 2012.

2.240. *Cross-cutting – Gender:* MOH has provided training to members of the Gender Working Group in provinces and municipalities to increase their understanding of health within the overall gender framework. The MOH's Gender Working Group has also conducted supervisory visits to strengthen the capacity of the Gender Working Group members at the national and sub-national levels.

2.241. *Cross-cutting – Coordination:* Coordination and collaboration in the health sector has been strengthened though the MOH's Technical Working Group, and the Provincial Technical Working Group for Heath. Both the Working Groups meet on a monthly basis. The other mechanisms include, a Joint Annual Performance Review and a Joint Annual Plan Appraisal.

2.242. Recognizing the cross-sectoral implications of nutritional challenges in Cambodia, MOH has participated in entities such as, the National Council for Nutrition (based at the Ministry of Planning), and the Technical Working Group on Food Security and Nutrition.

2.243. Although, RGC has made a significant progress in improving the overall health status of the Cambodian people, especially women, children and the poor, some major challenges still remain:

- When compared to other countries in the region, maternal, newborn, and infant mortality and malnutrition are still high in Cambodia.
- Health systems to deal with communicable and non-communicable diseases, and other public health problems are ineffective.
- The RGC recognises that the current health service delivery system has not yet met the health needs of the population, both in terms of quantity and quality. Health Centres and Referral Hospitals have not yet provided a full range of services due to the lack of medical equipment and medical technology, shortage of medical staff (especially health facilities in remote areas), limited staff motivation, and inconsistent practice of professional ethics across health facilities.
- Regulatory mechanism for the private sector needs to be further strengthened.
- In spite of gradually expanded pro-poor health financing schemes such as Health Equity Funds, the coverage of social health protection in both informal and formal sectors remains low.

III. IMPLEMENTATION OF GENDER POLICY

2.244. Through the five years 2009-2013, RGC has put strong focus on promoting gender equality in all sectors and at all levels. Gender was mainstreamed in the NSDP Update 2009-2013. Also, a number of monitoring indicators on M&E are now gender-sensitive.

A. Women's Economic Empowerment

2.245. RGC believes that participation of female workers in the workforce in the capacity of wage/ salary-workers is a positive signal towards gender equality in the workforce. Data on this issue, reported in the Cambodian Socio-Economic Surveys of 2009, 2010 and 2011, suggest that this ratio has stood between 42-45%, lower than the 50% mark in these years.

2.246. In the agricultural and industrial sectors the targets have been achieved or exceeded, though in the service sector, this proportion remains low. Labour discrimination, though, is not the issue; it is the sectoral structure of the service sector. In it, a majority of the enterprises are in retail sales, managed by 1-2 self-employed persons, and the scope of wage employment herein is thus low.

Table 2.11: Women in the Wage Employment Sector

Women's Participation in wage employment by sector	2009	2010	2011
Proportion of women in wage employment in agricultural sector	51.8	53.1	53.8
Proportion of women in wage employment in industrial sector	71.2	73.7	70.8
Proportion of women in wage employment in service sector	29.9	27.4	28.8
Total percentage of women in wage employment	45	42.2	45.8

2.247. RGC has made regular efforts to provide economic opportunities for women and has enabled women to generate incomes for their families. These efforts include establishing Women in Development Centres (WDC) in 13 provinces, which play an important role in delivering business development services to women. Some 13,102 women have received vocational skills at the WDCs. The Cambodian Women's Entrepreneurs' Association (CWEA) was established in 2012, composed of 150 members, for developing women's businesses and strengthening the voices of women entrepreneurs in the private sector.

2.248. An MDG Acceleration Framework to accelerate achieving CMDG Goal 3, focusing on women's economic empowerment and mobilizing public institutions, the private sector and development partners, has been developed. Its three strategies are:

- Strengthening vocational skills for women based on the market demand.
- Developing micro, small and medium enterprises.
- Improving livelihoods in rural areas.

2.249. In spite of the many efforts, there are some challenges:

- There is limited effective cooperation between line institutions in delivering technical and vocational training and interventions to enable women to get job opportunity or promote women's entrepreneurship development.
- There is a lack of cooperation or trust between the public sector and private sector to increase services of Women in Development Centres (WDC).

B. Legal Protection for Women and Girls

2.250. RGC considers violence a criminal offense, punishable in law. The government has adopted legislations to protect women; these include the Law on Prevention of Domestic Violence and Protection of Victims, the Law on Suppression of Human Trafficking and Sexual Exploitation, and the Criminal Code. The implementation of Safe Village-Commune Policy has contributed to promoting social morality, and women and family-values. The policy states, "No vices; No Trafficking in Women and Children; and No Domestic Violence".

2.251. MOWA found that cases of domestic violence decreased from 41,474 in 2006 to 35,408 in 2009. Data also suggest that between 2005 and 2009,increased numbers of

people consider domestic violence as an illegal act.

2.252. In Article 20 of the law against domestic violence, it is stated that courts shall issue Protection Order to the victims on their request. The courts issued 14 protection orders in 2012. In accordance with Article 14 of the said law, local authorities issued 13,053 Administrative Decisions in 2009, and 11,136 in 2010 [according to the Commune Data Book (CDB)]. The reason why the number of protection orders issued by the courts is not large because the courts have not yet completed their cases according to the new law and procedures.

2.253. MOWA, in cooperation with the Cambodian Women's Crisis Centre (CWCC), provided counselling to 720 victims of domestic violence through 2012 and 2013, in Siem Reap, Banteay Meanchey and Phnom Penh. This, however, is less than the target set in NSDP Update 2009-2013. In 2013, 141 staff members of MOWA at both national and sub-national levels have become qualified as Judicial Police Agents on the protection and assistance for women victims of gender-based violence, and have begun to perform their roles according to the law.

2.254. In order to prevent trafficking in persons, MOWA has developed the National Action Plan for implementation in 2012-2014 and amended the Memorandum of Understanding between Cambodia and Thailand on Bilateral Cooperation to Eliminate Trafficking in Women and Children and Rescue of the Trafficked Victims. MOWA has signed an amendment to the agreement between the Cambodia and Vietnam on Bilateral Cooperation to Eliminate Trafficking in Persons and Rescue Trafficked Victims, and has drafted an Action Plan for implementation in 2013-2014.

C. Women in Decision-making in Public Sector and Politics

2.255. *Women in Legislative Body*: The number of female members of the National Assembly has continuously increased over the past four legislatures. The RGC had advocated with all line ministries and political parties to increase female members in the parliament in 2013 election, moving towards achieving the CMDGs. In spite of these efforts, a target of increasing a larger numbers of women in candidature lists was not met.The proportion of female lawmakers dropped from 21% in 2008 to 20% in 2013. Yet, the proportion of female members in the Senate remained stable, standing at 14.75% between 1999 and 2012.

2.256. *Women Members of the Royal Government*: RGC has been increasing the number of women in leadership positions through incentives and by appointing women as leaders in ministries and institutions. There is one female Deputy Prime Minister, three female Ministers, 38 female Secretaries of State, and 48 Under-secretaries of State or holders of equivalent ranks. RGC hopes for a larger participation of women in decision-making positions in the future.

2.257. *Women in Public Administration:* In 2007, through the State Secretariat for Civil Service, RGC issued a guideline to all ministries and institutions, advising them to increase the proportion of women in the new recruits from 20% to 50%. Consequently, the numbers of female civil servants increased from 32% in 2007 to 35% in 2012. In addition, the RGC issued a Royal Decree on revision of retirement age of female civil servants and increased women's retirement age to 60 years, and on voluntarily basis.

2.258. *Women in Leadership at Sub-national level:* RGC has appointed female deputy governors of capital/provinces, cities, districts and khans across the country, to increase women's participation in public administration at the sub-national level. As in 2013, the proportion of female deputy governors of capital/provinces was 21%. There was 2 female

governor of cities, districts /khans and 186 deputy governors of cities, districts / khans (29%). There was no female governor at the capital/province level, but RGC is contemplating to have women holding those positions in the future. In the 2009 capital/ provincial council elections, 38 women (10%) were elected as members of the capital/ provincial councils and 363 women (13%) were elected as members of the city, district /khan councils, nationwide. The proportion of female members of communes/sangkats also increased from 15% in 2007 to 18% in 2012.

2.259. *Sectoral Gender Mainstreaming Action Plan (GMAP):* MOWA has provided technical expertise to the line ministries to formulate their sectoral Gender Mainstreaming Action Plans (GMAP). Since 2009 to date, 24 ministries have developed and implemented Gender Mainstreaming Action Plans (GMAPs) in their ministries/institutions, in which 16 ministries/institutions have received funds from the national budget for doing so.

2.260. *Gender and Health:* The Health Strategic Plan 2008-2015 places high priority on health care service delivery for both men and women. RGC has introduced several programs aiming at reducing maternal, child and newborn mortality rates. The CDHS of 2010 suggests that the Maternal Mortality Ratio decreased almost 60% in 5 years, between 2005 and 2010 (472 maternal deaths per 100,000 live births, to 206). However, these figures remain high when seen in comparison with other countries in the region, thus pointing towards the need for more efforts to reduce maternal (and child) mortality rates and further improving healthcare services.

2.261. *Gender and Education:* Gender disparity in education has reduced at all levels, with increased numbers of scholarship for poor students, especially girls, increased number of schools at the sub-national levels, and increased numbers of girls' dormitories.

IV. IMPLEMENTATION OF THE NATIONAL POPULATION POLICY

2.262. RGC has addressed the population issues and has a well-orchestrated Population Policy, involving actions in health, education, environment, macroeconomics, gender, emigration, youth and aging. The National Committee for Population and Development (NCPD) and other line ministries and agencies have been working to strengthen its human resources for integrating population-related issues in the development planning processes at all levels for planners and policy makers. It has developed the National Population Policy (NPP) and reference tools, Population datasheet, Urbanization, Migration, Youth, and Ageing. The NPP and reference tools have been used to mainstream the population development linkage to the legislative bodies, national and sub-national executive bodies, and local authorities in all 23 provinces and the Phnom Penh Municipality.

2.263. Cambodia experienced rapid economic growth since the 2000s resulting in the country's poverty rate reducing from 47.8% in 2007 to 19.8% in 2011. This growth is in large part influenced by shifts in the country's population dynamics: low fertility and mortality, change of age structure, migration and urbanization, improved infrastructure, and political stability.

2.264. Given that 58.7% of the total population is in the 'productive age groups', Cambodia has already started to reap the benefits of the "demographic bonus" from sometime around 2008, which is expected to last until about 2038. Seeing the potential for growth of the youth population, the government introduced a number of socio-economic policies. One of those is the "National Policy on Cambodia Youth Development," which aims at promoting capacity development (human capital), improving health care, and encouraging participatory decision

making at all levels.

2.265. The literacy rate of among the population 7+ years has increased while the net enrolment rate for girls in primary school has reached 97% in academic year 2012-2013. However, education beyond primary levels stays wanting; therefore, Cambodia's challenge is the need to develop its human capacities.

2.266. Based on the result of Cambodia Inter-Census Population Survey (CIPS) of 2013, the population of Cambodia increased from 13.4 million in 2008 to 14.6 million in 2013.

2.267. The annual population growth rate registered a decline to 1.54% between 1998 and 2008 and further to 1.46% between 2008 and 2013. At the national level, the dependency ratio has also declined from 61 in 2008 to 52 in 2013. This decline has been witnessed due to a rapid fall in the total fertility rate from around 3.1 in 2008 to 2.8 in 2013. The proportion of working age population in the 15-64 years age group to total population rose from 62.0% in 2008 to 65.6% in 2013. On the other hand, the proportion of the elderly population aged 65 years old and more rose from 4.3% in 2008 to 5% in 2013. This shows symptoms for consideration on aging that Cambodia will be facing in next 3 decades. Between 2008 and 2013, the population increased by 1.3 million persons: urban areas witnessed an increase of 0.5 million persons (accounting for 41.4%) while rural areas saw an increase of 0.8 million persons (accounting for 58.6%). The percentages of urban population to total population of Cambodia in 2008 and 2013 were 19.5% and 21.4%, respectively. There is an increasing trend in urbanization in Cambodia over the years; during 2008-2013, the average annual population growth in urban areas was 3.7%, while in rural areas it was only 1.3%. Migration plays an important role in the relatively higher rate of growth of population in urban areas.

2.268. The crude birth rate was 51 in 1998, which declined to 41.8 in 2010. The unmet need for contraception has declined from 25% in 2005 to17% in 2010; the goal is to reach 10% by 2016. Despite having no legal age restrictions on access to reproductive health services, including for contraceptives and access to abortion, there is a lack of understanding on how easily young people could make use of such services. The big need is to ensure the continued supply of contraceptive devices. Up to now, the Development Partners have supplied the necessary health products. Among the reproductive health indicators, the rate for family planning shows an encouraging sign; however, the Contraceptive Prevalence Rate using modern devices was only 35% in 2010.

2.269. In view of the unique social and political conditions that the country has had, Cambodia has made great strides in reducing poverty through implementing its National Strategic Development Plan with focus on investments in population programs: in particular, on reproductive, maternal and child health (including family planning), and adhering to reproductive rights that promote choice. The results to date provide greater confidence that the country is well on its way towards achieving its goals of further reducing poverty and promoting equality. The government is of the opinion that Cambodia continues to be committed to further implementing the national development agenda and priorities to move forward the core principles of NPP and MDG beyond 2015.

2.270. Notwithstanding the many achievements, the NCPD and other partners have faced many challenges in carrying out their tasks. These include the following:

- Advocacy for prioritisation of population and development issues at policy, resource allocation, and programme implementation levels are still limited.
- There are limited financial and technical resources for implementation of population programmes.
- There is limited coordination of population programs among various stakeholders.
- There has been limited in-depth analysis of population-related issues needed for understanding the root causes and solutions, and insufficient use of data for

development planning and other relevant sectors, both at national and sub-national levels.

- The emerging population issues as well as timely data for updating population policy indicators and reference tools need to be more appropriately addressed.
- Capacity and resources for data collection, analysis/interpretation and policy analysis of population issues need to be strengthened at all levels.

CHAPTER III

MACROECONOMIC FRAMEWORK FOR NSDP 2014-2018

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1. INTRODUCTION

3.1. Through the plan period 2009-2013, the Cambodian economy had to grapple with three different types of problems: coming out of the shocks stemming from the global slowdown; maintaining and deepening the growth process; and transforming the economy to move towards higher financial stability. Additionally, the country took up the task of achieving the Cambodia Millennium Development Goals (CMDGs). It has made significant progress on many of these issues, though there is a lot yet to be achieved. Among the outstanding issues are, to further consolidate growth, diversify the economy, improve the human capital base, further reduce poverty and inequality, and successfully integrate the Cambodian economy into the ASEAN.

3.2. This chapter first presents the success and remaining issues during the plan period 2009-2013, and then delves into the challenges and future proposals.

2. ACHIEVEMENTS DURING 2009-2013

The Macroeconomic Situation

Aggregate Growth Rates in GDP

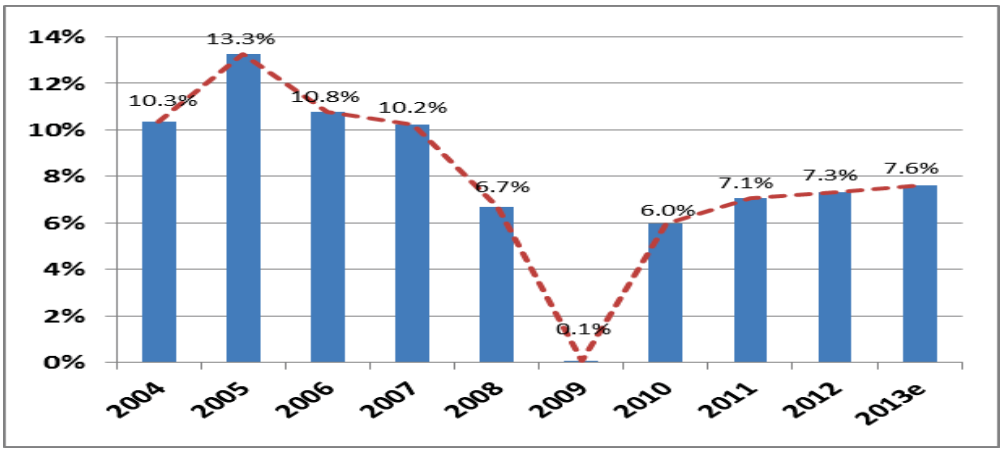
3.3. Cambodia had experienced some very high growth rates in GDP during 2004-2007; the growth rate in GDP exceeded 10% per annum [on a year-on-year (YoY) basis – Figure 3.1]. In 2008, this slowed somewhat to 6.7%, but in 2009 as the world economy faced a downturn, the growth rate in GDP in Cambodia too touched near 0%. When compared with the growth target of 6-7% set in the NSDP Update 2009-2013, in the three years [2010, 2011 and 2012] it had been on the target (7%), but for the 5-year period 2009-2013, it was almost 6%. Final data for 2013, however, are yet to be calculated.

3.4. Cambodia's GDP per capita is approximated at USD 1,036 in 2013 (estimated). It implies that the economy has exceeded USD 1,000 per capita and it might now be classified as a **Middle lower Income Country** now if other conditions are also met.

Sectoral Growth

3.5. Since the labor productivity in the non-farm sectors (manufacturing, tourism, construction, services, others) in Cambodia is higher than in the farm sectors, an increase in the share of non-farm, value-adding activities in the GDP is deemed progressive. Of course, this is in no way suggesting to undermine the need to invest more in agriculture and for the agricultural sector to grow. A sectoral disaggregation of the GDP data suggests that the agricultural sector grew at 4.2% annually, industry at 7.2% and services at 5.5% during 2009 to 2012. This shift has changed the structure of the GDP a little in favor on non-farm sectors: it is estimated that agriculture contributed about 26% in the GDP in 2012, compared to 28% in 2009.

Figure 3.1: Growth Rate in GDP, Measured Year on Year (2006-2012)



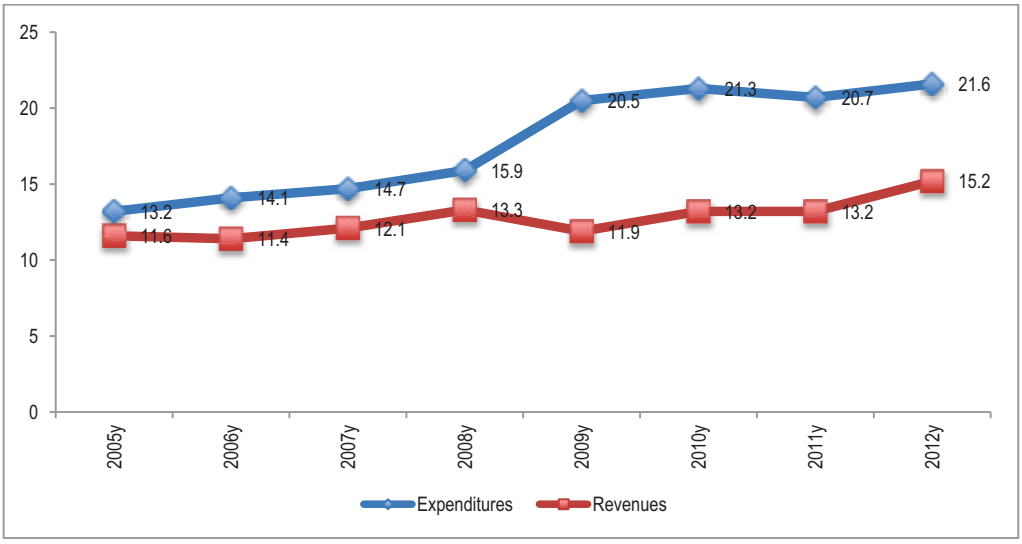
Source: Calculated from data drawn from MOP

Government Revenues, Expenditures and Inflation

Efforts to Converge Revenues and Expenditures

3.6. Budgets should be fully balanced; if not, they should have manageably small deficits, normally not exceeding 3%. Until about 2008, both revenues and expenditures had been growing at a steady pace, though the expenditures exceeded revenues by about 2-3% of the GDP. However, in 2009 the global financial meltdown impacted Cambodia and as remedial measure, the government increased expenditures, widening the revenue-expenditure gap to 8-9% of the GDP in 2009 and 2010 (Figure 3.2). The government is now committed to reduce the revenue-expenditure gap, and for doing this it is striving to find newer sources of revenue along with rationalizing expenditures. There are some concerns, however: the customs duty, an important component of the overall revenues, would reduce to conform to the guidelines required for Cambodia to be a full integration into ASEAN Economy by 2015. This would result in a reduction in the overall revenues.

Figure 3.2: Trends in Revenues and Expenditures as % of GDP, 2005-2012



Source: MEF

3.7. As per the estimates for 2012, the revenue-expenditure gap was above 6% of the GDP in that year, but this will require further reducing for maintaining macroeconomic

stability: ideally, close to 0%. RGC sincerely believes that development cooperation financing will continue to help bridge the said gap for some time.

Rationalization in Revenues and Expenditures

3.8. During 2009-2013, General Directorate of Taxation has expanded its automatic tax declaration system in all provinces and has tried to build administrative capacities among the personnel engaged in taxation, auditing, and debt clearance. Customs regulations, consistent with the international practices, have now been put in place. The government has improved the non-tax revenues collection system as well. Revenue collection from forest products, civil aviation, telecommunication, as well as other sectors has thus improved. Also, revenues from premiums and levied tax from mines and petroleum have significantly increased. As of now, Payment Slips are being used for collecting non-tax revenues and fees for the economic land concession. Finally, the government is formulating a Law on Non-Tax Revenue Management and a Law on State Property Management.

3.9. Next, expenditure management was improved, enhancing the accuracy of expenditure requirement and linking it with priority sectors (education, health, agriculture, rural development, roads, bridges, schools, hospitals and irrigation). Annual health and education expenditures also almost doubled between 2008-2012 respectively, to 795 billion Riels (1.52% of GDP for health) and 1,000 billion Riels (1.92% of GDP for education).

3.10. Domestic sources financed public investment to an extent of 1,327 billion Riel in 2012, up from 711 billion Riel in 2008. International sources financed to an extent of 2,860 billion Riel in 2012, up from 1,926 billion Riels in 2008. Avoidable recurrent expenditure was minimized during this period.

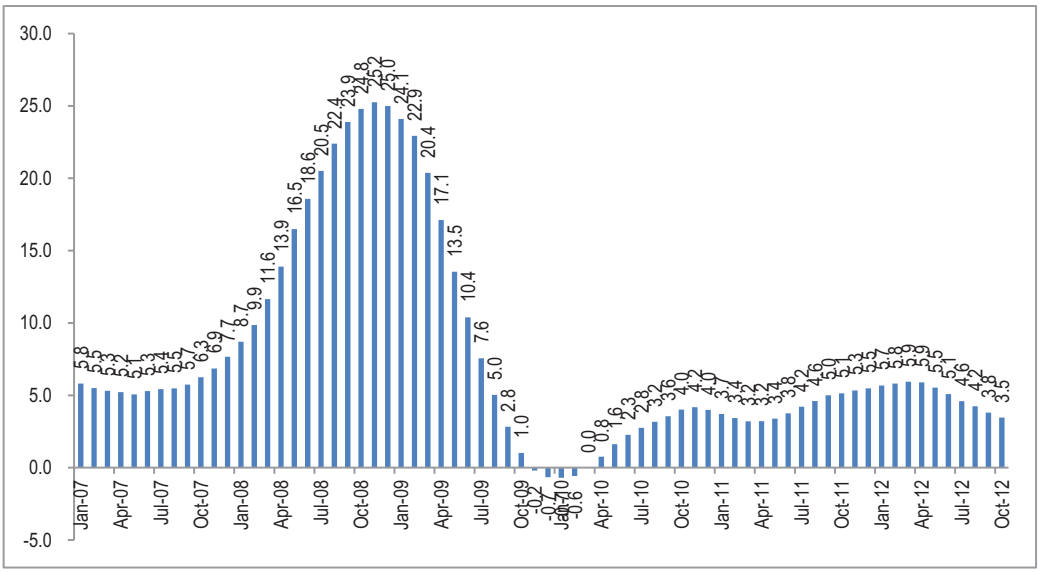
3.11. Between 1993 and 2012, the debt situation has improved. In 1993, the debt to GDP ratio was 73%, the debt to export ratio was 643%, and the debt to national revenue ratio was 1,766%. However, by 2012, these ratios were: with GDP 31%, with export 72%, and with national revenue 227%. Four main principles to rationalize debt were:

(1) Borrowing amounts that can be supported by the budget.
(2) Borrowing at highly concessional (interest rates and conditions).
(3) Borrowing only for priority sectors and for increasing economic effectiveness.
(4) Utilizing credit effectively and transparently.

Control of Inflation

3.12. The government's aim is keep inflation within 5% limit. Figure 3.3 presents data on inflation in the recent years (quarterly average).

Figure 3.3: Quarterly Inflation Rate in Cambodia: 2006-2012



Source: NBC (calculated on base Oct.-Dec. 2006=100)

3.13. Trends in inflation appear to have been quite volatile statistically owing to a steep rise in 2008. Prices began to rise in 2007, it is believed due to 'imported' inflation: prices of petroleum products and commodities (including food) in the world markets rose rapidly owing to excess demand from China and turmoil in the Middle East. The capacity to buffer in Cambodia is shallow, making the situation arduous. Inflation was further fuelled by excessive state expenditure and a devaluation of the dollar. Nevertheless, the situation improved thereafter.

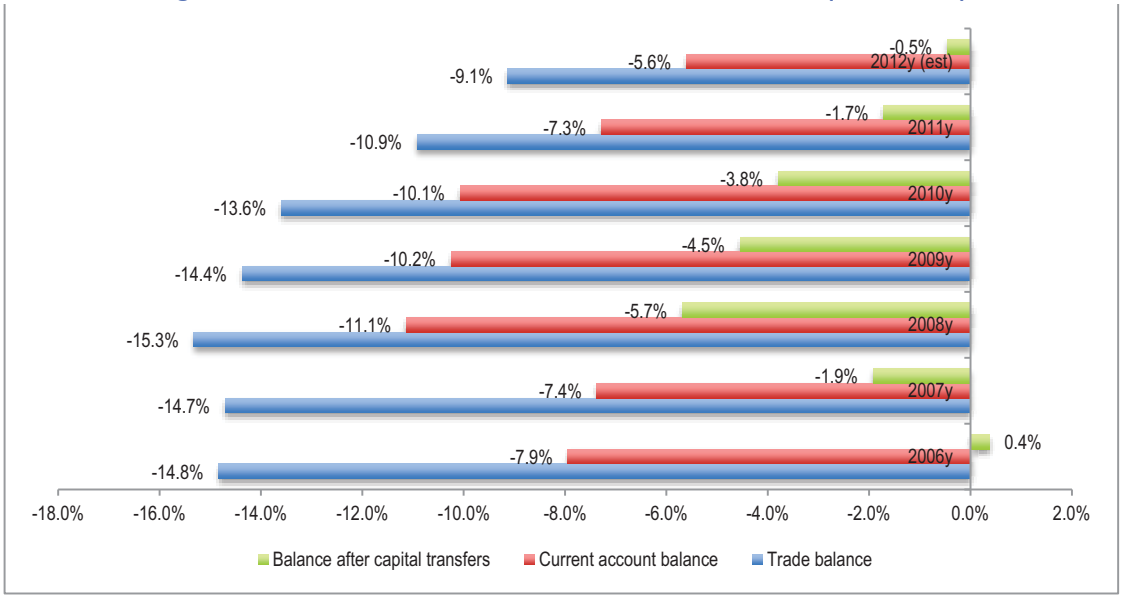
3.14. If the year 2008 is left out, the inflation has been in the range <6%, which is still high but borders acceptability (of ~ 5%).

Trade Balances and Balance of Payments

3.15. Cambodia's main exports are garments, minerals, and agro-based products (paddy, rice, fish, and rubber). These suffered a setback in 2009 due to slack (low) demand in the international markets. In 2013, exports stood at USD 6.9 billion (expected) compared to USD 3 billion in 2009. At the same time, imports amounted to USD 9 billion (expected) in 2013 compared to USD 4.5 billion in 2009. Intermediate product imports constitute a large component of the increase in imports.

3.16. The balance of trade and current account balance (with or without capital transfer) have been negative for a long time (Figure 3.4). The trade deficit was (minus) 15.3% of the GDP in 2008, which gradually reduced to (minus) 13.6% in 2013. The current account deficit (i.e. after accounting for capital transfers) looks better, but is still negative. It is evident that the export volumes from Cambodia, from agriculture, mining, manufacturing and services combined with other contributions to the current account balance, are not large enough to meet the import bill. Increasing export earnings through diversifying and deepening activities in the export sectors is the only way out.

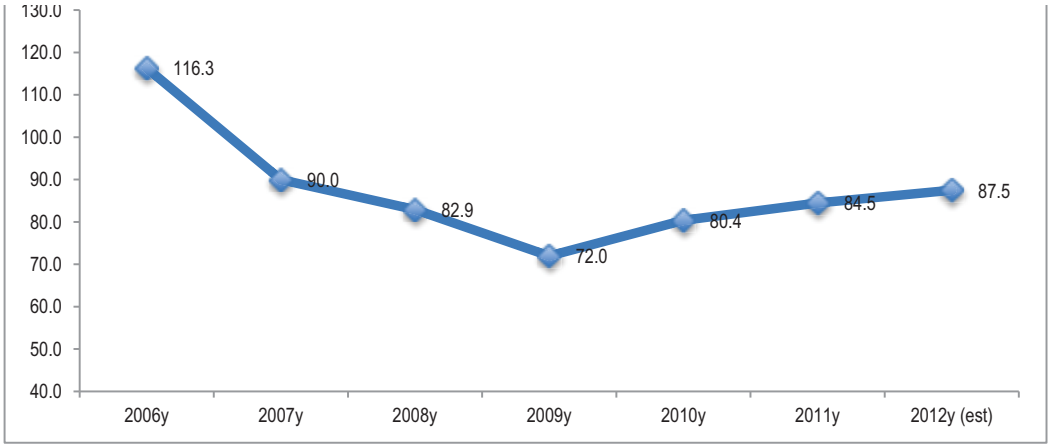
Figure 3.4: Balance of Trade and Current Accounts (% of GDP)



Source: Ministry of Planning

3.17. The two-way trade exceeded 100% of the GDP in 2006, but fell gradually and the trend began to reverse only after 2009 (Figure 3.5). The level in 2012 reached almost 100%, and early estimates for 2013 suggest that it has well exceeded 100%. This needs to be maintained if a small country is to maximize its gains, from trade, technology transfer, and market access overseas.

Figure 3.5: Two-way Trade (Import + Export)/GDP (%)



Source: National Bank of Cambodia and Ministry of Economy and Finance

Financial Sector Development

3.18. The money supply (M2) increased YoY by 22.1% during 2008-2013, a reflection of the deepening of the finance sector. Yet, the currency was kept stable, with less than 5% fluctuation against major currencies (mainly the US dollar). Some developments in the financial sector are as below:

3.19. Banking Sector:

- Bank deposits and lending from banks has secularly risen.

- Tools for inter-bank operations have been put in place.
- The COBRA System is operational for tracking documents.
- The minimum capital obligation for banks has been increased from 50 billion Riels to 150 billion Riels.
- Credit Information Offices were set up in 2012 to reduce credit risks.
- Laws were formulated and enforced, on Financial Leasing, Insurance Operations, and Civil Code, and its enforcement.
- In mid-2012, deposits into micro-finance institutions reached 719.23 billion Riel and lending from them was 2,992 billion Riel. The number of formal micro-finance institutions increased from 30 in 2002 to 56 in 2012.

3.20. Insurance Sector:

- Insurance premium payments grew by 20% a year.
- Enforcing cautionary regulations, consistent with the 'International Association of Insurance Supervisors (IAIS)', have strengthened.
- Annual reports of the service providers are made public so as to increase the public creditability of the providers.
- A Life Insurance system has been established to ensure a social safety net.
- Draft Law on Insurance has been formulated to strengthen this sector.

3.21. Pensions:

- National Social Security Fund for Civil Servants, National Fund for Veterans; Fund for Cripples; and National Social Security Fund for Workers, have been established for establishing social protection and inculcating a savings culture.
- A Law on Voluntary Pension in the private sector has been formulated.

3.22. Security Sector:

- A supervision framework for the security sector has been developed, which includes the Law on State Security, Law on Publishing, Buying, and Selling of Public Security; and Law on Bankruptcy and other Legal Letters.
- A management structure has been put in place for the security markets: the Securities and Exchange Commission of Cambodia, and the Cambodia Security Corporation.
- Sixteen corporations have been licensed for them becoming security corporations, institutions for issuance of recognition of clearance agencies (related to securities); security registration agencies; security transfer registration agencies; certified accounting firms and independent auditors; and firms providing valuating services for securities.
- Property Security of the Phnom Penh Water Supply Authority has been placed as a public company in the Cambodia Security Market Corporation, the first in Cambodia.

3.23. Other Non-Banking Financial Sectors:

- Licenses for Valuation Services and Property Services have been provided to 87 firms, and licenses for Property Development have been offered to 20 firms.
- The Valuator Association and Cambodia Property Service Agency, has been established. This association has become an 8th member of the ASEAN Valuator Association.
- A Regulation, Monitoring and Management Mechanism Framework, has been established to develop mortgage services and promote capital flow.
- Use of information technology system for regulators, operators, and authorities is being promoted.

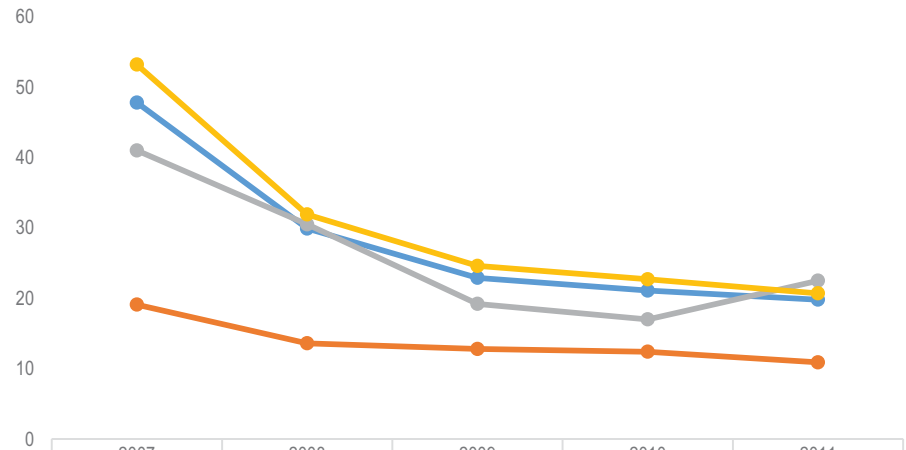
Poverty and Labor

Poverty Reduction

3.24. In 1993-1994, the poverty rate was estimated at about 39% according to a poverty line drawn up in the 1990s. According to this (old) poverty line, the poverty rate was 14.6 % in 2009: the CMDG target was achieved. However, the government redefined the poverty line in 2011, raising the bar. At the same time, the government decided that the target for reducing the poverty rate would continue to be 19.5% by 2015, despite an (upward) revision in the poverty line.

3.25. Recent trends in the poverty rate, based on the new poverty line (Figure 3.6), suggest that the target of halving the proportion of people below the national poverty line between the early 1990s and 2015 has been met, despite a stiffer poverty line and an unchanged goalpost. Reasons for this achievement: double-digit growth in GDP for 3-4 years (2004-2007) and sustained growth in the agricultural sector, expansion of land area under cultivation, rapid labour-absorption in the non-farm sectors, and reduction in consumption inequality.

Figure 3.6: Trends in Poverty Rates in Cambodia by Broad Strata, 2007-2011



	2007	2008	2009	2010	2011
Cambodia	47.8	29.9	22.9	21.1	19.8
Phnom Penh	19.1	13.6	12.8	12.4	10.9
Other Urban Areas	41	30.5	19.2	17	22.5
Rural Areas	53.2	31.9	24.6	22.7	20.7

Source: Calculated from CSES

Poverty Rates at Sub-national Levels

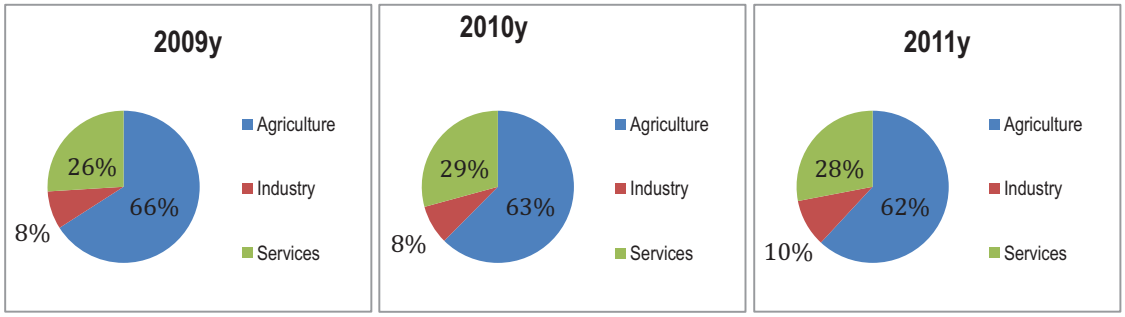
3.26. A profile of (proxy) poverty rates constructed at the provincial level based on the Commune Darabase and the CDHS suggest that provinces in the south and southeast of Cambodia, which are more densely populated and have had a long tradition of practicing sedentary-farming, have a lower poverty rate compared to those in the north, northeast and northwest. Of particular concern are the north-eastern provinces, where indigenous communities mainly dwell. These provinces are predominantly rural and to an extent 'un-integrated' in the national mainstream. Relatively high poverty rates are seen in Siem Reap and Battambang provinces, despite them having a long tradition of farming. Siem Reap is the most important tourist attraction of Cambodia and Battambang is an important paddy-

growing province. The reasons for high poverty rates to persist there require more detailed analysis and should form a part of the future research agenda.

Structure of Labor Force

3.27. For reasons explained earlier, in low-income countries a reduction in the proportion of workers engaged in agriculture is viewed to be progressive. According to the 'Usual Status' employment data on workers, obtained from the Cambodia Socioeconomic Surveys (CSES), the percentage of workers engaged in agriculture in the total labor force has been reducing rapidly, and correspondingly, they have been rising in the non-farm sectors. This implies that (relatively more productive) jobs are being created outside the non-farm sectors, to which surplus workers in agriculture are migrating.

Figure 3.7: Structure of the Workforce, Usual Status (15-64 years), 2009-2011



Source: Cambodia Secioeconomic Survey

3.28. To conclude, it appears that the Cambodian economy has grown at a fairly healthy pace, and jobs are being created outside the farm sectors. However, the economic base continues to be narrow, confined to garments, construction, tourism and agriculture. Even in these sectors the extent of technological sophistication is thin and overall value chain small. All these results are in relatively low productivity and modest incomes.

3. TARGETS AND POLICIES FOR 2014-2018

Outstanding Issues

3.29. Cambodia's vision of development is to make the economy and society to be integrated into the regional and international division of labor, thereby building a strong foundation for a peaceful country, a healthy economy (vibrant non-farm and agricultural sectors, and a productive services sector), and a society moving towards a more equitable and just order. Today, the country stands at a juncture where it faces a number of challenges in regard to graduation from the Least Developed Country (LDC) status. Additionally, integration into the ASEAN economy by 2015 and gaining fully from it requires many bold steps being taken.

3.30. Cambodia is needs to address the following shortcomings:

- As observed earlier, the economy is hinged on a narrow base of 4 sectors: agriculture, garment manufacture, tourism and construction. Even in these sectors the depth of activity in terms of technological sophistication, vertical integration, and value addition are small; resulting in workers' earnings too, being low. Additionally, the growth process has so far been restricted to a few provinces causing large inter-provincial gaps. The need for inclusive growth in all dimensions is hinted here.

- Lack of adequate human capital remains a major bottleneck to industrialization and development in the country. In education, providing 9-year basic education and spreading technical education have so far been elusive. Next, improving the quality of education at all levels - basic and technical - stays an unmet need. It is only with these requirements met, that the country can really take advantage of the demographic dividend, which the country has now begun to experience now.
- The infrastructure spread is low and costs high:

  - Transport network (both roads and vehicle services) is limited and there is no railway yet. The unit cost of transport remains high compared to those in the neighboring countries.
  - Electricity supply is limited, some areas are yet not connected by the grid, and the unit cost remains relatively high compared to that in the neighboring countries.
  - Irrigation systems are yet short of the demand, especially for multiple cropping.
  - Populations covered by safe drinking water and sanitation do not exceed the 50% mark.
- The global financial crisis continues creating uncertainties for Cambodia's economic growth since the country's economy depends extensively on external markets.
- The governance systems are yet not comprehensive; the legal knowledge and law enforcement capacity is below the required level, and the organizational structures and functions are not fully responsive to the needs. Additionally, there is little inter-ministerial/departmental coordination and limited coordination between the national and sub-national levels, resulting in less than optimal service delivery.
- Managing the environment and natural resources requires the highest attention for sustainable development. In addition, global climate change has been adversely impacting on Cambodia's ecological system and hence, socio-economic development, for which Cambodia has to brace itself.
- Despite that the poverty rates per se are low, the standards of living are still modest, and income distribution and distribution of gains from growth are still a concern.
- The database of Cambodian economy and society is weak and fragmented, thereby inhibiting accurate decision-making.

General Policy Directions in the Rectangular Strategy Phase III

3.31. The RS III has recognized the above as tasks to be overcome, and also finds that there are opportunities that the country can grab from integration into the larger markets (ASEAN and beyond), the demographic dividend, and growth opportunities stemming from natural resources (incl. agriculture). The thrust areas, thus, can be grouped succinctly into 4 major objectives:

1. Ensuring an average annual economic growth of 7%. This growth should be sustainable, inclusive, equitable and resilient to shocks, through diversifying the economic base to achieve a more broad-based and competitive structure with low and manageable inflation, a stable exchange rate, and steady growth in international reserves.
2. Creating more jobs, especially for the youth, through further improvement in Cambodia's competitiveness to attract and encourage both domestic and foreign investments.
3. Achieving > 1% reduction in the poverty rate annually and also realizing the other Cambodia Millennium Development Goals (CMDG), while placing high priority on

the development of human resources and sustainable management, and use of environmental and natural resources.

4. Improving the institutional capacity and governance at both national and sub-national levels and ensuring effectiveness and efficiency of public services to better serve the people.

3.32. The key priorities laid out in the RS can be stated in 4 angles classification:

1. The over-arching/enabling environment:
   a. Peace, political stability, security and public order.
   b. Macroeconomic stability (including PFM & financial sector reform).
   c. Environmental sustainability.
   d. Effective development partnerships and regional and global integration.
2. Good governance at the core:
   a. Fighting Corruption.
   b. Legal and Judicial Reforms.
   c. Public Administration Reform.
   d. Reform of the Armed Forces.
3. Four Priority Areas:
   a. Agriculture development (diversification, value-added, productivity).
   b. Development of physical infrastructure.
   c. Private sector development and employment.
   d. Capacity Building and human resource development.

3.33. In Chapter IV, each of these is presented in detail with associated programs for implementation. Up front, it needs mention that the two central policies that the government intends following are, a Promotion of Paddy Production and Rice Export Policy and an Industrial Development Policy. Each of these is discussed later in this chapter and also in chapter IV.

A Results Framework

3.34. The RS requires translating into a doable set of proposals. While each line ministry and agency and the sub-national authorities would have their plans of action, each of these would be sectoral and could run the risk of going in trajectories quite much in isolation and off-target if an inter-sectoral framework of implementation is not adopted. Each of the planners and implementers in the line ministries, agencies and sub-national levels thus needs to work with others to obtain the most optimal results. A possible Results Framework (RF) is, therefore, developed with a view to explicate the nature of the existing interdependence and the compulsions of having to work together, to obtain best results from the efforts put in, and finally identify bottlenecks that might arise in the implementation process (Box 3.1). This RF will also form the basis of monitoring and evaluation in this plan.

Box 3.1: Inclusive and Sustainable Growth to Reduce Poverty – A Results Framework

Goals	GROWTH	POVERTY	STABILITY	HUMAN DEVELOPMENT
	Sustainable, inclusive and resilient economy at≥7% growth in GDP, Economic diversification.	Reduced poverty rate (≥1% per year) & income inequality, More & productive non-farm jobs.	Peace, Better governance, Reduced corruption, Rule of law, Economic stability.	Enhanced/competitive human capital, Quality education & health, Gender equity, Superior labor quality and skills.
Outcomes	1. Strong macroeconomic fundamentals, Conducive environment for domestic and foreign investments, Open economy, Increased exports, Better tax collection and increased non-tax revenues, Expenditures on priority areas. 2. Increased labor-intensive industries, Booming tourism, Agricultural & livestock/fish development, Demining/Explosive Remnants of War operations advanced. 3. Natural resources managed, forest cover on 60% area. 4. Infrastructure development (incl. in remote rural areas), Focus on energy & roads, WATSAN, More social land concessions given. 5. Predictable governance, Functional courts with access to justice for all, Transparent laws, Land laws implemented, Land cadaster speeded up, Civil administration made more responsive, Reforms in govt. staff, Better salary for government staff, Operation and Maintenance (O&M) expenses (for government work). Responsive, accountable and transparent decentralized services, functions, budgets and staff. 6. Human capital formation at different levels, More schools beyond the primary levels, Skilling institutions, Labor market flexibility to ensure returns to skills – ensuring demand for skills and more job creation/labor market information, Gender parity at all levels, Widely spread health centers, Better nutrition and (almost) universal water and sanitation (WATSAN), Social safety net in place.			
Policies (Outputs)	1. Raise budget revenues (~18% of GDP by 2018), strengthen tax administration, Promote priority sector spending, Enforce results-based budgeting [& Public Finance Management Reform (PFMR)]; Strengthen monetary and fiscal policy (incl. all their instruments). 2. Establish/implement laws and rules regarding commerce and finance, Improve economic governance [budget (deficit ≤3%), trade (deficit ≤3%), inflation control (≤ 5%)], Push for implementation. 3. Implement Industrial Development Policy (IDP) and Rice intensification policy, Strengthen Chamcar & livestock/fish sectors, Invest more on Infrastructure (irrigation, transport, electricity, water, sanitation, public services, others). 4. Strengthen commercial laws and implementation, Pro-growth policies/ growth centers, Urbanization policies. 5. Step up cadastral exercises to know how much surplus arable land (& other resources) exists, Ensure land rights, Demine more areas, Implement surplus arable land policy in equitable manner, Provide wherewithal for modern farming in new/cleaned up areas, Safety nets. 6. Manage/implement better: 23 protected forest areas, Natural resources/minerals, Water, Fisheries. 7. Promote decentralization of function, budgets and staff in key sectors, Examine one-time 0-budgeting for government staff, Increase government staff pay, Improve discipline in staff, allocate O&M resources for efficient staff functioning. 8. Raise budgets for Human Development sectors (Education>3% of GDP, Health>2% of GDP), have a clear policy for human capital formation in terms of creating competitive skills in science and technology. 9. Raise accountability: through citizen engagement and formal accountability system Improve M&E at national and sub-national systems.			
Strategies (Inputs)	***Monetary and fiscal strategies*** 1. Implement monetary policy to make in more effective (esp. de-dollarization), Promote financialization in the economy (promote institutional financial transactions, create more finance institutions/instruments). 2. Invoke fiscal instruments to achieve the different policy options stated in 'Policy Section' and build capacities in the government on macro financial management. ***Macroeconomic and sectoral strategies:*** 1. ASEAN integration, optimize on aid alignment, South-South cooperation: in trade (incl. in services), FDI, technology transfer, others. 1. Facilitate and promote private investment and trade. 2. Expand electrification, telecommunication, roads, rural roads, railways, (sea & river), ports, irrigation. 4. Encourage entrepreneurship & SMEs. 5. Implement all the promotions & regulations of IDP and Rice Export Policy. 6. Strengthen agricultural, livestock/fish extension services. 7. Roll out the Rubber Export Policy. 8. Continue implementing Tourism Policy. 9. Strengthen industrial & agricultural database. 10. Promote Industrial and Agricultural Research linked to industry (& other stakeholders). ***Administrative reform policy:*** 1. Carryout another civil service census from the point of view of 0-based budgeting. 2. Implement the new Law on Administrative Management of The Capital, Provinces, Municipalities, Districts, and Khans and national program for subnational democratic development.			

	3. Strengthen capacities at sub-national levels, Hands-on training programs to sub-national staff. 4. Accelerate functional assignment/ delegation of authority to sub-national governance institutions, incl. financial devolution. 5. Open banking/non-banking treasuries at the district level. 6. Establish better coordination & communication between national and sub-national authorities, identify jurisdictions more clearly. 7. Strengthen arbitration mechanisms esp. for land. ***Social, human capital and poverty reduction strategies:*** 1. Develop poverty/vulnerability alleviation strategies contextualized to geographic and territorial specificities. 2. Universalize WATSAN and nutrition. 3. Intensify ID-Poor programs. 4. Expand social security network – Cash transfers, Food For Work, pensions, others. 5. Intensify land-titling. 6. Extend social (agricultural) land concessions. 7. Expand access to affordable loans, & markets for rural people. 8. Expand secondary schools, higher education, TVE. 9. Initiate target group programs for skill formation. 10. Import and indigenize technologies. 11. Open a technical university. 12. Open more and fully functional health centers – target: one per commune. 13. Promote greater health surveillance. 14. Strengthen M&E at all levels (national/sub-national), esp. the database, Other mention: M&E forestry.

Fiscal Policy

3.35. The RGC aims continuing with implementing the Public Financial Reform Program (PFMR) to bring the public finance system in Cambodia up to international standards. Actually, the aim extends to making the system to become an effective tool for enhancing economic growth, ensuring equity and social justice, maintaining sustainability of state operations (and public service delivery), and contributing to macro-economic stability.

3.36. The national budget revenue collection target has been fixed at increasing revenues and average by 0.5 point of the GDP per year; e.g., it was 13.2% in 2011, which should become at least 14.9 in 2013 and at least 15.4 in 2014. At the end of the plan, the minimum expectation is to target budget revenue at 16.9% of the GDP, though the ideal should be about 18% as stated in the PFMR. On expenditures, RGC will continue attaching high importance to the socio-economic sectors, physical infrastructure, and improvement of the capacity and livelihoods of civil servants and armed forces; i.e., all that is prioritized in RS III. Thus, allocations to education should be pegged at no less than 3%of the GDP by 2018, and no less than 2% towards health by 2018. There would be greater focus on ensuring effectiveness, transparency, and accountability, in managing revenue collection and allocating expenditure.

3.37. On debt, the plan proposes to continue not to exceed a critical minimum so that managing the public debt does not pose a problem. Presently, the debt is 31% of the GDP, which is not a high number when seen in the context of other countries in the ASEAN or elsewhere. Additional efforts will be made to increase the current surplus, to ensure that there is no default on public investment and debt service, and to protect the country's reserves. The government also plans to reduce the budget deficit to 3% of the GDP by 2018.

Policy and Implementation Measure

3.38. RGC has been successfully implementing the Public Financial Management Reform Program, Phase I. It has also speeded up the implementation of Phase II, '**Increasing**

Financial Accountability' and now aims to carryout Phase III, '**Increasing the Linkage of Budget with Policies**' and Phase IV '**Increasing Deliverable Accountability**', of this reform program.

Revenues, RGC will:

- Aims to review its current **Revenue Collection Policy** to prepare and carry out a **Medium-Term Revenue Mobilization Strategy 2013-2018**, and as stated earlier, aims to achieve increase 0.5 percentage points of GDP per year.
- Continue formulating and improving the fiscal system to make it a catalyst for accelerating economic growth. In this regard, the purpose is to lay a strong foundation for increasing national revenues (to levels stated above), raising effectiveness, reducing smuggling, and being a mechanism for ensuring better equity in the society.
- Aims at not imposing taxes on agricultural land, so that this incentive helps farmers to invest more on land and other agricultural inputs for increasing crop and non-crop production and productivity, and also raise their standards of living.
- Continue formulating and improving laws (and legal letters) on taxes, continue extending taxation on property in the entire country, reducing the annual corporate tax and expand the auto-declare regime, formulating laws on personal incomes, closely following international tax conventions, revising special levies, and examining tax regulations on petroleum and other mineral products.
- Strengthen the tax administration machinery through building capacities of customs officers and others engaged in tax collection, simplifying processes for the taxpayers in depositing their due, strengthening tax auditing, tightening the tax collection machinery to increase the effectiveness of tax collection, and enhancing governance on customs and other tax officials.
- Strengthen and improve the customs administration by encouraging the use of Automated System for Customs Data (ASYCUDA) and fully implementation the Trade Facilitation Policy and a Single Counter System.
- Continue promoting good governance and inculcate honesty among the tax officers and tighten the implementation process to stopping smuggling.
- Complete formulating and then putting into effect, the Law on Non-Tax Revenue Collection and Law on State Property Management to increase the effectiveness in revenue collection and state property management, as is stated in the PFMR.
- Attempt enacting the Law on Casino Management.
- Continue formulating and increasing the effectiveness of enforcement of laws (and legal letters) related to non-tax revenue mobilization and enforcement of contracts (or agreement on state property management), especially Economic Land Concession Contracts, public property-leasing, petroleum and mine concessions, and other concessions.
- Improve the registration of state properties inventory through exhibiting the quantities and prices of the state property in the inventory list of the ministry-agency and sub-national administration.
- Strengthen auditing on all types of revenue collection, including tax and non-tax revenues.
- Undertake research studies on finding new revenue sources at both, the national and sub-national levels, with the ultimate aim of increasing national revenues.

Expenditures

3.39. RGC aims to promote expenditures in priority areas and make expenditures in a more prudent and accountable manner. The priority spending sectors are, education,

health, social security, agriculture, land and rural development, and improvement and maintenance of physical infrastructure such as roads, railways, ports, irrigation, power, clean water supply, schools, hospitals, and so on. Other priority areas are, to continue implementing an increase in salary for civil servants and armed forces based on the economic growth and the extent to which the national budget can support it. Additionally, four specific priority expenditure areas are, promoting Rice Production and Milled Rice Export; Industry; promoting Manufacturing, and Agro-Industry Development; Tourism Development; and protection of national sovereignty and territory.

3.40. RGC is committed will continue in some priorities in organizing and managing expenditures are as below:

- Promote effectiveness, transparency and accountability in expenditure allocation, from the stages of preparation to implementation, monitoring and auditing of the outcomes, in budget the implementation.
- Strengthen the formulation of a macro-economic framework and public finance and budget strategic plan to increase the quality of annual budget preparation and lead to implement the program budget.
- Strengthen and expend for program budget implementation of **Medium-Term Revenue Mobilization Strategy 2013-2018**. The program budget implementation will help LMs/LAs to identify targets and goals, which contribute for achieving NSDP 2014-2018 targets and goals.
- Improve the procedure of budget implementation by reducing unnecessary bureaucratic procedures.
- Ensure strict enforcement of the Law on Public Procurement and other related legal letters.
- Strengthen internal and external audit on expenditure.
- Diversify financing sources to the maximum to respond to an increase in expenditures on physical infrastructure.
- Continue implementing the main principles related to public debt management to maintain sustainability of public debt, promote long-term economic growth, and reduce poverty.
- Formulate and implement the policy framework on debt risk management and continue building capacities in the concerned ministries and other implementing agencies on public debt management.

Monetary Policy and Financial Sector Strategy

3.41. At the outset it needs mention that due to huge dollarization of the Cambodian economy, many of the instruments of monetary policy cannot be implemented. Nevertheless, a monetary policy yet has a role in regulating the economy. Some options are mentioned here.

3.42. The annual saving rate presently is in the range 24-25%, and the annual investment rate is also about 24-26%. About half of this investment is in the form of foreign investment. During the plan cycle 2014-2018, it is (ambitiously) aimed to raise the savings rate to about 30% by the end of 2018. Also, the plan will attempt to bring into the national institutional framework a notable component of the private savings, which are presently lying idle in the form of gold, liquid cash or land (for speculation). It should be noted that the incremental capital-output ratio is likely to rise further from the present 2.5%, since a large number of infrastructure and industry investments are likely to be made during this plan

period. Also, there would be obsolescence and replacement requirements. A savings rate in the range 30% might thus be necessary for meeting the growth targets.

3.43. The government aims to build a strong financial architecture based on market principles, serving to mobilize and allocating resources to contribute to maintaining macro-economic stability and enabling sustainable economic growth.

3.44. RGC will continue pursuing improvement in the management and monitoring of the economy, which is competitive, integrated, transparent, and effective. In this sense, RGC has encouraged in the past and will continue encouraging, implementation of the **Financial Development Strategy 2011-2020** to support economic diversification, innovation and competition of Cambodia economy. This would especially be in agro-industry and manufacturing as stated earlier, for which access to financial services for small and medium enterprises and the people would assume centrality. In addition, efforts will be made to link financial development in the country with financial integration into the ASEAN.

3.45. RGC will continue implementing the above strategies through the banking and non-banking sectors.

a. *Banking Sector:*

- Implement the monetary policy to maintain price stability and contribute to financial stability.
- Promote utilizing the Riel and reducing dollarization.
- Promote utilizing Riel-denominated investment instruments such as treasury bills and debit cards.
- Facilitate financial regulators to strengthen monitoring of the banking sector by putting in place a system to prevent banking institutions from over-stretching and thereby defaulting.
- Implement debt swap-mechanisms for stabilizing the currency and debt management.
- Actively promote the Chiang Mai Initiative 'Multi-Lateralization Mechanism' for preventing any financial/debt crisis.
- Improve the ability of the central bank and other banks to offer full assurance to deposits.
- Put in place an inter-bank lending system and promote money market development.

b. Micro-*Finance Sector:*

- Continue strengthening the micro finance sector to mobilize savings from the depositors and channel them into the mainstream, improve their financial effectiveness and sustainability and at the same time provide loans to small and tiny enterprises and other self-employed workers.
- Expand the coverage of microfinance services across the country and widely disseminate their benefits to the people.
- Keep orienting the providers towards their focus of lending to the poor at reasonable interest rates and without imposing debilitating conditions.

c. Non-*Banking Sector:*

(i) Insurance

- Accelerate the development of the insurance industry by spreading the coverage of insurance services including life insurance widely.
- Encourage the flow of capital from the insurance sector to the mainstream financial markets for investments.

- Encourage small/micro insurance schemes to meet the demands of the people with modest incomes and for people living in areas not effectively served by the banking/financial sector.
- Create arbitration mechanisms for the insurance sector to solve conflicts (if any) for ensuring justice to the aggrieved and instilling people's confidence in insurance.
- Put in place a risk-warning system and update it using modern information technologies.
- Establish an institution for the study of Actuary Science. The aim is to train insurance providers, supervisors, operators, and the people at large, to strengthen the quality of management, and service delivery in insurance.

(ii) Pensions:

- Encourage mobilizing and institutionalizing long-term savings for both, investments through the pension fund route, and a social safety net for the pension beneficiaries.
- Establish a legal framework to monitor and regulate the pension system.
- Develop a strong information technology system to serve the financial sector, including pension funds.

(iii) Securities

- Develop a debt security market(including state security market), a corporate license market, and other security markets.
- Create a Management Framework and Credit Rating Agency to oversee the sales of debt securities.
- Study the feasibility of establishing a Commodity Futures Exchange.
- Promote and strengthen implementation of good corporate governance in securities.
- Formulate and put in place, legal standards related to bankruptcy and financial trust in the security market.
- Build a supporting infrastructure for a 'Security Keeping System', 'Security Verifying System', 'Security Clearing System', and 'Cash Clearing System'.
- Continue promoting diversification of financial tools and investment mechanisms.
- Bring the non-banking institutions' operations to fall under the Law of Trust.
- Auto-assess the security market system.
- Establish a Financial Development Center to attract financial flows.
- Continue to strengthen the IT system for the regulators to promote release of information and conduct market surveys.
- Continue educating and train the investors, reporters and market observers.
- Continue educating and train the regulators and other participants to have better expertise on security markets.

Business Sector Development

a. Policy and Implementation Measures for Private Sector Development

3.46. RGC has regarded the private sector as an important engine of economic growth. In this sense, attracting foreign direct investment, promoting domestic investment especially from small and medium enterprises, and encouraging local entrepreneurs, are important catalysts for economic development and consequently, job creation. The private sector is to be involved with social responsibilities as well, to ensure sustainability in development. RGC is committed to ensuring an enabling business and investment environment for private investment as well as to making Cambodia an attractive destination for investments.

3.47. RGC has focused on an open, sector-wide approach for private sector development and investment attraction, for integrating Cambodia into the regional and

international markets to mobilize investments, transfer technology, and build production bases by linking local production with the regional and world production value chain. The following are some proposals:

- Provide suitable incentives to the private sector for meeting the long-term development goals of industrialization.
- Continue to encourage and urge the private sector's participation in building infrastructure, for which the Law on Concession and other related legal letters will be reviewed.
- Continue to open the economy and integrate it into the region and the world, to open business and investment opportunities to entrepreneurs.
- Continue with the policy of developing Special Economic Zones, Export Refinery Zones, Free Trade Zones, and market development along the country's borders.
- Continue investing in necessary infrastructure that supports business creation and investment enhancement.
- Create a congenial business environment for receiving domestic and foreign investments including facilitating registration, and providing licenses and other permission letters. This will be done, especially through the One-Stop Service Mechanism, to accelerate operations related to business and investment and reduce informal expenses.
- Continue partnerships through the Government-Private Sector Forum to resolve all the pending problems that the private sector faces.
- Focus on attracting foreign investments and enhancing support services to the existing investments.
- Promote entrepreneurship, especially among Cambodian nationals, for them to know how to operate businesses and industries. This will be done through extending to them incentives, consultancy, capital, and technologies.
- Promote SME development by providing technologies, management services, funding, and support infrastructure.

b. The Rice Export Policy

3.48. A strategic objective of the RGC is to improve agricultural productivity in which exporting milled rice assumes centrality.

3.49. Paddy yield increased from 2.74 tons per ha in 2008 to 3.13 tons in 2012, and the total production increased from 7.17 million tons to 9.31 million tons during this period. Export of rice through formal channels reached 200,000 tons in 2012, compared to it being negligible in 2008, without compromising on local food security. RGC will begin implementation of the "**Policy on the Promotion of Paddy Production and Rice Export**" fully during this plan cycle. The sector nevertheless faces many shortcoming sand they will require overcoming. Some select important ones are that paddy continues to be grown on fragile farming systems, the yield rate is low compared to that other competing country, commercialization is limited, and both, transport costs and processing costs are high.

3.50. The consequent low productivity and low value-added suggest that, there is need to improve the irrigation systems; apply superior techniques of cultivation including modern/scientific inputs; promote low-cost transport; establish paddy collection and storage facilities; expand paddy processing capacity (at internationally comparable costs);set up logistics systems and quality control mechanisms; adhere to phyto sanitation standards; and set up sound financing systems for the whole process. Some specific measures:

1. Further strengthening, expanding and ensuring the sustainability of extension services and market information; extending the outreach of supporting services to the local/farm levels and linking the services to different stakeholders; promoting Research and Development for productivity improvement, and adaptation to changes in the climate; promoting production and use of quality/high yielding variety seeds; further investing in irrigation infrastructure and rationalizing its utilization; improving paddy collection and storage facilities; and improving the regulatory framework for seed production, import of agricultural inputs, contract farming, agricultural land-use, water-user associations, and human resource development in this sector.
2. Further promoting commercialization of the paddy crop through, implementation of laws and policies and strengthening the institutional arrangements to promote trade and export of agricultural products; effective implementation of law on agricultural communities; enhanced processing capacity, further improvement in trade facilitation, including 'one-stop services'; strengthened logistics systems; enhanced quality of agricultural products in accordance with international standards; improved capacity to provide affordable credit; and enhanced partnership between farmers, traders, and paddy processing industries.

(c) The Industrialization Policy

3.51. Cambodia's medium-term vision for industrial development is to make the economy an attractive destination for regional and global factories. In turn, they would help build a strong foundation for small- and medium-sized enterprises. The Industrial Development Policy (IDP) aims to promote industrial growth with an emphasis on diversifying the production base, creating more non-farm jobs, improving competitiveness, upgrading technologies, and linking the sector with the regional and international value chains.

3.52. The IDP aims to provide a medium- to long-term framework for interventions coming at three development stages, to boost production and export: first, make institutional arrangements through strategic support to attract investments and to strengthen small and medium enterprises; second, set up modern institutions to help raise productivity; and third, promote (product and process) specialization through incentives and regulations, based on long-term policies.

3.53. At an initial stage, RGC aims at setting up new large-scale industrial enterprises, targeting at least 5 big projects each year. Next, it aims at setting up formal sector SMEs—start-ups and upgraded—targeting at least 20 establishments each year. RGC targets that the contribution of the industrial sector should be 30% of GDP, and the manufacturing sector should be 20% of GDP by 2020. The government also targets to increase the manufacturing export (other than garments) to exceed 10% of the total exports value.

3.54. Key priorities are, to attract new industries for creating a critical mass of production bases; developing backward linkages with leading sectors such as agriculture and tourism; and leapfrogging to non-traditional industries. The priority sectors are: agro-processing and manufacturing; assembly and production of electric/electronic components and machinery parts; supporting-sectors to the garment industry and handicraft; new industries such as plastics, chemical industry, and IT infrastructure and software development.

3.55. The government will make efforts to mobilize human, financial and institutional resources to support the establishment of new industries. In the first phase, the approach will be established (and strengthening) industrial corridors and SEZs and improved the

business environment to attract foreign investment, encouraged transfer of technology, and widened the export markets. In the second phase, the focus will be on establishing domestic linkages to global value chains and boosting exports through creating a competitive environment. In the third phase, the aim would be on maintaining a long-term industrial growth through improved linkages with foreign enterprises.

3.56. In a way, the **Promotion of Paddy Production and Rice Export Policy** and the IDP are linked, in the sense that milled rice export requires the agro-industry to come up, which is a priority area in the industrialization strategy.

Decentralization and De-concentration (D&D)

3.57. The immediate focus of Cambodia's local government reform efforts is on establishing and developing the capacity of Districts and Municipalities as institutions for both local governance and local development. This will consist of: (1) a policy and legal environment that shapes and supports the reforms set out in the Organic Law, (2) the encouragement of autonomous and capable SNAs (having financial and human resources), and (3) a framework and system of oversight, including legal, regulatory and strategic instruments, exercised by national authorities with the capacity to enforce them, replacing the current system of administrative control, and thereby allowing SNAs to exercise their autonomy and to be accountable for the results of their actions within an overall national framework. To achieve these goals, a set of policy commitments and specific targets is described in further detail in Chapter IV. Overall, D&D policy aims to amongst others:

- Promote SNA autonomy and innovation; develop an institutional environment which promotes SNA and community initiatives that address pressing development needs.
- Promote SNA accountability (vertical and horizontal; political, administrative and social); promote participation, civic engagement, transparency, responsiveness and good governance; strengthen the representative function of councillors and SNA policy and regulatory functions.
- Develop and strengthen oversight processes and compliance systems that both ensure value for money and provide the autonomy SNAs require.
- Improve SNA service delivery procedures, systems, processes and performance.
- Improve SNA deliberative, administrative, and management systems; strengthen the system of intra-SNA checks and balances between legislators and executives.
- Transfer central government functions to local governments in order to bring decision making and accountability closer to the people; revise structures and staffing arrangements in SNAs, and between SNAs and central government, to make them more efficient.
- Ensure gender is mainstreamed into SNA activities and central government policy making; ensure women's voice is heard and respected and that women both within the local government system and interacting with local governments are empowered.
- Ensure SNAs have ample financial resources, both through conditional and unconditional central government fiscal transfers as well as by generating own source revenues; own source revenues are also envisioned as a mechanism to promote SNA autonomy and to strengthen accountability with citizens.
- Strengthen planning, monitoring and reporting systems and better link plans to budgets.

Economic Outlook 2014-2018

3.58. At the end of 2013, the economic outlook appears uncertain on at least three counts. This year the country has again faced severe floods and the extent of damage is estimated to be large. Next, the duration of the global economic recession is yet unknown. Finally, as the country's GDP per capita exceeds USD 1,000 this year, the possibilities of grant inflows from the donor countries remains uncertain. Cambodia will have to weather the flood damage and be braced for such occurrences with the changing climate. Concerns about the pace of recovery at the global level might not overtly continue to affect Cambodia as the country widens its economic links with the ASEAN and other Asian countries, though this transition will have to be managed with care. The main issue is, if the grants dry up over the next 4-5 years, the budgetary process will have to beef up at levels more than those specified earlier.

3.59. International investors' confidence about Cambodia has not wavered. FDI is coming in, and national capital too is getting invested. Consumer confidence is also improving, though Cambodia would like to look for larger sales of its products in the external markets than in local markets. Jobs are also growing. However, the narrowness of the production base, a point mentioned earlier, and dependence of garment exports in EU and US is a limiting factor. The continued strong growth performance of China's economy and outlook for its future growth are encouraging that could have positive spillover effect on Cambodia's economy.

3.60. Despite that the Cambodian economy has weathered this crisis well owing to a strong policy framework that have been put in place through the last decade and a prompt implementation of the policy measures, they are unable to address the structural problems the economy faces like graduating to the next level of development. The country will have to wait for at least 7-8 years before some aspects of human capital and viable infrastructure emerge. However, the economy will continue to grow, riding on the 'extractive processes' for at least 4-5 years, but not more than that if the structural issues remain.

3.61. RGC recognizes that growth in the developed countries (mainly US and EU) is slow and consumer spending there will not continue to provide the same degree of support to the growth of the Cambodian economy as it did in the past. It is confident nevertheless, that the newer partners, mainly in Asia and Middle East, will at least fill-in part of the void. Additionally, it believes that the recent expansion in the physical infrastructure, the growth in industrial crops, and the newfound mineral wealth, will help tide over the immediate problems.

3.62. Early estimates and forecasts of key macroeconomic indicators for the period 2013-2018 could be seen in Table 3.1. Forecasts by sectors for the period 2014–2018 could be seen in Table 3.2.

Table 3.1: Projections of Key Macroeconomic Indicators: 2013–2018

Economic Indicators	2013	2014e	2015p	2016p	2017p	2018p
GDP at constant 2000 prices (Billion Riels)	61,525	68,619	75,610	83,259	91,845	101,121
GDP at constant 2000 prices (Million USD)	15,191	16,943	18,669	20,598	22,401	24,664
GDP per capita (USD)	1,036	1,139	1,237	1,345	1,446	1,572
GDP per capita (000 Riels)	4,197	4,612	5,009	5,445	5,930	6,445
Real GDP growth rate - (%)	**7.6%**	**7.0%**	**7.0%**	**7.0%**	**7.0%**	**7.0%**
GDP deflator (% change)	0.8%	4.2%	3.0%	2.9%	3.1%	2.9%
Inflation (% change, year average)	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Inflation (% change, Q4/Q4)	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Inflation (% change, Year over Year)	3.1%	3.5%	3.5%	3.5%	3.5%	3.5%
Riel/USD parity (year average)	4,050	4,050	4,050	4,050	4,100	4,100
Riel/USD parity (end of period)	4,065	4,050	4,050	4,050	4,100	4,100
Total investment (% GDP)	27.3%	25.5%	25.7%	25.9%	26.1%	26.3%
Public investment (% GDP)	7.7%	7.3%	7.4%	7.4%	7.4%	7.4%
Private investment (% GDP)	19.5%	18.2%	18.3%	18.5%	18.7%	18.8%
National savings (% GDP)	21.9%	19.9%	20.3%	20.9%	22.2%	23.5%
Foreign savings (% GDP)	5.4%	5.6%	5.4%	5.0%	3.9%	2.7%
Budget revenue (% GDP)	14.9%	15.4%	15.9%	16.3%	16.7%	16.9%
Budget expenditure (% GDP)	20.3%	19.0%	20.3%	20.0%	20.1%	20.1%
Current deficit/surplus (% GDP)	2.2%	3.7%	3.4%	3.8%	4.1%	4.4%
Overall deficit/surplus (% GDP)	-5.4%	-3.8%	-4.1%	-3.8%	-3.4%	-3.1%
Exports of goods (% GDP)	45.5%	46.1%	47.1%	48.1%	49.8%	50.6%
Imports of goods (% GDP)	59.1%	59.7%	60.6%	60.9%	61.4%	60.7%
Economic Indicator						
Trade balance (% GDP)	-13.6%	-13.6%	-13.4%	-12.9%	-11.6%	-10.2%
Current account balance (% GDP)	-9.5%	-9.3%	-8.8%	-8.2%	-6.6%	-5.5%
Total liquidity (Billion Riels)	35,769	44,543	56,525	71,489	90,215	114,021
Total liquidity (% change)	25.1%	24.5%	26.9%	26.6%	26.2%	26.4%
Total liquidity (% GDP)	58.1%	64.9%	74.8%	85.9%	98.2%	112.8%
Gross foreign reserves (Millions of USD)	3,932	4,477	5,086	5,708	6,365	7,065
Gross foreign reserves (Months of imports G&S)	4.5	4.5	4.5	4.5	4.5	4.5
Population (revised) (Million)	**14.7**	**14.9**	**15.1**	**15.3**	**15.5**	**15.7**

Source National Institute of Statistics, Ministry of Planning, and Ministry of Economy and Finance

Table 3.2: Real GDP (Constant 2000 Prices) Growth Rates by Economic Activity: 2014-2018

	2014e	2015p	2016p	2017p	2018p
Agriculture, Forestry and Fisheries	**4.2%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Crops	3.8%	3.5%	3.4%	3.3%	3.2%
Livestock & Poultry	6.0%	6.1%	6.3%	6.4%	6.5%
Fisheries	4.7%	4.7%	4.7%	4.7%	4.7%
Forestry & Logging	1.1%	1.1%	1.1%	1.1%	1.1%
Industry	**9.9%**	**9.1%**	**8.9%**	**8.6%**	**8.6%**
Mining	22.7%	14.4%	10.1%	10.1%	10.1%
Manufacturing	8.5%	8.5%	8.4%	8.3%	8.3%
Food, Beverages & Tobacco	6.5%	6.6%	6.7%	6.7%	6.7%
Textile, Wearing Apparel & Footwear	8.7%	8.7%	8.6%	8.4%	8.3%
Wood, Paper & Publishing	9.4%	8.8%	8.7%	8.8%	8.7%
Rubber Manufacturing	7.6%	6.9%	7.0%	7.0%	7.0%
Other Manufacturing	8.8%	8.0%	8.3%	9.2%	10.1%
Electricity, Gas & Water	7.8%	7.0%	7.0%	7.1%	7.0%
Construction	13.1%	10.8%	10.8%	9.3%	9.2%
Services	**6.8%**	**7.1%**	**7.3%**	**7.3%**	**7.3%**
Trade	6.2%	6.2%	6.3%	6.3%	6.3%
Hotel & Restaurants	9.3%	9.7%	10.0%	9.8%	10.0%
Transport & Communications	6.7%	6.6%	6.7%	6.7%	6.7%
Finance	10.0%	10.1%	10.1%	10.2%	10.1%
Public Administration	4.7%	4.7%	5.3%	5.4%	5.3%
Real Estate & Business	9.8%	9.4%	9.5%	9.5%	9.5%
Other services	3.5%	4.5%	4.6%	4.7%	4.6%
Taxes on Products less Subsidies	7.3%	8.3%	7.7%	8.4%	8.5%
Less: Subsidies	7.5%	7.2%	6.7%	7.3%	7.3%
Less: Finance Service Charge	21.5%	10.1%	10.1%	10.2%	10.1%
Total GDP	**7.0%**	**7.0%**	**7.0%**	**7.0%**	**7.0%**

Source National Institute of Statistics, Ministry of Planning, and Ministry of Economy and Finance

3.63 Detailed breakdown of the investment required to achieve the target growth rate by economic sector is presented in Table 3.3. To achieve the projected sectoral GDP growth rate, the investments in major sectoral groups are as follows:

- Agriculture, Fisheries and Forestry sector will require investment of 15,801 billion Riels (USD 3.9 billion) over the NSDP's implementation period 2014-2018.
- The broad Industry sector (that includes mining, manufacturing, electricity, gas & water, as well as construction) will require investment of 52,278 billion Riels (USD 12.8 billion) over the five years. Within this group, the manufacturing sector (that includes the Textile, apparel and Foot wear sub-sector) will require the largest share of the investment, 24,015 billion Riels (USD 5.9 billion), followed by Construction sub-sector that will require 17,367 billion Riels (USD 4.3 billion), and the Electricity, Gas and Water sub-sector that will require an investment of 8,107 billion Riels (USD 2 billion).

- The broad Services sector (that includes Trade, Hotels & Restaurants (tourism), Transport and Communications, Finance, Public Administration, and Real Estate) will require an investment of 40,937.1 billion Riels (USD 10 billion).

Table 3.3: Capital Investment Required to Achieve GDP Growth Target By Economic Sector (in billions of Riels)

	2014	2015	2016	2017	2018	TOTAL
Agriculture, Forestry and Fisheries	2,739.0	2,938.8	3,149.0	3,370.4	3,604.7	15,801.9
Crops	2,287.4	2,452.7	2,625.1	2,805.5	2,999.6	13,168.8
Livestock & Poultry	137.9	151.4	166.4	182.9	201.4	840.0
Fisheries	181.0	196.0	212.2	229.7	248.7	1,067.7
Forestry & Logging	132.7	138.6	144.8	151.3	158.1	725.5
Industry	8,158.3	9,185.0	10,321.2	11,599.1	13,113.9	52,277.6
Mining	410.6	485.4	551.7	627.1	712.7	2,787.5
Manufacturing	3,799.7	4,232.4	4,716.5	5,310.3	5,956.7	24,015.5
Food, Beverages & Tobacco	382.3	421.0	463.7	510.7	562.5	2,340.2
Textile, Wearing Apparel & Footwear	1,465.2	1,634.8	1,820.9	2,064.0	2,293.1	9,278.0
Wood, Paper & Publishing	102.3	115.0	129.3	145.3	163.3	655.2
Rubber Manufacturing	152.7	168.7	186.3	205.8	227.3	940.8
Other Manufacturing	1,697.1	1,892.9	2,116.3	2,384.5	2,710.4	10,801.2
Electricity, Gas & water	1,315.2	1,453.1	1,605.4	1,773.7	1,959.7	8,107.2
Construction	2,632.8	3,014.2	3,447.5	3,888.0	4,384.9	17,367.4
Services	6,614.2	7,311.1	8,096.0	8,973.2	9,942.9	40,937.4
Trade	1,119.4	1,228.3	1,347.7	1,478.8	1,622.5	6,796.8
Hotel & Restaurants	936.3	1,073.6	1,231.2	1,416.1	1,621.6	6,278.7
Transport & Communications	1,089.5	1,200.2	1,322.2	1,456.6	1,604.6	6,673.1
Finance	216.6	246.4	280.1	318.5	362.2	1,423.9
Public Administration	1,700.6	1,840.1	2,000.9	2,175.8	2,365.9	10,083.3
Real Estate & Business	938.8	1,061.3	1,099.7	1,356.1	1,533.0	6,088.9
Other services	612.9	661.3	714.2	771.3	833.0	3,592.6
Total	**17,511.5**	**19,434.9**	**21,566.2**	**23,942.7**	**26,561.5**	**109,016.9**

Source: Ministry of Economy and Finance

Budget Revenues and Expenditures: 2014-2018

3.64 As part of the RGC's Public Finance Management Reform Programme (PFMRP), the Ministry of Economy and Finance (MEF) has established 2 processes that provide important inputs in the preparation of Annual National Budget. The "Medium-term Expenditure Framework (MTEF)" provides projections of the "recurrent expenditures" of RGC institutions for the next 3 years. These projections are updated annually. The projections are based on a top-down macroeconomic analysis on the performance of the economy, RGC's priority policies, as well as bottom-up information on expenditures by RGC institutions. The General Economic and Public Finance Policy of MEF is responsible for this analysis. The second process is a three-year rolling "Budget Strategic Framework" that follows a bottom-up approach and is prepared by the General Budget Department of the MEF. The main inputs for this analysis are the information collected during the on-going dialogue between MEF and RGC institutions, and inputs provided by RGC institutions to MEF on their expenditures and indicative future requirements for the next 2 years. In the implementation of the PFMRP, the MEF will continue to further strengthen linkages between these 2 processes to further refine and streamline the process of Annual Budget formulation.

3.65 As part of the implementation of the Public Finance Management Reform Programme, RGC is now in the process of strengthening linkages between the processes that: (i) identify high priority public investment requirements, which include the five-year National Strategic Development Plans (NSDP) and the Three-year Rolling Public Investment Programme PIP; (ii) the mobilisation of external resources from traditional and non-traditional development partners; and (iii) the preparation of the Budget Strategic Framework. The RGC is aware that the Three-year Rolling PIP requires improvements to ensure that: (i) the recurrent expenditure requirements that have implications for the Annual Budget are an integral part of information collected in the formulation of the PIP; (ii) projects included in PIP need to be prioritised. This will require RGC institutions to assign sequenced priority ranking of the proposed projects planned for implementation during the next 3 years, taking into account the overall macroeconomic environment and an awareness of the scope to mobilise external resources based on recent trends.

3.66 RGC attaches high priority to further strengthen the PIP formulation process. As the quality of PIP information improves, the MEF will ensure that only those programmes and projects that are part of the PIP are included in a consideration for funding during the formulation of the Budget Strategic Framework. The CRDB/CDC will ensure that in its resource mobilisation activities it will actively promote the funding of projects included in PIP, and prepare regular reports on PIP projects that are supported by external development partners (EDPs) as well as projects supported by EDPs that are not part of the PIP.

3.67 As an effort to promote transparency of the budget formulation process, the MOP has prepared a preliminary/indicative projection of recurrent expenditure allocation for RGC institutions for the NSDP 2014-2018 period. The indicative projections are presented in Table 3.4.

Table 3.4: Indicative Recurrent Budget Expenditure for selected Ministries and Agencies: 2014-2018 (million Riels)

Ministry/Agency	2014e	2015p	2016p	2017p	2018p
I. General Administration	**1,435,732**	**1,544,381**	**1,657,265**	**1,778,477**	**1,900,621**
01. Royal Palace	71,856	77,077	82,456	88,187	93,888
02. National Assembly	141,315	151,582	162,160	173,431	184,644
03. Senate	57,744	61,940	66,262	70,867	75,449
04. Constitutional Council	9,763	10,473	11,204	11,982	12,757
05.1 Council of Minister	303,425	325,471	348,184	372,383	396,460
05. 2 Civil Service	4,855	5,208	5,571	5,958	6,344
05.4 CDC	7,827	8,396	8,982	9,606	10,227
07.2 Interior-Administration	88,792	95,243	101,890	108,971	116,017
08. Relations Assembly and Inspections	24,092	25,842	27,646	29,567	31,479
09. Foreign Affairs and Int'l Cooperation	100,280	107,566	115,072	123,070	131,027
10. Economy and Finance	291,001	312,144	333,927	357,135	380,226
14. Planning	46,207	49,564	53,023	56,708	60,375
26. Justice	59,113	67,741	77,577	89,001	101,909
30. National Election Committee	53,018	56,870	60,839	65,067	69,274
31. National Audit Authority	10,250	10,994	11,761	12,579	13,392
32. Labour and Vocational Training	132,332	141,947	151,853	162,406	172,907
33. Cambodia Anti-Corruption Committee	33,862	36,322	38,857	41,558	44,245
II. Defence and Security	**1,766,227**	**1,894,556**	**2,026,767**	**2,167,628**	**2,307,780**

Ministry/Agency	2014e	2015p	2016p	2017p	2018p
06. National Defence	1,036,506	1,111,815	1,189,403	1,272,067	1,354,315
07.1 Interior - Security	729,721	782,741	837,364	895,561	953,465
III. Social Administrative	**3,114,773**	**3,529,353**	**3,998,319**	**4,539,908**	**5,147,016**
11. Information	91,732	98,397	105,264	112,580	119,859
12. Public Health	1,045,665	1,198,286	1,372,289	1,574,368	1,802,696
16. Education, Youth and Sports	1,309,839	1,514,008	1,748,861	2,023,756	2,337,312
18. Culture and Fine-Arts	53,183	57,047	61,028	65,269	69,489
19. Environment	34,547	37,057	39,643	42,398	45,139
21. Social Affairs and Veteran	506,417	543,212	581,119	621,508	661,692
23. Religions and Culture	37,606	40,338	43,153	46,152	49,136
24. Woman Affairs	35,785	41,008	46,962	53,878	61,692
IV. Economy Administrative	**709,280**	**787,199**	**873,246**	**970,669**	**1,076,987**
05.3 Civil Aviation Secretariat	22,507	24,142	25,827	27,621	29,407
13. Industry, Mines and Energy	27,267	29,248	31,289	33,464	35,628
15. Commerce	94,004	100,834	107,870	115,367	122,826
17. Agriculture, Forestry and Fisheries	140,571	161,089	184,480	211,646	242,341
20. Rural Development	126,759	145,260	166,353	190,850	218,528
22. Posts and Telecommunications	27,316	29,300	31,345	33,524	35,691
25. Public Works and Transport	59,055	63,345	67,766	72,476	77,162
27. Tourism	47,810	51,283	54,862	58,675	62,469
28. Urbanization and Construction	92,628	106,148	121,562	139,462	159,689
29. Water Resources and Meteorology	71,365	76,550	81,892	87,583	93,246
V. Miscellaneous	**1,171,426**	**1,200,728**	**1,284,521**	**1,373,796**	**1,462,621**
Total	**8,197,439**	**8,956,218**	**9,840,118**	**10,830,478**	**11,895,025**

Source: Ministry of Economy and Finance.

CHAPTER IV

KEY POLICY PRIORITIES AND ACTIONS 2014-2018

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KEY POLICY PRIORITIES AND ACTIONS 2014-2018

INTRODUCTION

4.1 The Royal Government of Cambodia's overriding goal is to build a peaceful, politically stable and secure society, riding on a path of sustainable and equitable development. RGC would strive to make its people educated and healthy, living in harmony both within the family and the society. For achieving all this in the Fifth Legislature of the National Assembly (2014-2018), RGC puts forth the principal aim of maintaining peace, political stability, security and social order to promote rule of law and protect human rights and dignity, and multi-party democracy; sustainable long-term equitable economic growth; and increased outreach, effectiveness, quality and credibility of public services.

4.2 Based on the experiences and outcomes of the Fourth Legislature and the **"Political Platform"** of the Fifth Legislature, RGC is of the view that the **Rectangular Strategy**, especially its central theme of **Growth, Employment, Equity** and **Efficiency**, continues to be crucial and appropriate for Cambodia to pursue further in the Fifth Legislature of the National Assembly (2013-2018). The 4 strategic rectangles of the Strategy will be maintained with expanded scope, refined and reprioritized sides, and improved and more effective policies and mechanisms. Therefore, **Rectangular Strategy-Phase III** reaffirms the RGC's mission and its strong commitment to sustainable development and poverty reduction aimed at responding to the people's will and emerging contexts of national and international developments. The **Political Platform of the Fifth Legislature** and the **Rectangular Strategy-Phase III (RS III)** form a Comprehensive Policy Framework for the formulation of the **National Strategic Development Plan**, with clearly defined indicators and timeframe for implementation, which are consistent with other RGC's sectoral policies. Moreover, while preparing the **RS III**, the RGC has also taken a long-term and far-sighted view of the evolving social and economic structure of Cambodia. Accordingly, the **RS III** is a clear blueprint to guide the activities of all stakeholders to further pursue and strengthen long-term sustainable development aimed at **promoting economic growth, creating jobs, equitably distributing the fruits of growth, and ensuring effectiveness of public institutions and management of natural resources.**

4.3 In this context, the **RS III** is the **Socio-economic Policy Agenda** of the **Political Platform of the Royal Government of Cambodia of the Fifth Legislature of the National Assembly**.

4.4 As stated in Chapter I, RS III might appear similar to RS II; it has many more priorities added, which are relevant in the contemporary context. The more prominent ones are agricultural/rural diversification and livestock, development of labor markets, industrialization and human capital, natural resource management, and the like. This implies that the economy is poised to move in a trajectory different from the one it presently following, in the direction that has more diverse activity, and also that it would permit the economy to integrate successfully and on equal terms with the ASEAN. Additionally, it would pave the way for the country to move towards a less aid-reliant existence.

4.5 Among the key cross-cutting issues that this plan will attempt to bring within its fold are, gender (this is an on-going commitment in the interests of equity, justice and efficiency), environment, natural resources and green growth (this is a necessity at all levels, to save our common heritage, disaster management (this is becoming an increasing necessity), and

Public Finance Reform. The plan also recognizes that there is greater need for different implementing ministries and agencies to work together and work more closely with the sub-national levels.

4.6 The **RS III** outlines the fine-tuned and sharpened polices to respond to current conditions. To achieve RGC's socio-economic development goals, the Rectangular Strategy laid out 4 objectives that are illustrated by its motto: **Growth, Employment, Equity and Efficiency**. It is RGC's long-term strategy that is based on the following fundamentals:

1. Ensuring an average annual economic growth of 7%. This growth should be sustainable, inclusive, equitable and resilient to shocks through diversifying the economic base to achieve a more broad-based and competitive structure with low and manageable inflation, stable exchange rate and steady growth in international reserves.
2. Creating more jobs for people especially the youth through further improvement in Cambodia's competitiveness to attract and encourage both domestic and foreign investments.
3. Achieving more than 1 percentage point reduction in poverty incidence annually, including the realization of other CMDG targets, while placing higher priority on the development of human resources and sustainable management and use of environmental and natural resources.
4. Further strengthening institutional capacity and governance, at both national and sub-national levels, and ensuring the effectiveness and efficiency of public services to better serve people.

4.7 In addition, there are other important considerations, which necessitate continued implementation of the **Rectangular Strategy"** such as:

1. Further strengthening and building on achievements of the Royal Government under **RS II** implemented during the Fourth Legislature.
2. Addressing challenges and opportunities, revealed during the implementation of the **"RS II** during the Fourth Legislature as highlighted above, requires the RGC to further refine, improve and strengthen its policy priorities, and promote the implementation of the policy agenda required for transiting to the next higher stage of development.
3. Recognizing that continuing implementation of the **"RS III** represents an important step forward for Cambodia in moving to a higher level of development i.e. transitioning from a low income country to a lower-middle income country, while building the foundations to realize its long-term vision of becoming an upper-middle income country by 2030 and high income country by 2050.
4. Paying close attention to the will and aspirations of Cambodian people, who are the voters, combined with the domestic and global situations which require the Royal Government to improve and refine the **RS II** and implement it in the third phase.

4.8 The **NSDP 2014-2018** document, the implementing organ of **RS III**, outlines the actions, programs and projects that ministries and other implementing agencies will carry out during the Fifth Legislature of the National Assembly. The presentation of the future plans in this chapter follow the sequence of the RS III rather than sectorally. Each component and sub-component of the Strategy is organised by presenting: *first*, the key policy priorities for the specific area; and *second*, the actions, programs and projects that the concerned ministries and/or agencies will carry out to implement these policies.

1. Good Governance: The Core of the Rectangular Strategy

4.9 In the Fifth Legislature, Good governance remains at the core of achieving social justice and sustainable and equitable socio-economic development. In order to further strengthen good governance, the Royal Government has firmly implemented key reform programs, including: (1) the fight against corruption; (2) legal and judicial reform; (3) public administration reform; and (4) reform of armed forces. The ultimate objective of the reforms, as well as that of other reform programs including public financial management reform, land reform, and forestry and fisheries reform, is to strengthen the capacity, efficiency and quality of public services to raise public confidence in government and respond to the needs and aspirations of the people and business community.

I. Fighting Corruption

A. Policy Priorities for the Fifth Legislature

4.10 RGC will continue to attach high priority to fighting corruption during the Fifth Legislature of the National Assembly. The government is strongly committed to formulate and adopt the anti-corruption law consistent with other fundamental laws to ensure coherence and consistency among different laws and their effective implementation, as soon as possible, in close consultation with all concerned parties. The development and adoption of all fundamental laws has been and will continue to be a high priority of the Royal Government.

4.11 To effectively continue the fight against corruption during the Fifth Legislature, the Royal Government will further strengthen and enhance the effectiveness of three key measures, viz:

1. ***Strengthening education "to stop corrupt practices"***: RGC will further promote the dissemination of the Anti-corruption Law in all forms to both public and private sectors to raise awareness of the consequences of corruption and to discourage corrupt practices. The dissemination will be conducted by using all available means including on-the-spot education, media, organization of the anti-corruption day annually, and mainstreaming awareness of the Anti-corruption Law and consequences of corruption into academic curricula and programs at all levels, with the objective that youth, who are the future of the nation, will observe moral integrity and shun corruption.
2. ***Preventing corruption***: RGC will further encourage civil servants at all levels to conduct themselves with dignity, observe moral integrity and professional ethics, and effectively implement the principle of avoiding incompatibility of functions and conflict of interests stipulated by law and related regulations by preparing and implementing internal rules in addition to existing laws and regulations, including preparation of strategic plan, strategy, internal rules, code of professional ethics, and regulations to create an agency with moral integrity to serve as a role models for efficient and successful public services. In addition, RGC will take specific measures to strengthen oversight institutions and promote better management of public revenue and expenditure, and expand the scope of the list of public service fees.
3. ***Suppression of crimes by referring all cases to court***: RGC will continue taking firm and strict measures against those who are found to be involved in corruption, without exception. To ensure effective implementation, RGC will further strengthen the capacity of the Anti-Corruption Unit, especially in investigation and law enforcement.

B. Planned Actions to Implement the Prioritized Policies

4.12 To implement RGC's prioritized policies, the objectives of the **Anti-Corruption Unit** to fight corruption are to:

- Strengthen and speed-up the work of education, dissemination of corruption-related regulations.
- Encourage public participation in the fight against corruption.
- Enforce the law against the offenders.

4.13 To achieve the above objectives, **Anti-Corruption Unit** will implement the following interwoven strategies during the Fifth Legislature.

- *Prevention:*
  - Continue raising awareness about all aspects of corruption, including its causes, impacts and consequences to encourage public participation in preventing and fighting corruption.
  - Continue encouraging government officials at all levels to adhere to dignity, morality, professionalism and responsibility in fulfilling their duties.
- *Strengthening accountability and institutional capacity:*
  - Strengthen effective implementation of the principles in order to avoid conflict between the public and private interests.
  - Continue building and strengthening the institutional capacity, including inspection tasks for management and enforce the effective implementation of the Anti-Corruption Law.
- *Public support and participation:*
  - Continue to further promote and protect the freedom to seek, obtain and disseminate information on corrupt cases in the media.
  - Continue organizing national and international seminars on corruption for greater exposure and awareness.
  - Continue international cooperation and partnerships to prevent and combat corruption.
- *Private sector participation:*
  - Continue developing and pursuing implementation of policies, legal and regulatory framework and procedures to protect the integrity of the private sector, to prevent collusion and ensure fair competition between private companies/enterprises by ensuring proper behavior, honorable conduct and dignity in all business transactions.
  - Safeguard the balance between the rights and interests in the contracts made between the public and private sector.
- *Law enforcement strengthening:*
  - Continue to take strict and severe legal actions against corrupt people to reduce corruption and to build confidence among people.

4.14 The **Ministry of National Assembly-Senate Relations and Inspection (MONASRI)** will continue focusing on fighting corruption through its five key priority programs, in particular its inspection program. The MONASRI's five key programs are (i) Law dissemination, (ii) Inspection, (iii) Monitoring Law Enforcement, (iv) Complaint handling, and (v) Institutional strengthening and capacity development, including promotion of gender into the five key priority programs.

4.15 To implement RGC's priority policies, MONASRI will focus on:

- ***Strengthening National Assembly-Senate Relations***: MONASRI has selected: (1) 11 priority laws (Land Law, Forestry Law, Fishery Law, Environment Law, Natural Management Law, Law on Domestic Violence and Protection of Victims, Law on

Demonstration, Law on Management of Private Medical, Paramedical, and Medical Aide Practice, Traffic Law, Law on Drug Control, and Law on Preventing the Spread of HIV/AIDs), Law on demonstration, to disseminate to citizens, in both the Capital City and provinces, in the purpose of raising public awareness of the laws, their rights and obligation to maintain stability, social order, and the rule of law; (2) Conducting situational analysis and baseline studies on the 11 priority laws in the targeted areas; and (3) Finalizing the draft law on inspection and new legal documents as needed.

- ***Strengthening the Field of Inspection***: This program is aimed at fighting corruption, abuse of power, and misconduct. The significant assignments have been focusing on three key priorities mechanisms, namely inspection, monitoring of law enforcement, and complaint handling. For Inspection, MONASRI has taken on three priority activities: (1) Inspection of the management of state-property inventory and the management administration and finance within public institutions; (2) Monitoring of law enforcement in different sectors, viz. agriculture, public works, education, health care, land management, urbanization, and construction, commerce, industry, and social affairs; and (3) Handling of public complaints.

- ***Strengthening Institutions and Human Resource Development:*** MONASRI has set through 5 main activities: (1) Administration-Personnel includes administration, personnel, protocol, human resource development, and administration reform; (2) Finance-Supplies covers finance, supplies, accounting, planning, and public financial reform; (3) International Cooperation consists of continuing the implementation of the existing agreement with the Inspectorate of the Government of Vietnam, and further searching for new potential partners with sharing experiences and cooperation in the spirit of partnership; (4) Internal Audit; and (5) Gender.

II. LEGAL AND JUDICIAL REFORMS

A. Policy Priorities for the Fifth Legislature

4.16 The RGC has improved legal and judicial systems by focusing on the development of a sound legal framework and modernization of laws, as well as by laying out the necessary strategies and measures to enhance the competence, independence and impartiality of the judiciary, crucial for strengthening the rule of law. RGC will continue implementing the legal and judicial reform strategy to achieve its strategic objectives. RGC will continue organizing programs to disseminate knowledge of laws and procedures to the public and provide legal training to law-enforcement officials with the aim of improving awareness and proper enforcement of the laws.

4.17 In the Fifth Legislature of the National Assembly, RGC will continue to actively implement and deepen key reforms included in the action program for the implementation of legal and judicial reform strategy with special attention on: (1) Further promoting the adoption of key legislations concerning judiciary including the Law on the Statute of Judges and Prosecutors, the Law on Organization and Function of Courts and Prosecution, Amendment to the Law on the Organization and Function of the Supreme Council of Magistracy, as well as the development of new laws required for state governance and Cambodia's membership in the ASEAN Economic Community to be established by 2015 and the World Trade Organization; (2) Further strengthening of professional capacity and responsibility of judges and prosecutors; (3) Further promoting the establishment of court administration attached to tribunals at all levels; (4) Further equipping the tribunals with appropriate means to perform their functions; (5) Further implementing law dissemination

and training programs; (6) Further extending cooperation and support to the Bar Association of the Kingdom of Cambodia to provide legal assistance to the poor for defending their rights and interests in the court system; and (7) Further promoting the out-of-court settlement mechanisms.

B. Planned Actions to Implement the Prioritized Policies

4.18 **Ministry of Justice (MOJ)** has planned the following actions to implement the prioritized policies for the Fifth Legislature:

- Implementing of Law and Judicial Reform Strategy to achieve seven Strategic Objectives:
  - Strengthening *the protection of fundamental rights and freedoms.*
  - Modernizing the legislative framework.
  - Providing better access to legal and judicial information.
  - Enhancing the quality of legal processes and related services.
  - Strengthening the judicial services, including judicial and prosecutorial services.
  - Further promoting alternative dispute resolution mechanisms.
  - Strengthening of Legal and Judicial sector institutions to fulfill their mandates.
- Enhancing legal knowledge:
  - Developing and promoting legal and judicial frameworks.
  - Strengthening and enlargement dissemination law and legislations both of national and international which related to women and children and human trafficking.
  - Strengthening and enlargement international cooperation on Legal and Judicial sector.
- Enhancing efficient of litigation solution:
  - Enlargement training on fundamental laws, legislation both of national and international which related to woman and children and other skills to law enforcement officials, officials and Legal professionals.
  - Enlargement and strengthening capacity building of Judges and Prosecutors.
  - Enlargement and strengthening Alternative dispute resolution mechanisms.
  - Enlargement and strengthening court register (Project of model court).
  - Introducing court register data by information system.
  - Enhancing access to judicial information, including on court decisions and proceedings, periodic administrative reports and administrative information regarding pending cases, including status and scheduling information.
  - Strengthening and enhancing capacity building on Gender equality in Justice Sector.
  - Promoting and strengthening the use of alternatives to detention measures, especially for children.
  - Strengthening legal aid services for the poor and the vulnerable, especially for children.
  - Strengthening law implement.
  - Strengthening relationship between central authorities of MOJ and central authority in abroad.
  - Enhancing the quality of judicial decisions, including on pre-trial detention.
- Enhancing Capacity of Institution Management:
  - Enhancing capacity and strengthening the implementation of the overall management and implementation.
  - Enhancing the overall management by using data information system.
  - Enlargement and improving infrastructure in MOJ and municipal and provincial courts.

- Increasing Justice Services by enlargement municipal and provincial court infrastructures including regional appeal court, special court of first instance, and special chamber of higher court and creating all municipal and provincial court in Kingdom of Cambodia.
- Strengthening and enlargement M&E.

III. PUBLIC ADMINISTRATION REFORM

A. Policy Priorities for the Fifth Legislature

4.19 RGC will further focus on implementing the **three core strategies of the National Program for Administrative Reform** through:

1. Strengthening the quality and delivery of public services through the implementation of the Policy on Public Service and the Guide on Public Services Standards to improve their responsiveness, reliability, effectiveness and efficiency. The Guide indicates 5 standards of public service including (1) quality of information, (2) accessibility, (3) reception, (4) meeting commitments to users and to set governance principles, and (5) feedback and recourse mechanism. This will entails the establishment of mechanisms for monitoring and evaluating the implementation of the public services standards and for their yearly certification and recognition.
2. Strengthening the management and development of human resources within the Civil Service through the implementation of the Policy on Human Resources to enhance performance within the Civil Service and uphold values of service, motivation, loyalty and professionalism. The policy is articulated around 5 strategies: (1) improve the operational systems of organization and management of the workforce, (2) enhancing the effectiveness of HR practices and processes, (3) implementing a performance management system, (4) better using existing competencies and developing new ones, and (5) enhancing the quality and delivery of training.
3. Further reforming pay and allowances. This reform will be carried out according to the principles: (1) salary increase based on economic growth and affordability of national budget, (2) assurance of equity and improved productivity and effectiveness, and (3) ensuring the consistency in pay raise between civil servants and armed forces. The Royal Government functions a task force with the mandate to reform compensation and introducing payroll through banking system.

These 3 strategies of the Royal Government closely interlinked and will be implemented in coordination with other reforms such as the reform of public financial management and de-concentration and decentralization to strengthen good governance.

B. Planned Actions to Implement the Prioritized Policies

4.20 In order to achieve the priority policies, **Ministry of Civil Service (MCS)** will carry out the following key activities:

1. Strengthening the quality and delivery of public services:

- Continue to disseminate the Policy on Public Service Delivery.
- Update, disseminate and monitor the implementation of the Compendium on Public Services.
- Disseminate and facilitate the implementation of the Guide on Public Services Quality Standards by ministry.

- Facilitate the development and implementation of service commitments codes/charters.
- Develop and implement targeted training for ministerial service providers.
- Support the streamlining of service delivery procedures and processes.
- Promote the use of ICT to enhance the delivery of public services.
- Conduct research and establish user feedback and recourse mechanisms.
- Conduct research and establish mechanisms for quality accreditation and rewarding best practices.
- Promote the further deployment of Special Operating Agencies by ministries.

2. Improving the management and development of human resources:

- Review and amend the legal and regulatory base for HR management and development.
- Enhance the organization of work through clarifying roles and responsibilities between units and the use of position descriptions.
- Further develop HR planning including medium and long term rolling plans addressing recruitment, deployment, training and succession needs.
- Streamline HR management processes making them more transparent and merit.
- Develop and deploy a Performance Management System linked to promotion, deployment, compensation and training and development processes.
- Strengthen the implementation of standards of ethics and discipline.
- Develop and deploy competency profiles for selected positions.
- Conduct periodic analysis to determine evolving competencies and competency needs and update the HRMIS.
- Develop and implement mechanisms to ensure that training is demand driven.
- Develop and implement curriculum to address priority technical, personal and inter-personal skills.
- Promote the Provision of mandatory short-term training for new recruits and for managers.
- Develop institutional capacity for ongoing training including the establishment of a national institute, of a distance learning capability and of partnerships with Cambodian and foreign training providers.
- Further develop the capacity of ministerial HR units and staff.

3. Reform of Compensation System:

- Further implement the payment of salary through the banking system.
- Gradually increase salary based on budget affordability while maintaining macro-economic stability.
- Review and improve salary composition and other allowances.
- Review and adjust Grade and Scale structure.
- Narrow the gap between the upper and lower salary.
- Review and make adjustment of salary system to ensure the consistency and equity within and among institutions and between civil servants and security and armed forces;
- Review and develop salary system to support the performance.
- Strengthen the management and remuneration of contractual and floating staffs.

DECENTRALIZATION AND DE-CONCENTRATION REFORMS

4.21 RGC will further promote the implementation of decentralization and de-concentration reforms through the '**National Program for Democratic Development at the Sub-national Level 2010-2019**', by focusing on:

1. Further expand the single window mechanism to cover all municipalities, districts and khans, and further promoting broader delegation of powers.
2. Enforce the Law on Financial Regime and Property Management of Sub-national Administrations, especially the gradual transfer of functions and resources within some priority sectors from the national to the sub-national levels.
3. Improve human and institutional capacity development at the sub-national levels and strengthening the roles and responsibilities of the sub-national councils with focus on the planning systems at sub-national administration level, by defining clear mechanisms for results-monitoring and evaluation, as well as in conformity with the law.
4. Strengthen the efficiency of a unified sub-national administration in coordinating all activities of the public administration by imparting the supervisory role to the sub-national administration.

4.22 In order to achieve RGC's priority policies for D&D Reform, **National Committee for Democratic Development (NCDD) of Ministry of Interior (MOI)** has developed a National Program on Sub-National Democratic Development with the following commitments:

- Key Central Government functions will be transferred to SNAs, together with corresponding resources (revenue, finance, personnel, property, and capacity for managing and fulfilling the respective functions), powers, and duties to carry out those functions.
- SNAs collection of own source revenues and new fiscal transfer mechanisms will increase, thus expanding service delivery and improving accountability.
- SNAs will increasingly manage their own staff, women will have increasing decision making power in SNAs.
- SNA vertical and horizontal accountabilities will be improved and councilors will have increased decision-making authority.
- SNA organizational/institutional will be improved.

IV. Reform of Armed Forces

4.23 The Royal Government has implemented reform programs and strengthened the capacity of the Royal Cambodian Armed Forces (RCAF). *In the Fifth Legislature*, the Royal Government will continue reforming the armed forces to ensure the effective defense of sovereignty, territorial integrity, security and social order of the Kingdom of Cambodia, Based on the available resources and the evolving international and domestic security situation, the reform will focus on:

1. Enhancing professional competence of RCAF and National Police through further implementation of the '**Three Strategies and Ten Operation and Development Actions**' program, including by updating and promoting the implementation of Cambodia's National Police Strategic Plan aimed at improving the effective functioning of police, particularly through adoption and enforcement of necessary laws and regulations.
2. Developing human resources and enhancing the capability of the armed forces through technological modernization, improving the quality of training of soldiers, inducting youth into the military to build a young armed force, and strengthening cooperation with other countries.
3. Strengthening the chain of command in the armed forces to ensure their effective management.
4. Supplying technical equipment and promoting welfare of the armed forces, especially through more effective management of supplies, logistics and finances for units stationed on the frontiers and island territories.

5. Continuing support to veterans, disabled soldiers, families of deceased soldiers and families of military personnel through giving out social land concessions and development projects to the military communities and families of armed forces stationed in border areas.
6. Enhancing cooperation between the different branches of the armed forces and between armed forces and line ministries and institutions; further strengthening the tradition of good relations between the armed forces and the public (especially during natural disasters and humanitarian operations); and involving military personnel in farming, building civilian physical infrastructure, and protecting environment and natural resource.
7. Strengthening and expanding international relations and cooperation to develop armed forces in all dimensions including continued participation in the UN peacekeeping missions.
8. Developing human resources in RCAF for business, agriculture, handicraft, small and medium industry, mining and information technology, so that the community becomes self-sufficient.
9. Promoting gender equality in RCAF by encouraging leadership and participation in decision-making processes and equal access to benefits for women.
10. Developing strategic partners in agriculture and processing investment using resources of the military community to maximize resource utilization and create jobs and businesses for the community.
11. Developing green investment projects particularly in energy generation to support other development activities in the military community. Potential green investment projects, including biomass and solar power systems, will create a foundation necessary for agricultural plantation and businesses of the community.

2. *Overarching Environment for Implementing the Strategy*

I. Peace, Political Stability, Security and Public Order

A. Policy Priorities for the Fifth Legislature

4.24 During the Fourth Legislature, RGC succeeded in meeting its strategic objectives set out in the previous Legislature, through securing national sovereignty and territorial integrity, and strengthening political stability, rule of law, multi-party democracy, and public order, of which, fundamental for long-term development and poverty reduction. Cambodia has succeeded in securing heightened confidence of the foreign investors and travelers, as is reflected in the increased inflow of investments and tourist arrivals.

4.25 Building on these achievements, the objectives of the RGC of the Fifth Legislature are to further strengthen the protection of national sovereignty and territorial integrity, national unity and territorial unification, peace, political stability, security, public order, respect for human rights and dignity and social harmony. RGC will focus on:

1. Continued strengthening of the rule of law, democracy, culture of peace, morality in the society and respect for human rights and dignity, and no tolerance to forces of political instability.
2. Continued settlement of both land and maritime boundary disputes with based on aforementioned principles, along with continued preparation and strengthened implementation of border development strategies.
3. Prevention and suppression of all criminal activities, including terrorism and its financing, money laundering, illegal drug and human trafficking, and transnational crimes, and continued implementation of the “Safe Village/Commune” policy.
4. Continued strengthening of traffic safety and public order and eliminating illegal checkpoints.

B. Planned Actions to Implement the Prioritized Policies

4.26 To implement RGC’s priority policies, **MOI** will focus on strengthening the institutional capacities at the national and sub-national levels, to deal with emerging

situations and improve public services delivery falling within its civil and policing jurisdictions. MOI will to ensure that the civil and police staffs perform their duties with neutrality, code of ethics, and obedience.

4.27 To promote good governance, MOI has been implementing a pilot program of '**One Window Service**' at the district/municipality levels, in 24 districts/municipalities. Under this program the MOI has appointed "**district ombudsman**" who receive complaints from citizens, communities, civil society organizations, and district officials. The MOI will expand the scope of this program to cover all the provinces.

4.28 MOI will continue implementing the **Right to Obtain Justice Project** between the MOI and **Ministry of Justice (MOJ)**. Under this project, 20 Centers for Legal Services at district level are set up.

4.29 MOI will continue improving the conditions of prisons in accordance with that of international standards by renovating dilapidated prisons and equipping them with materials and equipment in proportion to the increased number of prisoners and to start construction of new prisons in the provinces of Kratie, Kampong Cham, Battambang, Pursat, Mondul Kiri, Stung Treng, Kampong Thom, Prey Veng, and Rattanak Kiri, and the construction of fourth re-education center in Pursat. MOI will emphasize on the re-education and rehabilitation of culprits/prisoners in accordance with the policy framework on prison reform and the procedures on the management of prisons, as well as on the education for the inmates on spiritual values, virtue and equity. MOI will prepare a Royal Decree on the Statute of Prison Guards and continue to cooperate with the provincial/municipal authorities and NGOs to strengthen law enforcement and respect of human rights in prisons.

4.30 MOI continues to strengthen the National Police Force to turn it a professionally skilled force equipped with modern technology and courteous officials capable to fulfilling their duties. MOI will also strengthen the police force at administrative posts under the slogan "***police and community***". It would admit students to the Police Academy of Cambodia train them in the police profession, and then recruit them to the national police force in accordance with the Ministry's annual needs. Besides, the Police Academy will organize vocational training courses for prison guards and refresher courses for prison officers.

4.31 MOI continues to enhance international cooperation with the countries within the region and the countries outside the region and with international organizations, especially to enhance the bilateral and multilateral cooperation aiming at the mobilization of the support from international communities for promoting of democracy process, decentralization and de-concentration policy, enhancement of political stability, capacity development for law enforcement officers and preventing cross-border crimes.

COMBATING DRUGS

4.32 The **National Authority for Combating Drugs (NACD)**, will continue to efficiently implement the **5 strategies pans of the 3-Year National Plan on Drug Control**. Those five strategies and seven strategic plans include: (1) Drugs demand reduction, (2) Drugs supply, (3) Strengthening the effectiveness of treatment, rehabilitation and social Reintegration of drug addicts, (4) Strengthening the effectiveness of the Law enforcement, and (5) Strengthening and Expansion the international cooperation. To full fill of implementation the above 5 strategies, the NACD has set up other 7 strategic plans as the following:

1. Education, awareness raising, prevention and saying no to drugs: increasing public awareness of the harmful effects and the impact of illicit drugs upon society. Encourage the involvement of the private sectors in fighting against drugs. Facilitate with relevant ministries and institutions to promote and integrate the program of education on illicit drug and HIV/AIDS from the abuse of drugs into the school curricula of both in formal and non-formal education systems. Promote and prepare mechanism for monitoring and evaluation of drug abuse prevention activities to ensure the future effectiveness.
2. Treatment, rehabilitation, vocational training, life skills, reintegration and being free from drugs: Community based treatment for drug users through drugs and health services of the Ministry of Health. Methadone maintenance treatment program in Cambodia. Development of a drug abuse treatment, rehabilitation and reintegration draft policy. The establishment of the structure of the center for drug treatment, rehabilitation and reintegration of drugs addicts. The creation of a counseling team at the community level. Increasing the capacities of drug treatment, rehabilitation centers.
3. Strengthening the effectiveness of law enforcement agencies: intensify the effectiveness implementation of legislation affairs. Intensify the effectiveness implementation of 1961, 1971, and 1988 International Drug Control Conventions, 1972 protocol and convention on transnational organized crime. Intensify the effectiveness of the implementation of the Law on the control of drugs and other related laws. Strengthening the cooperation to prevent the production, trafficking, and distribution of illicit drugs and strengthening the effectiveness of investigation of law enforcement agencies. Strengthening and expanding the Border Liaison Offices (BLO's). Strengthening the capacity of the NACD laboratory officials. Continue using the mechanism of Computer-Based Training (CBT) to strengthen law enforcement officers. Strengthening the law enforcement affairs to support Harm Reduction programme.
4. Precursor chemicals control: strictly control of precursors chemical and psychotropic substances. Formulation on Drafting legislations and establish the planning on the control of precursor chemicals for preventing of the diversion of legal trade of precursors chemicals into drugs producing and provided law enforcement agencies with a particular skill. Set up controlling plan and the measure of the control of production trafficking of natural oils which consist of Saffrole-rich oil extracted from Saffron trees and others.
5. International cooperation with neighboring countries: Intensify the mechanism of green villages and communes drug-free along the borders. Strengthening the mechanism of Border Liaison Office (BLOs).
6. International cooperation within the region and development partners: Strengthening and expansion of the implementation of all binding obligation stipulated in the agreements and international drugs control conventions and Promote international cooperation with other countries in order to seek the support and assistances in all drugs control activities.
7. Strengthening mechanism of drug control at national and sub-national level: strengthening the structure of the NACD within national and sub-national level. Promote the creation of other Technical Working Groups that would be more necessary on the activities of drugs control. Develop the policy to encourage the officials and other agencies with a remarkable achievement to fight against drugs.

4.33 To reinforce the role of the family and religious values that are the foundation of the social fabric of the Cambodian society, **Ministry of Cults and Religions (MCR)** will continue to actively promote the role of family and adherence to the traditional religious values of the Kingdom. To implement the initiative of ***Samdech Akka Moha Sena Padei Techo Hun Sen Prime Minister of the Kingdom of Cambodia***, MCR has established a programme called "**Buddhism and Society**" by inviting religious scholar of talent, intelligence and aptitude to come and give sermon every Buddhist-saint day (4 times a month) with the purpose of mainstreaming Buddhism for educational purpose amongst pupils, students and ordinary people in order to raise the awareness of morality value for living in the society avoiding the use of drug, domestic violence, pornography, sexual trafficking, and teenager violence. This program was also recorded in CD, DVD and was aired on 22 State-run and private radios-Televisions every day. At the same time, MCR also encouraged other religions to provide morality education through their own religious services vigorously contributing their shares to the development of the nation.

4.34 In the Fifth legislature, **MCR** will continue:

- Increase education particularly the education amongst youth and children so that they understand very clearly the superb value of Cambodian culture, tradition, and customs which are the identity symbols of Cambodian nation and so they participate to preserve, promote, develop this national culture and to reduce the negative impact from the foreign cultures.
- Respect the freedom of holding other beliefs and practicing other religions and will improve Buddhism which is a State religion; chiefly, the renewal of strengthening and expanding all levels of Buddhist schools, publication of religious texts, annotated texts, rules, and Dhamma discipline practice.
- Supports other religions' activities in the society, strengthens the harmonization amongst all religious holders of all religion, fight against any discrimination or split amongst the people arising from their different religious views in order to transform those religions' potentials into forces for driving socio-economic development, peace, solidarity, national tradition, and enhance the value of the morality as well as prevent taking religion to do business; hence, make religion in troubles.
- Establish Buddhist universities in each province as it can afford in accordance with actual situation in order to strengthen the quality of Buddhist education from the Dhamma discipline level to primary level and to higher education level as well as post higher education level through providing training to Buddhist pupils and Buddhist students in Buddhist educational institutions which are available now and will be available in the future.
- Strengthens and enlarges libraries in departments, pagodas, and in Buddhist schools by providing books, religious texts, annotated religious texts, rules and other relevant documents in order to promote reading and research highly effectively.
- Prepare the courses for training the roles, tasks and code of conduct for Khmer Ah Char, by preparing a management in form of Ah Char Khmer association in the nation-wide level from the central cities to local areas such as province level or district level and held a congress to round up the work of Ah Char Khmer association and set up the next target and also going on opening the courses for training the roles, tasks and practicing rules for nuns and renewing to maintain the customs, religions and other religious celebrations.
- Promote the roles of religions particularly Buddhism which is the State religion in contributing to the education of virtue, morality, and character as well as ensuring the

harmonization in Cambodian society through the broadcast of the programming of Buddhism associated with society more widely and reached every walk of lives.

II. Favorable Macro-Economic and Financial Conditions and Environmental Sustainability

A. Policy Priorities for the Fifth Legislature

4.35 During the previous legislature, even though Cambodia had been seriously affected by the global financial crisis and economic downturn RGC succeeded in maintaining macroeconomic stability and consequently, the economy managed to achieve an economic growth of more than 7% during the period after 2009 with <5% inflation, stable exchange rate and increasing international reserves. The continued implementation of **Public Financial Management Reform Program-Stage 2** has helped further strengthen budget credibility and improve financial accountability.

4.36 In order to scale-up macroeconomic stability, RGC in the Fifth Legislature will focus on the following priorities:

1. Ensuring macroeconomic stability and resiliency of the national economy by further implementing a flexible, coordinated and cross-cutting fiscal policy to be consistent with monetary policy; diversifying the export base of the Cambodian economy to align with regional and global demand; increasing "**fiscal space**" and keeping public debt at a manageable level; and strengthening institutional coordination of crisis prevention and resolution mechanism.
2. Pursuing proactive macroeconomic policy to support growth by enhancing private sector development; promoting labor market development; encouraging investment in key sectors aimed at achieving economic diversification and high and equitable growth; and further implementing needed structural reforms, including implementing "**Financial Sector Development Strategy 2011-2020**", to improve economic efficiency and competitiveness for attracting investments and promoting exports.
3. Pursuing a prudent and flexible monetary policy including a more vigilant management of capital flows to help safeguard macro-economic stability and create a conducive environment for development; ensuring an increase in international reserves; continuing to implement a managed float exchange rate regime to maintain stability of the Riel and strengthen public and investor confidence of the local currency to promote its greater use and reduce the high level of dollarization; strengthening and ensuring stability of the financial system especially that of banking system to be accomplished through making it more efficient, integrated and competitive, strengthened supervision and management of liquidity, credit and market risks in compliance with international standards.
4. Continuing to implement the **Public Financial Management Reform Program** aimed at improving the efficiency and effectiveness of Cambodia's public financial management system according to international standards, through:
   - Further enhancing the budget credibility by strengthening revenue collection and management, particularly adoption and implementation of a medium-term revenue mobilization strategy along with improvement in budget execution and cash management.
   - Enhancing financial accountability by developing and introducing a new budget nomenclature, a new chart of accounts and budget entities as well as the **Financial Management Information System (FMIS)**.

- Enhancing links between the budget and policies and accountability for performance by strengthening and expanding program budgeting coverage and improving the implementation of the budget strategic plan with the introduction of a concept paper on strategic directions of budget reform.
- Enhancing the capacity and participation by line ministries/institutions to ensure success in implementing the reform programs.

B. Planned Actions to Implement the Prioritized Policies

SUSTAINABLE GROWTH

4.37 RGC will frame policies to ensure macroeconomic stability, low inflation and a stable exchange rate exchange and enable Cambodia to move out of its **Least Developed Country Status** to become a **Lower-middle Income Country by 2018**, and a **Higher-middle Income Country by 2030**. It will strive to reduce poverty by at least 1% per year, and accomplish its Millennium Development Goals.

4.38 To achieve the said goals, **Ministry of Economy and Finance (MEF), National Bank of Cambodia (NBC) and concerned ministries** will carry out the following activities:

- Continue to implement macro-economic policy: public financial management policy, along with cautious monetary policy.
- Strengthen and expand monetary inflow and invoke crisis management mechanism, to contain turmoil and disaster.
- Continue to develop a strong, market-based financial system, which mobilizes and allocates resources to contribute to economic growth.
- Continue to implement economic diversification policies based on competitiveness of the Cambodian economy and link the economy with regional production value chain with special attention on increasing rice production and milled rice for export, raising manufacturing and agro-industry products also for export, and furthering the **Tourism Development Plan 2011-2020**.
- Facilitate exports (especially agri-exports) through a '**Single Window**' payment, and streamline the approval process.
- Continue to enhance investments in physical infrastructure such as roads, bridges, dams, and irrigation to facilitate agricultural development. A lot of attention will be paid on building the local transportation system to facilitate logistics and investment in power, to ensure a reasonable availability of electricity at price of the electrical power for family, business and industry consumption.
- Increase investments to promote quality education, especially technical and vocational training, to accelerate job creation and industry.
- Attract private investments to ensure economic growth and create jobs, in turn enhance the national budget revenue. Increase the effectiveness of the implementation of reforms related to investment environment and trade facilitation, including fighting corruption, reducing unnecessary bureaucracy, implementing **Legal and Judicial Reform and Public Administration Reform**, and strengthening the rule of law.
- Continue promoting trade through diversifying export markets and accelerating the speed of integration in the free trade framework of ASEAN and the world.
- Continue to implement **Land Reform**, particularly the continued implementation of "**Existing Policy with New Activity**" in the land sector to promote effective land use and ensure sustainable socio-economic development.

- Review the **Revenue Collection Policy** and prepare and carry out **Medium-Term Revenue Mobilization Strategy 2013-2018**.
- Continue formulating and improving the fiscal system to catalyze economic growth, increase effectiveness, reduce smuggling, and ensure social equity.
- Continue not to tax agricultural land, so as to help farmers improve their daily livelihoods.
- Continue to improve laws and legal letters on taxes, continue to spread on taxing property, reduce the annual corporate tax rate and expand the auto-declare regime, improve taxing individuals, follow up on international tax conventions, and revise special levies.
- Strengthen and improve tax administration by building the capacity of customs officers, increase the service delivery to tax payers, strengthen tax auditing, tighten tax collection measures, and improve the surveillance on customs officers.
- Improve customs administration by encouraging the **ASYCUDA System** and urge a full implementation of the Trade Facilitation Policy.
- Complete formulating and putting into effect, the **Law on Non-Tax Revenue Collection** and **Law on State Property Management**, to increase revenues and state property management, as per the PFMR.
- Encourage an enactment of the **Law on Casino Management**.
- Continue increasing the effectiveness of enforcement of laws and legal letters related to non-tax revenue mobilization and enforcement of contracts or agreement on state property management, especially **Economic Land Concession Contracts**, public property leasing, petroleum and mine concession provision and other concessions.
- Encourage research studies on new revenue sources at both national and sub-national levels, to increase national revenues.
- Strengthen the registration of state property by explicating the quantity and prices of the state property.
- Strengthen auditing on all types of revenue collection.
- Continueprioritizing expenditures on education, health, social security, agriculture, land and rural development, and expanding the improvement and maintenance of physical infrastructure such as roads, railways, ports, irrigation, power, clean water supply, schools, and hospitals.
- Continue to implement the policy on increasing the salary of civil servants and armed forces based on economic growth and growth in national budget.
- Expend for promoting the policies on **Promoting Rice Production** and **Milled Rice Export; Agro-Industry Development; Tourism Development Plan (2011-2020)**; and on protection of the sovereignity of the country.
- Continue to promote effectiveness, transparency and accountability in expenditure allocation and management, beginning from the stages of preparation, to implementation, monitoring and auditing of outcomes.
- Strengthen formulation of macro-economic framework, public finance and budget strategic plan.
- Strengthen and expend for program budget implementation of **Medium-Term Revenue Mobilization Strategy 2013-2010**.
- Strengthen strict enforcement of **Law on Public Procurement** and other related legal letters.
- Strengthen internal and external audit on expenditure.
- Expand the financing diversification to its maximum, to respond to the increase in the demand for financing public investments in physical infrastructure.

- Continue to implement the four main principles related to concessional loan, public debt management, for sustaining public debt, promoting long-term economic growth and effective and efficient use of loan.
- Formulate and implement the policy framework on debt-risk management and build capacities in the concerned ministries and agencies (having public debt) to maintain its sustainability.
- Review the private investment regime to provide suitable incentives for long-term development.
- Continue encouraging the development of **Special Economic Zones, Export Refinery Zones, Free Trade Zones**, market development, and business creating services along the borders with participation from the private sector.
- Create a conducive environment for receiving domestic and foreign investment, including facilitating registration and providing licenses and other permission letters [especially through the **One-Stop Service Mechanism** to accelerate operations related to business and investment and to reduce the informal expenses].
- Continue implementing the **Government-Private Sector Forum Mechanism** to resolve the outstanding problems in the private sector.
- Promote entrepreneurship (including SMEs), especially among Cambodian nationals: how to run business, investment options, incentives, consultancy, capital, and techniques.

ENVIRONMENTAL SUSTAINABILITY

4.39 Managing environment and climate change has become another challenge for the sustainability of Cambodia's economic growth and social development due to pressures from population growth, urbanization, expansion and intensification of agriculture as well as development of transport, energy and other sectors. Many environmental issues are cross-sectoral in nature, which requires coordination across government agencies at both national and sub-national levels including cooperation with all the stakeholders.

4.40 In the Fifth Legislature, **Ministry of Environment (MOE)** will continue to take a comprehensive development approach toward environmental management in Cambodia, through:

1. Sustainable management of natural resources.
2. Intensifying efforts to reduce the impact of climate change by strengthening the adaptation capacity and resiliency to climate change, particularly by implementing the **"Cambodia Climate Change Strategic Plan 2014-2023", "National Policy on Green Development" and the "National Strategic Plan on Green Development 2013-2030**".
3. Continuing to strengthen technical and institutional capacity to promote the mainstreaming of climate change responses into the policies, laws and plans at national and sub-national levels.
4. Continuing to introduce measures to control environment and ecosystems.

III. PARTNERSHIPS IN DEVELOPMENT

A. Policy Priorities for the Fifth Legislature

4.41 The RRC has strengthened partnerships with all the stakeholders in development, including the development partner community, the private sector, and the civil society, based on basic laid down principles and global commitments, to assure ownership of the RGC in leading the national development process.

4.42 The increasing presence of non-traditional development partners, particularly from the Asia region, and new modalities of cooperation - such as **South-South** initiatives from former aid recipients and innovative forms of finance directed to meet regional and global challenges such as climate change, human trafficking and migration - usefully enriches the development landscape of Cambodia with new thinking, approaches and financial resources. Likewise, the private sector and the non-governmental, non-profit sector have proven to be effective development actors and there are sufficient positive examples of them partnering with government to highlight the potential for closer and enhanced collaboration in the future. In the face of growing diversity and the opportunity accorded thereby, development can, and should, move beyond the narrow emphasis conventionally placed upon the financial assistance provided by traditional aid donors.

4.43 Under the proven leadership ability of the RGC, effective development partnerships must accommodate a diversity of actors and innovative modalities, embracing the differentiated contribution made by each toward common goals of the country in an inclusive partnership. To take full advantage of the potential offered by the diversity of development partners and finance, it is therefore necessary to understand and accommodate the different motivations and management practices amongst diverse partners and funding sources, both public and private, so that common ground can be established for setting and monitoring results in the context of the development effectiveness approach.

4.44 A review of achievements, challenges and opportunities demonstrates that the national and global development context now requires a greater emphasis on the achievement of results and the adoption of approaches that support planning, partnership and monitoring. For the development effectiveness approach to be meaningful, however, activity to strengthen partnerships, achieve results and to develop sustainable capacities must be linked to national planning, budgeting and monitoring frameworks while ODA-supported efforts need to become more closely integrated with the Government's reform programmes to build effective institutions. A results-based approach must also be associated with national and sector monitoring frameworks that promote and guide effective development partnerships in addition to being linked to the attainment of national development goals.

B. Planned Actions to Implement the Prioritized Policies

4.45 RGC in the Fifth Legislature will focus on:

1. Continuing to strengthen partnership in development with all stakeholders in order to mobilize financial resources from all sources for the country's development based on the principle of ownership and leadership of the cooperation initiatives by the Royal Government.
2. Preparing and implementing the **"Strategy on Development Cooperation and Partnership 2014-2018"**. The main objective of this strategy is to strengthen **comprehensive partnership with all stakeholders** in the new context in which Cambodia has to address two main challenges: (1) the necessity to redefine the role of development cooperation financing due to a global decline in grant financing and developments in the partnership arrangements with individual partners, and (2) the anticipated decline in concessional financing when Cambodia reaches a lower-middle income country status in the near future. Moreover, this strategy will also highlight the Royal Government's full commitment to key universal principles of development cooperation as agreed in various summits.

3. Continuing to promote and enhance the effectiveness of the **Government-Private Sector Forum** in order to strengthen the role of this mechanism in providing alternative policy options and recommendations that contribute to enhanced participation of private sector in development, as well as to strengthen its role in addressing business related bottlenecks and concerns it faces in Cambodia.
4. Conducting an annual consultative meeting between the Government and NGOs while at the same time promoting the enactment of the law on associations and NGOs through broader consultation with all concerned stakeholders to ensure efficiency, transparency, and accountability of their operations.
5. Continuing to strengthen **Cambodia Development Cooperation Forum, Government-Private Sector Forum, Consultative Meeting between Government and NGOs, and Bilateral Consultation** mechanisms, with the aim to transform all these fora into a "**Cambodia Development Forum**" which will serve as a unified platform for dialogue between the Royal Government and all its stakeholders, including development partners, private sector and NGOs as well as other relevant stakeholders, to discuss development issues in the country.

IV. DEEPENING CAMBODIA'S INTEGRATION INTO THE REGION AND THE WORLD

A. Policy Priorities for the Fifth Legislature

4.46 During Fourth Legislature, RGC made notable progress in improving physical connectivity with countries in the region and deepening economic and trade liberalization through comprehensive regulatory reforms, improving the investment climate and trade facilitation, including through measures to achieve consistency of Cambodia's trade regime. RGC has also actively contributed to formulating ASEAN's architecture.

4.47 Trade being a major source for economic growth and poverty reduction, RGC will make further strides on the path of trade liberalization, aimed at free movement of goods and services within the country and between Cambodia and her trade partners. RGC will continue promoting access to Cambodian products in the regional and world markets, thereby creating more jobs, and fueling economic growth.

4.48 In the Fifth Legislature, RGC will continue focusing on attracting investments from both domestic and foreign sources, diversifying the production base, expanding export markets, promoting transport connectivity and logistics systems, improving the regulatory framework, strengthening institutional mechanisms including conflict resolution mechanisms, and enhancing capacity building to ensure favorable environment for Cambodia's development.

B. Planned Actions to Implement the Prioritized Policies

4.49 To implement the priority policies for the Fifth Legislature, the RGC will continue to further strengthen inter-ministerial coordination, adopt laws and regulations required to meet the obligations of membership in international and regional organizations (especially the ASEAN), as well as strengthen the capacity of the concerned governmental institutions to effectively enforce the adopted laws and regulations.

4.50 To accelerate the integration of Cambodia in the region to access regional markets and to promote trade, RGC will give priority to:

1. Committing to effectively fulfill its role in the regional and international affairs.
2. Introducing the required policies, in particular the **Industrial Development Policy,** to move the country to a higher value chain in the regional and global economy, especially

within the rapidly growing Asian market, while at the same time paying attention to upgrading skills and vocational training at all levels.

3. Further improving the regulatory framework aimed at improving business, trade, and investment environment.
4. Taking measures to increase Cambodia's export market through product diversification; negotiate to open up new markets with other countries within and outside the region; improve the transport infrastructure and logistics systems, including the provision of Information and Communication Technologies (ICT) to facilitate movement of goods and services, including in financial services; and comply with the non-tariff barriers such as standards, and sanitary and phyto-sanitary standards (SPS).
5. Effectively implementing all ASEAN-related agreements and join the ASEAN Community by 2015 as an equal partner.
6. Establishing necessary frameworks to manage changes resulting from its participation in ASEAN Economic Community expected to be in place by 2015, and ensuring that Cambodia's best interests are served especially in managing the labor market and movement of workers.

3. PROMOTION OF AGRICULTURAL SECTOR

4.51 Cambodia's agriculture continues to play an important role in supporting economic growth, ensuring equity, securing food security, and developing the rural economy. RGC's vision is to modernize Cambodia's agriculture based on a new approach and with changed scope and pace, to transform this sector from primarily depending on expanded use of available resources (such as land and other natural resources) and traditional agricultural inputs, into one which primarily depends on the application of techniques, new technologies, mechanization and irrigation to improve the yield rate, and diversify activities into high value crops, livestock, and aquaculture in an environmentally sustainable manner. At the same time, the effort will be further promote commercialization in agriculture.

I. IMPROVED PRODUCTIVITY, DIVERSIFICATION AND COMMERCIALIZATION

A. Policy Priorities for the Fifth Legislature

4.52 In meeting this objective, RGC made remarkable progress in the following:

- The average annual growth of crop production was 5% during 2008-2012; average paddy yield increased from 2.74 tons per ha to 3.13 tons and total paddy production from 7.17 million tons to 9.31 million tons during the same period.
- Farmers diversified into crops other than rice, such as corn, cassava, sugarcane, cashew nut, pepper and others; non-paddy crops were grown in 770,000 ha in 2012 compared to 210,000 ha in 2008, while the area under rubber nearly doubled, reaching 280,355 ha since 2008.
- Formal rice export reached 200,000 tons in 2012, while securing food security, compared to a negligible quantity exported in 2008, rubber export rose by 3.5 times during the same period, reaching 50,000 tons in 2012; and export of other crops increased from over 3,000 tons to nearly 50,000 tons during 2008-2012. The introduction and implementation of the "**Policy on the Promotion of Paddy Production and Rice Export**" and "**Cambodia Natural Rubber Development Strategy 2011-2020**" have significantly contributed to these achievements.

4.53 The Royal Government of the Fifth Legislature will exert more efforts to maintain the targeted agricultural growth of 5% per annum through enhanced productivity, diversification and commercialization. The Royal Government will focus on:

1. Further improving the productivity of all crops by strengthening and expanding sustained extension services and market information; extending the outreach of the supporting services structure to local levels and linking them to the concerned networks and other stakeholders; promoting R&D for productivity improvement and adaptation to climate change; promoting production and use of quality seeds; further investing in irrigation and rationalizing water use; improving collection and storage facilities; and preparing and improving the regulatory framework for seed production, import of agricultural inputs, contract farming, agricultural land-use, water-user associations, as well as human resource development in this sector.
2. Further promoting agricultural diversification through promotion of R&D; disseminating new crops having potential for production expansion and exports; strengthening the environment to attract private investment, especially in research, production and distribution of seeds, and agro-processing; intensifying cooperation with all stakeholders, aimed at transfer of "knowledge and know-how"; and promoting the use of agricultural machinery.
3. Further promoting commercialization through implementing laws and policies and strengthening institutional arrangements to promote trade and export of agricultural products, including effective implementation of the law on agricultural cooperatives, enhanced processing capacity, further improvement in trade facilitation including "**one-stop services**", strengthened logistics system, enhanced quality of agricultural products according to international standards, improved capacity to provide affordable credit, and enhanced partnership between farmers and traders and between large-scale agro-industries and household farming.
4. RGC will further promote the implementation of the **"Policy on the Promotion of Paddy Production and Rice Export"** and **"Cambodia Natural Rubber Development Strategy 2011-2020"**.
5. The aim should be to raise the value added per ha from USD 997/ha in 2007 to USD 1,450/ha in 2018 (average, all crops).
6. Promote special programs to promote holder-based agriculture, which include access to adequate financial and non-financial services for these farmers, access to markets and a regulatory framework for crop-based collateral borrowing.
7. Promote programs for agriculture land conservation and agriculture land improvement through:
   - Establishment of agricultural land law and other regulations under law to protect agricultural land from transfer to other uses.
   - Establishment of technical code conduct in using agricultural land in the purpose of maintaining and improving of soil fertility.

B. Planned Actions to Implement the Prioritized Policies

4.54 To implement RGC's priority policies for the Fifth Legislature, **Ministry of Agriculture, Forestry and Fisheries (MAFF)** will continue updating the Agriculture Sector Strategy and seek support to implement the strategy. Some specific proposals:

- Promoting agricultural productivity and diversification:
  - Enhancing infrastructure for research, development and technology transfer at all levels.
  - Enhancing research, technology development capability and crop management systems.
  - Enhancing introduction of good quality seeds and reviewing the renewal of 10 rice varieties that not matches to the real situation of Cambodia.
  - Enhancing soil fertility management to combat land degradation and desertification.

- Assessing and classifying land for crop zoning and land use plan.
- Enhancing and strengthening the knowledge of crop protection and yield improvement through integrated crop management system.
- Promoting research and development, and promoting the use of pre and post-harvest technology to maintain quality and reduce losses.
- Promoting Good Agricultural Practice (GAP) to ensure quality of the products and safety standards.
- Strengthening interventions to get rid of pests and secure the crop from natural disasters.

- Strengthening agricultural system and services:
  - Improving agricultural technology services.
  - Strengthening agricultural extension work at the commune and village level.
  - Developing guides on agricultural extension service.
  - Assessing and analyzing agro-ecosystems at the commune and village levels.
  - Creating Agricultural Centers at the commune level.
  - Developing technical implementation procedures.
  - Researching on household- and farm economic situation.
  - Studying the technical information needed for farmers' and users' attitudes.
  - Scaling-up agricultural technology information through publishing and distributing agricultural extension booklets through public media and other public forums.
  - Creating and running Tele-Center at the district and commune levels.

- Establishing and strengthening agricultural cooperative:
  - Studying and assessing the role of agricultural organization and cooperatives.
  - Developing principles for agricultural cooperative development and promoting, establishing and strengthening the capacity of agricultural cooperatives.
  - Developing agri-business networks.
  - Organizing annual agricultural/farmers' assembly.
  - Building a model infrastructure for cooperatives.
  - Strengthening public officials' ability to support cooperatives.
  - Promoting agricultural product exhibitions at national, provincial and district levels.

- Promoting agricultural land use and management:
  - Agricultural land policy formulation.
  - Agricultural land law preparation and consultation (on-going).
  - National action plan to combating agricultural land degradation preparation and consultation (on-going).
  - Policy and strategic plan for agriculture conservation formulation.
  - Technical guidelines of agriculture land use and management for the specific crop and agricultural production.
  - Researching and implementing soil/land use and management in mitigation and adaption to climate change and disaster risk reduction.
  - Improving land restoration and soil fertility for sustainable soil/land management.
  - Assessing and classifying soil/land for mapping.
  - Developing agricultural land use plan and zoning.
  - Evaluating on crop-water use requirements related to different types of soils.

- Promoting agricultural mechanization:
  - Selecting appropriate agricultural machinery for Cambodia and improving agricultural machinery supply-chain, and improving users' skills, especially for reducing costs.
  - Providing agricultural machinery service through enhanced knowledge on technology use among farmers, manufacturers and service providers.

- Promoting research and development in pre- and post-harvest technologies using machinery.
- Strengthening knowledge on farm infrastructure technology.
- Promoting networks between researchers, traders, manufacturers, agricultural machinery sellers and farmers' cooperative.

- Providing market-orientation for agricultural products:
  - Developing national standards for agricultural products.
  - Strengthening laboratory services for quality and product safety.
  - Strengthening research and monitoring on produce quality through inspections.
  - Disseminating information on domestic, regional and global market requirements.
- Strengthening institution, legislation and human resource development:
  - Furthering the drafted law on crop protection and phyto-sanitary law and the on land management and utilization.
  - Developing legislation on crop management, copyright of breeders and farmers' cooperatives.
  - Organizing training on gender mainstreaming in the agriculture sector.
  - Promoting capacities of farmers in modern farming practices, farm diversification, '**farming systems**' approaches, and aspects of finances and markets.

Agricultural Research and Development

- Germplasm conservation, evaluation, and utilization for crops including wild species of food value.
- Breeding to improve rice varieties for abiotic and biotic stresses, yield and quality, in rain-fed lowlands.
- Breeding to improve very early / early maturing rice varieties tolerant to BPH (Brown plant hoppers) and bacterial leaf blight disease (*Santhomonasoryzae*pv*oryzae*).
- Breeding to develop high-yielding variety legumes, maize, mango, and vegetables.
- Enhancing seed production systems and utilizing seeds that CARDI has released.
- Conduct research to develop technologies and approaches towards sustainable land management and determine plant nutrient requirements for rice-based cropping systems (1. EWS+WS, 2. Recession + Pre-rising water, and 3. Fully irrigated with 3 crops), and bio-energy crops (cassava).
- Conduct research to develop technology and approaches towards sustainable and optimal use of irrigation waters.
- Conduct research to develop agricultural tools for pre-harvest operations.
- Conduct research to develop technologies about pest management, including rats, golden apple snails, insects and weeds with particular focus on preventive strategies.
- Develop cost-effective technology packages for viable cropping systems in lowlands (rain-fed and fully irrigated) and uplands.
- Conduct research to develop technologies for crop production in coastal zones under conditions of climate change.
- Conduct research to develop approaches that help minimize **Green House Gas Emissions** and also assess the impact on climate change.
- Conduct research to develop information on crop insurance schemes.
- Conduct research to develop technologies for Integrated **Watershed Management Systems** to improve productivity and sustainability promote best practices in the utilization of soil and water.

- Conduct research to assess the effectiveness of 'Conservation Agriculture' under Cambodian conditions.
- Conduct research to assess the effectiveness of farm mechanization.
- Conduct research to assess the impact of climate variability on the quality of grains, vegetables and fruits.
- Improving farmers' capacities in adapting to climate change in agriculture.
- Assessing the impacts of CARDI's technology adoption and utilization by farmers on the rural economy.
- Improving Information Communication Technology (ICT), public awareness, training course, and knowledge transfer, to improving farmers' livelihoods.
- Strengthening the capacity and skills of researchers and extension workers through in-country and overseas training courses.

II. Promotion of Livestock Farming and Aquaculture

4.55 RGC has cancelled all fishing lots and has made all fishing areas available for artisanal fishing. It has also formed and strengthened fishery communities and fisheries conservation zones, and implemented measures to protect inundated forests, especially in areas surrounding the Tonle Sap Lake, a breeding habitat of many aquatic species.

4.56 RGC in the Fifth Legislature will promote broader livestock farming and aquaculture through introducing a policy framework based on the value chain principle, and also accounting for issues such as food safety standards and market regulation functions, especially sanitary and phyto-sanitary standards. At the same time RGC would continue implementing measures aimed at ensuring sustainability of both freshwater and marine fishery resources. The government will focus on the following areas:

1. Further implementing **Strategic Planning Framework for Fisheries 2010-2019** with the aim of boosting fish production to serve domestic consumption and export markets by relying on 3 pillars: (1) freshwater and marine-based natural fisheries, (2) freshwater and marine aquaculture, and (3) facilitating processing and trade.
2. Promoting the development and implementation of livestock farming policy and strategy.
3. Enhancing R&D in areas such as breeding, animal health and feed production, and farming systems both in livestock and aquaculture sectors.
4. Promoting the adoption of the law on animal health and production to provide the basis for the institutional arrangement and management of this sector, aimed at strengthening enforcement of sanitary standards for animal products, and strengthening and enforcing animal sanitary and phyto-sanitary measures to prevent and combat the outbreak of animal diseases, and to protect public health.
5. Encouraging investments in medium and large-scale animal feed production to support livestock farming, along with improvements in the extension services system, animal breeding, credit and market access for farmers, incentives for private investment in processing of livestock and fisheries products, establishment of modern slaughterhouses as well as facilitation of trade in livestock, livestock products, and fish and fisheries products.

4.57 **MAFF** will take key prioritized actions to:

- Promote laws and regulations.
- Develop human resources for livestock production.

- Decrease prevalence of morbidity and mortality of animals through better veterinary services.
- Improve the quality of animal food production and animal breeding stocks.
- Promote the use of animal manures for bio-gas production.
- Strengthen research and dissemination of animal health and livestock production.
- Improve credit services for establishing bio-gas.
- Promote investments in livestock production and veterinary services, and foster markets for animals and animals-originated products.
- Continue collaborating with national and international organizations, DPs, and the private sector, for both technical assistance and funds.

Agro-Industry Sector

4.58 **MAFF** will put following plans and prioritized actions for the agro-industry sector in the next 5 years:

- Establish information systems on processing agricultural products.
- Provide technical support to rural areas.
- Enforce laws for economic land concession companies.
- Strengthen development partnership.
- Strengthen law and regulations.
- Strengthen institutional and staff capacity.
- Mitigate impacts of climate change through development of agro-industries.
- Respond to gender-mainstreaming in agro-industry sector.
- Pay special attention to strengthening the paddy processing industry.

Rubber Sector Development

4.59 Rubber development is based on the **Strategy for Natural Rubber Development in Cambodia 2011-2020**. It has 6 core strategies, as below:

- Guarantee the quality and productivity of the planting material.
- Study the legal accessibilities of the potentiality of available land suitable for rubber cultivation.
- Encourage smallholder cultivation of rubber.
- Promote rubber estates to be the nucleus of small holders development.
- Enhance rubber value chain.
- Improve the role of the **General Directorate of Rubber**.

Table 4.1: Estimated Rubber Areas from 2012-2018

No	Type of Rubber Plantation	Unit	Year of Planting							Total
			2012	2013	2014	2015	2016	2017	2018	
1	Agro-Industry (Ex-Estate plantation)	Ha	54.360	1.000	1.000	1.000	1.000			58.360
2	Agro-Industry (ELCs)	Ha	118.449	20.000	20.000	20.000	15.000	15.000	15.000	223.449
3	Smallholdings	Ha	107.696	5.000	7.000	7.000	6.000	5.000	3.000	140.696
Total			**280.505**	**26.000**	**28.000**	**28.000**	**22.000**	**20.000**	**18.000**	**422.505**
Grand Total				**306.505**	**334.505**	**362.505**	**384.505**	**404.505**	**422.505**	**422.505**

***Source**: Ministry of Agriculture, Forestry and Fisheries*

Table 4.2: Estimate Mature and Immature Area Production and Yield from 2012-2018

Year	Area (ha)			Production (tons)	Yield Kg/ha/year
	Mature	Immature	Total		
2012	55.361	224.993	280.354	64.525	1.166
2013	79.636	225.870	305.506	102.979	1.293
2014	109.381	225.125	334.506	137.524	1.257
2015	141.616	220.890	362.506	181.557	1.282
2016	183.632	200.874	384.506	240.801	1.311
2017	219.137	185.368	404.506	300.793	1.373
2018	278.506	144.000	422.506	380.934	1.368

***Source**: Ministry of Agriculture, Forestry and Fisheries*

4.60 The key monitoring indicators of progress in the implementation of MAFF programs are presented in Table 4.3.

Table 4.3: Key Indicators for Agriculture, Forestry and Fisheries

Key Indicators	Unit	2014	2015	2016	2017	2018
Yield (Paddy)	tons/ha	3.15	3.18	3.21	3.23	3.25
Cultivated area (paddy)	Million ha	3.10	3.15	3.20	3.28	3.34
Rice production	Million tons	9.76	10.01	10.28	10.56	10.85
Paddy surplus	Million tons	5.24	5.41	5.60	5.79	6.00
Area under all crops (incl. permanent crops and plantation)	ha	4,814,534	5,024,534	5,234,534	5,444,534	5,654,534
Agricultural community	Nos	475	575	675	775	875
All kinds of Animal production in 3% increment	Million heads	35.86	36.93	38.03	39.17	40.34
% of Animals having vaccination	%	10	12	15	17	20
Number of slaughterhouses that have good standard	Nos	25	50	75	100	125
Cultivated area (rubber)	Ha	306,500	334,500	362,500	384,500	404,500
Yield of rubber	Kg/ha/year	1,257	1,282	1,311	1,373	1,368
Dried rubber production	Tons	137,520	181,560	240,800	300,800	340,930
Aquaculture (15% increased)	Tons	97,800	112,500	129,400	148,800	171,170
Fish catch (all sources)	000 tons	752	790	829	870	910
Fishery community	Nos	516	516	516	516	516
Protection Forest and Wildlife Conservation Area	Ha	50,000	50,000	50,000	50,000	50,000
Community forestry	Nos	32	32	32	32	32

***Source**: Ministry of Agriculture, Forestry and Fisheries*

III. LAND REFORM AND CLEARANCE OF MINES AND UXO

A. Policy Priorities for the Fifth Legislature

4.61 During the Fourth Legislature RGC made significant achievements in land management. This included enactment of the **Law on Expropriation** and other regulations

on urbanization, construction and land management; issuance of more than three million land titles through the regular registration process; implementation of the "**Old Policy-New Action**" Framework; distribution of lands under social land concession and land grant schemes to more than 53,000 families; and registration of large state-owned lands, economic land concessions, long-term land leases, and indigenous people's communal lands. Moreover, RGC encouraged out-of-court land dispute settlements, applying existing mechanisms and the "**Old Policy-New Action**" Framework. Furthermore, the large increase in the lands cleared of mines and ERWs increased the total available land for development purposes. RGC's substantial investment in mine- and ERW clearance activities paved the way for public investments in physical infrastructure in the areas rendered free of mine fields.

4.62 During the Fifth Legislature, RGC will intensify land reforms, focusing on strengthening the management, organization, utilization and distribution of lands that will contribute to reducing poverty, ensuring food security, protecting the environment and natural resources, and socio-economic development, within a market framework. RGC will focus on the following priorities:

1. Further promoting the formulation of a comprehensive land policy entitled **"White Paper on Land"**.
2. Promoting the preparation of Law on Land Management and Urbanization and Law on Agricultural Land.
3. Accelerating land registration and issuance of land titles including for state lands, private lands and indigenous community lands through regular land registration process and further implementing the **"Old Policy-New Action"** policy giving priority to land titling in dispute-free areas in order to guarantee security of title and ensure confidence in land ownership.
4. Further promoting the establishment of the database of land management and land use to provide the basis for the proper planning of land use and land classification under the following categories: agriculture, industry, tourism, rural areas, town, residential areas and protected areas, with the view to rationalize land use and avoid inappropriate use or conversion of land. The focus will be to further study and classify land according to different agricultural potential in each geographic area.
5. Further ensuring transparent and efficient management, conservation and use of land and natural resources to ensure the sustainability of the environment and socio-economic development, prevention of illegal forest encroachments and enforcement of strict measures against those who illegally grab state land or keep land idle for speculative purposes, intensification of drive for confiscation of economic land concessions in case of violation of contract agreement or regulations, and cessation of granting new economic land concessions.
6. Further distributing and using state land, especially the confiscated economic land concessions and cleared minefields, in a transparent and equitable manner, for development purposes that respond to the needs of the poor, disabled veterans, families of deceased soldiers and veterans who have genuine need to use the land, through the implementation of social land concessions and land grants.
7. Further exempting land tax on household farms and supporting the farmers in enhancing the productivity of land use through the construction of transport networks, irrigation systems and other essential infrastructure.
8. Resolving land disputes in an effective, transparent and just manner in accordance with existing law and regulations through either court or out-of-court land dispute settlement mechanisms.

9. Stepping up the implementation of the **"National Mine Action Strategy 2010-2019",** especially the clearance of the remaining mines and UXOs of the war to expand arable land, secure safety of infrastructure development and further reduce mine and UXOs explosion accidents.

B. Planned Actions to Implement the Prioritized Policies

4.63 To implement RGC's priority policies for the Fifth Legislature, the **Ministry of Land Management, Urbanization, and Construction (MLMUC)** will take actions as follows:

Land administration

- Measuring land and giving land titles to the people within the framework of the implementation of the "**Old Policy-New Action**", related to the 3 types of state lands: forest concessions, economic land concessions, and confiscated land.
- Prevent state land from further encroachment after the 07th of May 2012.
- Speeding up of all types of land registration(to reach at least 6 to 7 million parcels throughout the country) and accelerating land dispute resolution to achieve the target plans of land registration accordingly 52% by 2014, 57% by 2015 and 70% by 2018.
- Drafting and finalizing a new land law and other related legislations such as Pre-emption law, **Secularization Law, Law on Land Tax**, land measurement and land sub-division.
- Draft of Comprehensive land policy is ready for sending to council of minister
- Draft and adopt the National Policy on Land and Properties Valuation System and related legal policy documents for implementation, as well as to develop maps for valuating properties in accordance with the practical situation of the country.
- Drafting and getting approval of national policy on land information system and legal regulations.
- Drafting and adopting the policy for establishing a one window cadastral service system.
- Study the status of land possession rights that can be granted to farmers for legal possession and seasonal cultivation around Tonle Sap Lake and low-land areas covered under the Mekong River's water scheme.
- Continue registering land titles for indigenous communities.
- Providing technical support for setting commune (administrative boundaries) where the demarcations are not clear.
- Prepare a **Policy on Public and Private Partnership (PPP)** on the land sector.
- Strengthening the effectiveness of the data complied on land through better dissemination of the statistics.

Land Management and Urban Planning

- Make and approve the Law on **Land Management and Urban Planning**, and related legal policy documents for implementing this Law.
- Adopt and use effectively, according to the hierarchy as set by the Policy on Land Management of the Kingdom of Cambodia, the Royal Decree and Sub-decree on the Establishment of a Committee for Land Management and Urban Planning at all levels for land management plan in municipalities and provinces, especially for Phnom Penh City and provinces that lie along the coastal areas; master plans and land use plans for municipalities and urban areas of provinces lying next to the borders of Cambodia, Vietnam and Laos.

- Enhance the effective implementation of Cambodia's coastal zones management and development through the Circular on Coastal Zones Management and Development, and to push for adoption and implementation of integrated strategy for developing Cambodia's costal zones and Preah Sihanouk Master Plan aiming to sustainably maintain the prestige of the most beautiful beach in the world and the green environmental zones of the Cambodian Sea.
- Continue to adopt the National Housing Policy in order to resolve housing problems for poor people so they can live in safety, welfare, and in dignity.
- Continue to provide technical support to the councils of all municipalities, districts, khans, communes, and sangkats in the preparation of master plans and land use plans.
- Strengthen the effectiveness of work on collection, compilation, and production, as well as the dissemination of data and statistics for land management and urban planning.

Land Distribution

- Preparing the national policy on the distribution of land in Cambodia.
- Find and identify available land for social land concessions such as unused land, land contractually cancelled from economic land concessions (ELCs) due to non-operation/non-production, and demining land by preparing land stocks for the purpose of land distribution program under the long, medium and short terms goal.
- Speed up the development of a policy on partnership between small, medium and large-scale farms between social land concessions and economic land concessions.
- Provide opportunities for acquiring small (credit) loans service to social land concessionaires and recipients receiving land gifts from various programs of the RGC, including the implementation of RGC's Directive 01 (2012) in order to use land as a real property for improving farmers' livelihoods by issuing SLC titles so that it can be used for hypothec, mortgage during the interim period in which the law stipulates that a landholder shall have full land ownership rights after occupying the land for 5 years.
- Strengthen the social land concessions mechanism, especially the committee in charge of using and distributing land at the municipal and provincial levels must encourage the implementation of procedures related to land use and state land distribution in provinces where lands are available for social land concessions program, and the provinces where lands are not available but where land recipients have been carefully selected. At the same time, the countrywide acceleration of implementing the social land concessions distribution program will be continued based on stock of state land (state land inventory) in the implementation of new action under the existing policies for the land sector to ban on irregularities of illegal occupation/ encroachment on state land.

Management Development and Construction

- Coordinate and facilitate the investments in the construction sector by paying attention to the strengthening of partnership with the private sector to boost the country's economy and create employment opportunities for citizens.
- Prepare and adopt the Construction Law, construction standards, sub-decrees, and legal policy documents relating to the construction work for effective implementation. Strengthen mechanism and capacity of technical staff in order to effectively improve the administrative services, and continue to implement the de-concentration policy in the construction sector.

- Continue to widely disseminate to the general public the legal policy documents relating to construction work and the procedures on requesting a permit for building constructions.
- Enhance the capacity of physical persons and legal persons who make professions in the construction sector, and to better uphold the local construction industry to be able to compete, study/implement the construction project, and build mega constructions by ourselves, as well as to provide reliable services with quality and effectiveness both in the country and in the regions.
- Strengthen the effectiveness of work on collection, compilation, and production, as well as the dissemination of data and statistics for the construction sector.

CLEARANCE OF MINES AND ERW

4.64 Although significant progress has been made in clearing of mines and ERW, large land areas remain presumably contaminated with landmines and ERW. They constitute a serious impediment to socio-economic development and claim lives and limbs. The targets set are still to be reached, as the magnitude of landmine clearance is greater than the country's capacity to clear them. According to the Article 5 of this Convention, Cambodia has requested an extension of the period of time for landmine clearance up to 2019 to clear the remaining affected by mines and EWR contaminated land. In addition, large areas contaminated by ERW still remain to be surveyed in the coming years. In close collaboration with concerned institutions, the **Cambodian Mine Action and Victim Assistance Authority (CMAA)** have formulated **National Mine Action Strategy 2010-2019** in order to support the landmines and ERW clearance activities.

4.65 The **National Mine Action Strategy (NMAS) 2010-2019**, aims to reduce casualties caused by landmines and ERW through clearance operations and mine-risk education. The strategy would also improve the national capacity to address the landmine and ERW problem and also help remove land mines elsewhere in the world.

4.66 Effective planning and prioritization of clearance is important for ensuring efficient use of limited resources and casualty reduction. CMAA will continue to improve the current planning and prioritization process, which has now been integrated with the Commune Investment Program. CMAA will ensure close consultation between mine action and other relevant sectors at all levels to forge a cross-sector synergy and cooperation. Furthermore, the CMAA will continue to refine the application of land release methodologies to release contaminated lands in a cost effective manner.

4.67 Sustained financial support from the government and DPs will continue to be required to achieve the mine action objectives.

4.68 Table 4.4 below presents annual strategic indicators and targets of the mine action sector for the period from 2014 to 2018.

Table 4.4: Key Indicators on Mines and ERW

Indicators	Unit	2012	2013	2014	2015	2016	2017	2018
Number of casualties caused by landmines and ERW (killed and injured)	Person	186	167	151	136	122	110	99
Number of casualties caused by mine and ERW tampering (killed and injured)	Person	125	112	99	86	73	60	48
Landmine and ERW contaminated land cleared/released (based on information from the Baseline Survey)	Ha	8,293	8,708	9,143	9,600	10,080	10,584	11,113

Source: Cambodian Mine Action and Victim Assistance Authority

IV. SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES

A. Policy Priorities for the Fifth Legislature

4.69 The Royal Government of the Fifth Legislature will reinforce and broaden the management of natural resources to strike a **"balance between development and conservation"**, in particular, increase the contribution of natural resources to the development of agriculture sector by ensuring: (1) green cover, forest and wildlife conservation; (2) the sustainability of fisheries resources; and (3) the sustainability of the ecosystem, so that the quality of land and sustainability of water sources could be improved by focusing on the protection of biodiversity, wetlands and coastal areas.

4.70 To achieve this objective, the Royal Government will implement a comprehensive and cross cutting approach, aimed at improving the effectiveness and equity in the exploitation of natural resources, by (1) clearly determining the ownership of natural resources; (2) developing an appropriate incentive scheme for the conservation of natural resources and empowering the sub-national government, communities and individuals to participate in their conservation by focusing on training, information sharing as well as strengthening social capital, and institutional accountability and transparency; and (3) stepping up cooperation with concerned stakeholders under the framework of green growth and climate change. RGC will place priority on:

1. Further managing forest and wildlife resources in a sustainable and equitable manner, in accordance with the **"National Forest Program 2010-2029"**, in particular through better law enforcement and governance, demarcation, classification and registration of forest, effective management and exploitation of state and private forests, implementation of measures for improving the livelihoods of and promoting participation from forest-dependent communities, enhancement of management and effectiveness of conservation measures, reduction of deforestation and degradation of forests, intensified tree planting and forest rehabilitation, strengthening the conservation of wildlife and wildlife sanctuaries, development of institutional and human capacity, and promotion of research studies and their dissemination.
2. Further strengthening the management and conservation of fishery resources in a sustainable manner in line with the **"Strategic Planning Framework for Fisheries Sector 2010-2019"** and the **"Declaration on the National Policy for Fisheries Sector"**, especially through the suppression of all violations of laws, rules and regulations related to fisheries including tightened control of fishing gears and fishing period, elimination of overfishing, strengthening fishing communities' capacity for the management, use and conservation of fisheries resources, protection of biodiversity and aquatic-animal habitats, control of freshwater and seawater quality through pollution minimization, protection and replanting of flooded forests and mangroves, demarcation of flooded forest and fisheries conservation zones, development of institutional and human capacity, and preparing research studies and their dissemination.
3. Intensifying the implementation of necessary measures to ensure the sustainability of the ecosystem, aimed at ensuring the quality of soil, and surface and underground water for serving the agriculture sector and the livelihood of Cambodian people by promoting the preparation and effective implementation of policies and regulations, as well as related action plans and programs for the management of protected natural areas such as national parks, wildlife sanctuaries, protected landscape areas, multiple use areas, wetlands, biodiversity conservation areas, natural heritage conservation areas, and maritime parks, and in particular, strengthening the implementation of **"Law on the Environmental Protection and the Management of**

Natural Resources", **"Law on Protected Natural Areas"** and **"Guideline on the Development of Coastal Areas in the Kingdom of Cambodia"**.

4. Stepping up cooperation with relevant development stakeholders under the framework of the **"National Policy on Green Development"** and the **"National Strategic Plan on Green Development 2013-2030"** through the development of regulatory frameworks and mechanisms for carbon trading, strengthening the capability, preparation and implementation of climate change adaptation measures, assessment of the scope of the use of environmental financing mechanisms including payment for environmental services and environmental fund, strengthening the management of protected natural areas including protection of biodiversity, rain forests, and wetland areas; and environment and ecosystem monitoring and control mechanism at both national and sub-national levels.

B. Planned Actions to Implement the Prioritized Policies

Forestry Reform

4.71 To implement RGC's priority policies for the Fifth Legislature, the **Forestry Administration (FA)** has prepared an action plan to implement the **National Forest Program** effectively, which includes nine strategic priorities, as below:

- Maximize sustainable forest contribution to poverty alleviation, enhanced livelihoods, and equitable economic growth.
- Continue formalizing titles to the indigenous peoples and permit them access to NTFP.
- Adapt to climate change and mitigate its effects on forest-based livelihoods.
- Develop land use planning that allows for holistic planning across sectors, jurisdictions and local government borders (Land Use Policy and Spatial Planning).
- Achieve good forest governance and enforcement at all levels.
- Raise awareness, capacity of institutions and quality of education, to enable sustainable implementation of the National Forest Program.
- Ensure environmental protection and conservation of forest resources.
- Apply sustainable management models adapted to different forestry contexts.
- Develop sustainable financing systems.

4.72 The **National Forestry Program** consists of six major programs, which can be implemented and monitored over 20 years.

- Forest demarcation, classification and registration.
- Conservation and development of forest resources and biodiversity.
- Forest law enforcement and Governance.
- Community Forestry.
- Capacity and research development.
- Sustainable forest financing.

4.73 FA has prepared an action plan to implement the **National Forest Program** effectively, which includes eight priorities strategic sub-programs for annual implementation as below:

- Management and Conservation of Forest and Community Forestry.
- Development of Forest Plantation.
- Conservation of Biodiversity and Zoo Management.
- Development of Forest Product Processing Technology and Trade.

- Research and Development of Forest and Wildlife.
- Forest Law Enforcement and Governance.
- Management of Forest Financing, Planning and M&E.
- Wildlife rescue, rehabilitate, breeding and reintroduction/reinforcement into the natural forest.

Fisheries Reform

4.74 To carry forward the Vision of the Fisheries Sector, RGC has implemented fisheries reforms in 2012 when it abolished the remaining 80 fishing lots, releasing 415,218 ha, of which 317,715 ha (76.50%) are designated for small-scale fishing and establishing additional 47 community fisheries for sustainable management and the use of the fishery resources. Some 97,503 ha (23.5%) of the erstwhile lots have been declared as conservation areas for further protection of the stock. Thus, the total area resulted from abolishing the fishing lots is 953,740 ha, which is now converted into community fisheries and fishery conservation areas.

4.75 In its Fifth Legislature, RGC will continue to attach high priority to encouraging fishing communities to participate in managing the natural resources by providing guidance and technical training. To this end, the Royal Government will ensure the proper demarcation of the fishing lots.

4.76 In order to ensure that the price of the fish reflects true economic value, RGC will establish an efficient fish market mechanism. This mechanism will include making the bidding process for the fishing lots more transparent.

4.77 RGC will further strengthen national resource conservation, especially promoting the linkage of conservation to eco-tourism. RGC will continue to take action against illegal encroachment of flooded forests, use of illegal fishing gears, and all anarchic activities preventing the conservation efforts.

4.78 Promoting aquaculture is necessary to preserve fish resources. RGC will provide a package of assistance to the fish farmers, including technology, seed, credit and market. Improvement in law enforcement through the existing mechanism will continue to be the priority.

4.79 The **Fisheries Administration (FiA)** will focus its efforts to strengthen the management, conservation, and development of sustainable fishery resources. To be able to sustain the fisheries resources and ensure availability of fish for consumption, FiA will continue to implement the Ten Year SPF 2010-2019, following three development pillars, namely:

- Sustainable management of inland and marine fishing.
- Promotion and development of inland and marine aquacultures.
- Improving the quality and safety of fisheries products for domestic consumption and export.

4.80 In addition, to achieve the commitments specified in the **NSDP 2014-2018**, the FiA has proposed that three important targets to be included:

- Fisheries Strategic Planning Framework 5 year targets (2014-2018) are met.
- A comprehensive strategy for regional cooperation to address issues facing fisheries in Cambodia, including climate change, upstream damming of rivers, and environmental degradation, developed and fully implemented.
- Fish availability for local consumption to remain at least at 52.4 kg/person/year.

4.81 To achieve the vision of the fisheries sector and the above targets, FiA commits to implement seven key goals as follows:

- Contribution of fisheries to national prosperity remains high and sustained.
- Livelihoods of people engaged in fishing are at least at the national average, and improving.
- The fisheries stock and associated resources are in a healthy and resilient condition and sustainably managed.
- Fish is a plentiful, healthy and valuable source of food.
- Fishing businesses are profitable and sustainable.
- Fisheries sector is effectively managed, developed, and conserved in cooperation with the neighboring countries.
- Policy, regulatory and sector-support environment is appropriate and enabling.

4.82 To achieve the above, FiA has come up with key priority activities as below:

- Continue to implement the **Prime Minister's Recommendations "where there is water there is fish"**.
- Continue research and development.
- Expand human resource development in the FiA at both central and sub-national levels.
- Develop both, inland and marine aquaculture.
- Support community fisheries and rice-field fisheries.
- Reduce losses in fish processing and wastage especially in small-scale fish processing.
- Conservation and protection through key activities as below:
  - Installing concrete poles within the conservation areas for firmly them.
  - Demarking boundaries and installing poles to protect flooded-forests.
  - Protecting and conserving deep pools in the upper Mekong.
  - Sustainably managing important fish habitats.

Environmental Protection and Conservation and Climate Change

4.83 To implement RGC's priority policies for the Fifth Legislature, **Ministry of Environment (MOE)** will consider the following:

- Implement the Cambodia Climate Change Strategic Plan 2014-2023.
- Adopt Green Growth and low carbon development strategies, which are key to sustainable economic development.
- Strengthen the management of protected areas to eliminate illegal exploitation of natural resources, and curb illegal land and forest clearings.
- Evaluate environmental impacts of any development projects proposed.
- Maintain a high quality environment: it should be chemical-free; by monitoring and inspecting polluting sources and monitoring water, soil and air.
- Adapt to climate change and mitigation measures for reduction of greenhouse gas emissions.
- Strengthen the implementation of bio-safety and biotechnology activities.
- Strengthen environmental education and dissemination of environmental information.

4.84 MOE will prepare the following legislations:

- Prepare the climate change legal framework which will include updating institutional arrangement, financing arrangements, and mainstreaming of climate change across sectors.

- Developing a Law on the Management of Environmental Pollution.
- Developing a Law on Environmental Impact Assessment.
- Developing a Law on Green Growth.
- Developing a Law on Biodiversity.
- Developing a Law on Chemicals Management.
- Developing a Law on Ratification on Minamata Convention on Mercury.
- Developing a Sub-decree on the Establishment of Funds for Natural Protected Areas.
- Developing a Ministerial Order on adjusting the management structure of the natural protected areas.
- Amending the Sub-decree on the environmental impact assessment.
- Developing a Sub-decree on Social Funds.
- Establishing a M&E unit for LMSSP.
- Developing a Sub-decree on the management of electric and electronic appliances within waste management.
- Issuing a circular on management of waste water, to municipal and provincial authorities.
- Issuing circular on scientific collection, transportation, recycling and disposal of solid waste and rubbish.

4.85 In the area of environmental impact assessment, MOE will in collaboration with concerned the ministries and agencies, ensure sustainable use of natural resources by conducting environmental impact assessments, prior to the implementation of development projects. It would undertake the following:

- Develop guidelines for environmental impact assessment in the sector of oil and gas, agriculture, tourism and infrastructure.
- Strengthen technical capacity of technical staff at all levels on environmental impact assessment.
- Monitor implementation of environmental management plan presented in the environmental impact assessment report, and implement environmental protection agreements with project owners.

4.86 In the area of *water pollution control*, MOE will:

- Monitor the quality of public water in rivers, streams, lakes and public sewers.
- Look into possibilities to expand the monitoring of public water quality.
- Monitor pollution caused by waste water from factories and enterprises.

4.87 Other environmental management approaches:

- Monitor air pollution and disturbance by noise and vibration.
- Look into possibilities of monitoring air pollution in the capital and provinces.
- Monitor hazardous wastes management.
- Strengthen the quality and capacity of laboratories.
- Strengthen the capacity of capital and provincial environment officials, and promoting public awareness on environmental pollution and public health.

4.88 In the area of *management of natural resources and climate change*, MOE will:

- Produce maps, install boundary poles, demarcate the boundary of controlled areas, and carry out data management in Protected Areas (PA).
- Establish National Flora Park and National Marine Park.
- Demarcate potential areas for enhancing livelihood of the communities living in PAs.

- Strengthen management and conservation of wetlands, biosphere, and coastal zones
- Continue to organize Wetland Day.
- Strengthen the capacity of the secretariat of the National Committee for Climate Change Management, in coordinating inter-ministerial activities and also in managing national climate change funds.
- RGC is committed to full implementation of **Cambodia Climate Change Strategic Plan 2014-2023**, which includes:
  - Put in place and implement national monitoring and evaluation systems for climate change projects.
  - Create a knowledge management system for collection, analysis, and dissemination of data/knowledge, including knowledge of local communities on climate change.
  - Improve a greenhouse gas inventory system: data collection, storage, analysis and modeling.
  - Establish a national registration system for greenhouse gases reduction mechanisms, and foster implementation of appropriate mitigation activities (AMA) and greenhouse gas-reduction activities under different mechanisms within various priority sectors that provide multiple benefits.
  - Mobilize funds and technical assistance for implementing the main activities outlined in the action plan and strategic plan to address sectoral climate change issues of the relevant ministries/institutions, including research activities, to support policy development.
  - Coordinate and enhance capacity and public awareness on climate change at national and local levels.
  - Coordinate developing a national adaptation plan and develop implementation strategies for addressing medium- and long-term adaptation needs.

4.89 RGC is committed to develop an economy based on Green Growth principles, as stipulated in the national policy on Green Growth, and the **National Strategic Plan on Green Growth for 2013-2030**. Green Growth focus will be on ensuring harmony between economic and environmental development; environmental protection; green investments (and creating green jobs); green technologies; economic reforms taking into account green incentives (especially green taxes, green finance, green credit and green micro- and macro-finances); and human resource training and green education.

4.90 Some activities in *Green Growth* proposed are:

- Mainstreaming principles of green growth, green economy, and low-carbon development into all sectors.
- Developing national action plan on Green Growth.
- Promoting education, training and capacity building on awareness about Green Growth.
- Promoting green investment that utilizes green technology.

4.91 In the area of *management of natural protected areas*, MOE will:

- Adjust management structures of natural protected areas to be consistent with the D&D Policies.
- Increase effectiveness of the management of investment projects within the natural protected areas in conjunction with Green Growth policies.
- Develop strategies to increase forest cover through reforestation.
- Strengthen management of green belts through strengthening the management of community natural protected areas.

- Build conservation capacity by creating biodiversity research centers, national parks, plant nursery fields, and modernization of advanced technologies.

4.92 In the area of *Biodiversity*, MOE will:

- Develop a national policy and regulations on biodiversity and access and benefit-sharing (ABS) of genetic resources.
- Update National Biodiversity Strategy and Action Plan (NBSAP).
- Implement UN Convention on Biodiversity.
- Mainstream biodiversity issues into the development plans of each sector.
- Develop and manage a biodiversity information system.

4.93 In the area of *bio-safety and modern biotechnology*, MOE will:

- Strengthen bio-safety and modern biotechnology activities under the Cartagena Protocol on Bio-safety to contribute to environmental conservation, human health, and poverty reduction.
- Strengthen the capacity to analyze DNA of living modified organisms.
- Improve people understanding on bio-safety.

4.94 In *environmental education*, MOE will:

- Integrate environmental education at all levels in education.
- Enhance the informal environmental education by integrating knowledge and culture (traditional and contemporary), into the main environmental issues.
- Strengthen human resource development for environmental education, for sustainable development.
- Improve ways to exchange environmental information, skills and resources in the region and providing support for environmental education and training through formal and informal networks.

Disaster Management

4.95 In the Fifth Legislature, RGC will implement the "**National Action Plan for Disaster Risk Reduction 2014-2018**" through participation from all concerned parties in the government, development partners, private sector, and civil society organizations. To achieve the strategic goals of disaster management, the **National Committee for Disaster Management (NCDM)** will carry out the following programs:

- Continuing to mainstream disaster risk reduction into policies, plans, and sustainable development programs at all levels. The main focus will be on disaster prevention, risk reduction, preparedness, and mitigation the vulnerability, with specific attention on women and children.
- Strengthening the legal framework, legal instruments, standard operation procedures, and policy guidelines, and establishing a mechanism in accordance with the actual requirement, by connecting local levels with regional and global levels.
- Strengthening capacity of national and sub-national officials, particularly at the community levels, on disaster-risk reduction, climate change adaptation, and hazard resilience.
- Integrating disaster-risk reduction into the preparation and implementation of disaster preparedness, emergency response and recovery programs to minimize disaster losses, and encourage full participation of RGC institutions, civil society organizations, and the private sector.

4.96 RGC will strengthen the role of the **National Committee for Disaster Management** in coordinating and implementing "**National Action Plan and Strategy on Disaster Risk Reduction 2014-2018**", which includes five major components:

- Strengthen Disaster Management Institutions at the National, Sub-national, and Local Community Levels, to ensure the effectiveness of disaster-risk reduction by:
  - Improving and finalizing the law on disaster management.
  - Establishing and strengthening disaster management mechanisms by defining the organization and functioning of the national, sub-national, and local levels.
  - Developing policy guidelines, legal instruments and the legal framework to support disaster risk reduction activities.
  - Mainstreaming disaster risk reduction into policy guidelines and development plans at all levels.

- Enhancing Disaster Risk Assessment and Monitoring and Improving Early Warning System by:
  - Conducting risk-assessment at the national, sub-national, and local levels.
  - Developing vulnerability and hazard maps.
  - Developing the disaster database management system.
  - Recording, analyzing, and disseminating the disaster losses information.
  - Setting up an Early-Warning System (EWS) on hazards for Sangkat/commune, particularly communities exposed to hazards.
  - Establishing Emergency Operation Centers (EOC) at national and sub-national levels.
  - Developing capacities in technological research for forecasting natural hazards and other hazards.
  - Improving existing data for further assessment, monitoring and early warning in conformity with the regional and international sectoral bodies.
  - Strengthening capacity of recording, analyzing, disseminating, and exchanging information for hazard assessment and monitoring.

- Developing new knowledge and innovation, providing training and building the culture of safety and disaster resilience by:
  - Collecting, compiling, and disseminating knowledge and information on hazards, vulnerabilities, and capacities to the people for building the culture of prevention and disaster resiliency.
  - Providing simple and understandable information on disaster risk to people at the risk of getting exposed to hazards.
  - Developing Sangkat/commune disaster risk reduction plans.
  - Strengthening cooperation and promoting partnership among relevant stakeholders, including professionals involved in socio-economic activities for disaster risk reduction.
  - Accessing new information, space technology and other services, including the interpretation of satellite maps, and putting them to use.
  - Making the standard international terminologies on disaster-risk available in Khmer, for utilization in specialized institutions as training materials.
  - Integrating disaster the risk-reduction concept and disaster prevention program into school and higher education institution curricula.
  - Developing training modules and curricula on disaster risk reduction for the different levels (planners, emergency managers, and administrative officials).
  - Strengthening technological and scientific capacities to assess vulnerabilities and hazard-prone areas in relation to the climate change.

- Establishing national and sub-national forums for disaster risk reduction.
- Promoting participation of communities in sustainable education campaigns and public debates at all levels.

- Reducing the Risk Factor by:
  - Mainstreaming disaster risk reduction related to climate change into the disaster risk reduction and climate change adaptation strategy.
  - Mainstreaming the disaster risk reduction plan into the health, education, agriculture, forestry and fishery, and rural development sectors.
  - Enhancing hazard resilience of communities in the drought, flood, storm, and other hazard prone areas.
  - Strengthening disaster recovery plans, to include socio-psychology training programs, in minimizing the adverse impact on the victims, particularly women and children, in post-disaster times.

- Strengthening preparedness for Effective Emergency Response at the National, Sub-National and Local Community Levels by:
  - Developing preparedness plan for emergency response and updating the contingency plan to be effective at all levels.
  - Forming the emergency response coordinating teams.
  - Forming search and emergency rescue teams.
  - Forming disaster assessment coordinating teams.
  - Developing a coordinating procedure in accordance with ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) and implementing the ASEAN Agreement on Disaster Management and Emergency Response (AADMER).
  - Undertaking a disaster preparedness simulation exercise, including the real exercise, to ensure rapid and timely response and providing relief to the affected localities.
  - Allocating funds for emergency response.
  - Constructing safe areas, equipped with bathrooms, latrines, and shelters for humans and animals.

RURAL DEVELOPMENT

A. Policy Priorities for the Fifth Legislature

4.97 RGC in the Fifth Legislature will continue attaching high priority to alleviating poverty on priority. Rural Development is central to poverty reduction since more than 75% population lives in rural areas. RGC will further foster implementation of integrated rural development programs, focusing on the factors that have positive impact on rural poor people, *viz*. institutional capacity strengthening and human resource development, implementation of the Integrated Rural Accessibility Planning (IRAP), rural road construction, rural water supply, primary health care and rural sanitation, community development, and development of rural economy.

4.98 Institutional and human resource capacity development in this sector has been progressing though the development of policy and regulatory framework necessary for the implementation of rural development activities including the following national policies, national strategies and other regulations:

Policy 1: To ensure that the standard of living in rural areas is promoted and that the gap narrows, drawing close to urban areas in 2025; and

Policy 2: To promote rural economic growth through integrated rural development with participation from both national and international communities.

4.99 To achieve the rural development goals, RGC will continue focus on:

- Institutional capacity strengthening by means of further consolidating and developing institutions through developing physical facilities and legal and regulatory framework, as well as concerned institutions, at all levels through strengthening Provincial/Capital-City Rural Development Departments and District/Khan Rural Development Offices.
- Human resource development through continued provision of training in different skills.
- Further implementing IRAP preparation and other public investment programs on rural services and infrastructure.
- Provision of rural transport infrastructure to improve rural people's accessibility to services and facilitate transport of rural products to markets.
- Further provision of support to commune/sangkat councils for implementing small-scale rural infrastructure projects.
- Improvement of accessibility to safe-drinking water (from multiple sources) and sanitation in rural communities residing in water-scarce areas, as well as water for irrigation. In this regard, innovations in sanitation at localized environments need encouragement, preferably with participation from communities (CLTS).
- Add O&M expenses in all RD activities.
- Promote "one village one product" schemes to encourage development of high value-added products and attract the private sector.
- Support the commune/sangkat councils to lead community-based participatory village development processes, and foster participation of citizens, particularly the armed-forces families living along western and northern borders, to transform the former battlefields into regions of peace and development.
- Annual budget increase of ministries' and agencies' expenditure budgets by 1%, to be spent for development of the areas along CLV and CLT borders.
- Further promoting rural development through an increase of the scope of micro-finance and fostering effective use of low interest rate rural credit.

B. Planned Actions to Implement the Prioritized Policies

4.100 In order to achieve RGC's priority policies, **Ministry of Rural Development (MRD)** will:

- Continue implementing PFMR Phases 2 and 3 by promoting the establishment of budget units in MRD.
- Start to implement the Financial Management Information System (FMIS).
- Continue to update the budget strategic plan, 3-year rolling and annual public investment plans.
- Continue to improve and put into operation, follow up, monitor and evaluate systems for the ministry's projects and programs.
- Continue to train officials of the District Rural Development Office, and repair/ construct Departments and Offices of Rural Development in provinces.
- Attract investors to invest in the rural areas having water, roads and electricity, to reduce immigration and create employment opportunities locally.
- Continue to cooperate with NGOs and development partners.
- Continue implementing the public administration reform program.
- Continue preparing and implementing D&D programs.

- Continue to improve human resources in the Ministry of Rural Development.
- Continue to build capacity and train civil servants at all levels.
- Continue to evaluate the training needs of civil servants of MRD and the impact of training of those who have attended training.
- Continue disseminate information about ministerial affairs through magazines and newsletters.
- Establish basic vocational training centers in all provinces.
- Establish National Rural Development Center or Institute.
- Continue implementing the gender program.
- Continue carrying out maintenance and repair of rural roads and other structures.
- Continue to improve the surface of rural roads from laterite to double bituminous surface or concrete.
- Continue to prepare an inventory of rural roads and complete it for 24 capitals and provinces.
- Commence conducting a study of some rural roads and civil engineering structures to adapt them to climate change.
- Train Village Development Committee (VDC) in adaptations to climate change and use of appropriate scientific knowledge acceptable locally.
- Mainstream preparedness and reduction of disaster risk in the rural community;
- Continue to train VDC in creating village development plans.
- Continue to strengthen activities of the Rural Development Centers in Takeo, Kampong Speu, Svay Rieng, Prey Veng, Kampong Cham, Battambang and Pursat provinces.
- Continue to educate (people) about health care and sanitation and construct latrines for citizens in the rural community.
- Continue providing clean water to rural areas through repair, maintenance and construction of wells, ponds, giant jars.
- Establish a national M&E System on rural water supply and sanitation.
- Prepare a budget strategy for safe water supply and sanitation focusing on the poor and vulnerable households.
- Define roles for sub-national agencies, in particular communes/sangkats and districts, in delivery of safe rural water supply and sanitation services, in line with the guidelines and capacity building programs.
- Design a national program on change of behavior.
- Raise awareness about protection from aids.
- Develop a financing strategy for water and sanitation focusing mainly on poor and vulnerable households.
- Define the roles of sub-national government (communes and districts) in the delivery of water and sanitation related services by providing them with guidelines on the implementation and capacity building programs.
- Continue to carry out repair and construction of small-scale irrigation systems to supply water for small- and medium-scale agricultural enterprises.
- Continue to educate [people] about health care and sanitation as well as construct latrines in rural communities.
- Continue to develop the villages at the border regions to the west and north (Cambodia-Thailand borders) and the triangle area of Cambodia, Vietnam and Laos.
- Continue to implement the Family Food Security Program in villages.
- Construct an ethnic minority development and conservation center in Mondul Kiri.
- Continue to strengthen credit service to the rural poor people.
- Develop small-scale businesses and enterprises.
- Develop rural community and economy.

Table 4.5: Key Indicators of Ministry of Rural Development

Indicator	Unit	2012 Actual	2013 Est.	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Rehabilitation of Rural Roads – out of total 40,000 km	Km	26,900	27,750	28,600	29,450	30,300	31,150	32,000
Rural road covered with double bituminous surface treatment (DBST) or concrete	Km	-	125	550	980	1,430	1,880	2,330
Access to Improved Drinking Water - % of Rural Population	%	42%	44.2%	46.70%	50.%	53%	67%	60%
Access to Sanitation – % of Rural Population	%	33.3%	37.5%	42%	46%	50%	55%	60%
Number of ethnic minority communities whose identities have been recognized	Community	80	100	130	160	190	220	250
Number of villages given training to VDCs in the Village Development Plan	Village	673	1,610	1,800	2,0000	2,200	2,400	2,600
Studying and carrying out trial construction of rural roads 450 km with a bituminous surface which is 100% adaptive to climate change	Km	0	0	67.50	157.5	270	360	450
Building the capacity of the VDCs in the option of adapting to and reduction of climate change and the use of appropriate and scientific knowledge acceptable at the locality	VDC	0	0	1854	2472	3090	3708	4326

Source: Ministry of Rural Development

ONE VILLAGE ONE PRODUCT

4.101 To achieve RGC's priority policies related to promotion of One Village, One Product (OVOP), **Council for Agriculture and Rural Development (CARD)** will:

- Continue strengthening the OVOP movement, including the capacity building to the relevant concerned agencies, community and institutions, developing the relevant documents to promote One Village One Product Movement.
- Mapping OVOP products.
- Develop the partnership with relevant institutions/organizations for promoting One Village One Product.
- Encourage the community people to produce OVOP products with high quality, decoration and marketing.
- Nomination OVOP representatives from eighteen selected provinces.
- Develop OVOP pilot projects in eighteen provinces (6 pilot projects for 2014-2015 for 10 provinces).
- Develop advocacy campaign by all kinds of media and IEC materials to promote OVOP movement at National, Sub-National and International levels.

- Develop the competition award for local product of OVOP movement in 18 target provinces.
- Encourage the participation of youth, universities, associations, communities or relevant working groups in promoting OVOP activities.
- Develop the coordination mechanisms for planning, implementing, monitoring and evaluation of OVOP works.

4. THE DEVELOPMENT OF PHYSICAL INFRASTRUCTURE

4.102 The four sides or sub-components of this component of the Rectangular Strategy Phase III deal with: (i) The Development of transport and urban infrastructure, (ii) Water resources and irrigation system management, (iii) Electrical Power Development; and (iv) Development of information and communication technology (ICT).

I. DEVELOPMENT OF TRANSPORT AND URBAN INFRASTRUCTURE

A. Policy Priorities for the Fifth Legislature

4.103 To respond to the needs of the next higher stage of development, the objective of Royal Government of the Fifth Legislature is to promote further development of all modes of transport infrastructure as well as urban infrastructure supported with a vibrant, safe and efficient logistics system aimed at contributing to the enhancement of national competitiveness and people's welfare. RGC will place priority on:

1. Stepping up the construction of national, provincial and rural roads, particularly by targeting the paving of 300 to 400 Km of additional roads per year with asphalt or concrete pavement.
2. Directing more attention to the repair and maintenance of the transport system, particularly roads through the strengthening of mechanisms and enhancement of road repair and maintenance system, including effective and strict enforcement of punitive measures against overloading.
3. Further focusing on traffic safety through the improvement and stricter enforcement of the "**Law on Land Traffic**", including the strict enforcement of measures against traffic violation, strengthening vehicle safety inspection and the system for issuance of vehicle roadworthiness certificates, the mechanism for issuing driving licenses, installation of traffic signs, facilitation of traffic flow, professional ethics and competence of law enforcement officers, as well as promotion of public awareness and dissemination of information on traffic safety in accordance with the slogan: "**Today, Tomorrow: No Traffic Accident**!".
4. Designing and implementing the **Master Plan for Transport Infrastructure Development** to connect all parts of the country and with the neighboring countries through developing multi-modal and cross border transport systems along with an efficient and competitive logistics system aimed at promoting investment, trade, tourism and rural development, with focus on the completion of railroad restoration and development, further development of airport and seaport infrastructure, assessment of the potential for investment in inland waterway transport as well as finding alternatives to monopolistic transport services and intensified implementation of various cross-border agreements and protocols signed by Cambodia.
5. Preparing necessary policies and legal framework for the management and development of infrastructure, such as the **Law on Roads** and related regulations addressing road standards and quality, **Law on Ports and the Law on Road**

Transport to facilitate the implementation of **Master Plan for Transport Infrastructure Development**.

6. Preparing a **Master Plan for Urban Infrastructure Development**, in particular public transport in urban areas and connectivity of production centers on the outskirts of municipalities, main economic poles, industrial zones and special economic zones to reduce traffic congestion, improve national economic efficiency and competitiveness, as well as enhance welfare of people and ensure environmental sustainability through consistency with the framework of land management and urban planning including **National Policy on Housing**, laws related to land management, urbanization and construction, **National Strategy on Development of Municipal and Urban Areas**, installation of solid and liquid waste management system as well as fire prevention and firefighting system.
7. Further encouraging participation of the private sector in the development of transportation infrastructure by strengthening and improving the "**public-private partnership**" mechanism through the introduction of policy on the promotion of public-private partnership in Cambodia in order to attract and facilitate the implementation of infrastructure projects financed by the private sector.

B. Planned Actions to Implement the Prioritized Policies

4.104 **Ministry of Public Work and Transport (MPWT)** is responsible for implementing the national policy concerning construction of all public works. Its different instruments are (i) Developing legal and regulatory frameworks and cooperate with ministries and agencies; (ii) Constructing and maintaining roads, bridges, ports, railways and waterways; (iii) Formulating regulations for developing roads, bridges, ports, railways and waterways; (v) Participating in and coordinating laws and regulations pertaining to construction of transport infrastructure and transportation; (vi) Undertaking other construction activities assigned by RGC; (vii) Cooperating with the State Secretariat of Civil Aviation for airport construction works; (viii) Promoting participation of women and men.

4.105 To implement the prioritized policies during the Fifth Legislature, MPWT will carry out the following activities:

A. *In the Road Sector*, MPWT will:

- Improve more 3,500 Km of road infrastructure in the next 5 years.
- Improve 1-Digit National Roads – expand from DBST to AC pavement.
- Widen 1-Digit NRs from 2 lanes to 4 lanes in and around major cities.
- Increase a pavement ratio in 2-Digt National Roads from 50% to 90%.
- Install drainage facilities in 1-Digit National Roads, for flood control.
- Increase traffic signals in the Capital Area for smooth and safe traffic.
- Introduce bus public transportation system in the Capital Area.
- Install ICTV cameras in 1-Digit NRs to check the over speed and over loaded vehicles to reduce traffic accidents and improve road safety.
- Encourage for constructing high speed roads (1st Priority is Phnom Penh to Preah Shihanouk).

B. *In the Road Transport Sector*, MPWT will:

- Continue enforcing the sub-decree on management of repair garage and processing/ assembling garage.
- Continue enforcing the sub-decree on road transport business.
- Continue enforcing the Prakas on the Procedure of Vehicle Registration.
- Continue enforcing the law on road transport contracts.

- Formulate a new draft law on road traffic.
- Reduce the time for issuing vehicle registration, license plate, and driving license.
- Improve the officers' capacity.
- Modernize the vehicle registration and inspection system using IT system.

C. *In the Waterway Work, Inland Waterway Transport and Maritime Transport*, MPWT will undertake the following:

Waterway Works

- Continue dredging the navigation channel from Phnom Penh to Kratie.
- Conduct water depth survey in upper-stream and lower-stream Mekong River.
- Invite the private sector to develop river ports.
- Complete the hydrographic survey in the Mekong up to Kampong Cham.

Inland Waterway Transport

- Develop river navigation channels and install navigation aids.
- Continue formulating and enforcing related laws, rules and regulations, such as the law on inland waterway transport; sub-decree on format and procedure for issuing garage business permit; sub-decree on management of inland waterway transport; and sub-decree on location and technical specification of navigation beacon, signal, flashlight, whistle and emergency siren.
- Continue to revise sub-decree on river navigation.
- Continue preparing master plan on inland waterway transport and encourage private participation in shipping activities.

Maritime Transport

- Formulate the Cambodian Maritime Code.
- Formulate Prakas on port entry permit given to foreign vessels to call ports in Cambodia.
- Formulate sub-decree on establishing national system for response and cooperation in case of oil-spill at sea.
- Formulate sub-decree on crew book.
- Formulate certificate of competency.
- Enforce laws, provisions and rules of agreement related to maritime transport.
- Complete the electric marine chart in Preah Sihanouk Port.
- Complete the multi-purpose terminal at Preah Sihanouk Port.
- Enhance the promotion of Preah Sihanouk Port SEZ and fulfill all rents.
- Provide user-friendly services for vessels.

D. *Railways Sector*, MPWT will:

- Provide both local and overseas training to officers at all levels under cooperation with the Technical Consultant Canarail.
- Complete rehabilitating the north line between Phnom Penh and Poipet to connect to Thailand.
- Complete the rail freight terminals at Phnom Penh and Preah Sihanouk.
- Ensure efficient railway operations under the concessions contract.
- Encourage for extending railway construction.

E. *Road Safety*, MPWT will:

- Continue the preparation of 10 years road safety action plan.

- Prepare for the defense of national road safety policy by further urging the legal enforcement of road traffic law.
- Monitor the process of safety helmet inspection center construction.
- Continue organizing the seminar on road safety management.

F. *Monitoring Trucks*, MPWT will:

- Design methods and strategies to crack down on non-performing activities by reforming the management system of (overloaded) truck inspection.
- Draw maps and make transport reports for sending to Trucking Companies and truck owners.

G. *Transport Planning*, MPWT will:

- Make transport policy and planning in each transport sector.
- Make a national expressway master plan and start initiating priority projects.
- Make a national railway master plan and start initiating priority projects.
- Make a national port master plan and invite private investment in ports.
- Promote environmentally sustainable transport plan.
- Integrate all transport policy and planning as a national transport policy and planning.

H. *Freight Service, Multi-modal Transport, Logistics, and Shipping Services*, MPWT will:

- Prepare, in collaboration with concerned ministries/agencies, a master plan on logistics supply and multi-modal transport to enable trade facilitation.
- Increase the efficiency of freight sending services, multi-modal transport, logistics, and of Kampuchea Shipping Agency & Brokers (KAMSAB).
- Support the activities of KAMSAB to enable it to play its roles as freight sender, representative and service provider, on behalf of ship-owners or ship chartering entities or freight owners, and as logistics provider; at the same time, ensure efficiency, safety, quality, and timely delivery to destinations at reasonable costs.
- Increase freight capacity of Preah Sihanouk Port and Phnom Penh Port.

I. *Urban Transport*, MPWT will:

- Strengthen environmentally friendly urban transportation.
- Plan public transport in major urban centers.
- Prepare a new master plan and development of infrastructure for urban transport, including a project for commuter light train to contribute to reduction of CO2 emission.
- Foster efficient, effective, and safe urban public transport infrastructure, and services managed and owned by the private sector.
- Put in place additional measures for the management of traffic, to minimize traffic congestion.
- Enforce the Traffic Law and improve road safety.

J. *Management of Statistical Database and Planning*, MPWT will:

- Strengthen and improve planning, statistics, data management, and information dissemination in the transport sector.
- Strengthen human and institutional capacity in the transport sector.

K. *Development of Policy, Legal, and Regulatory Framework*, MPWT will:

- Implement Road Traffic Law.
- Continue formulating laws, sub-decrees, Prakas and other legal documents related to public works and transports.

CIVIL AVIATION

4.106 **State Secretariat of Civil Aviation (SSCA)** is responsible for managing and developing the Cambodia's civil aviation sector to ensure safe, secure, efficient, and cost-effective international and domestic air transportation services of international standards and maximize the sector's contribution to Cambodia's economic and social development. The SSCA will be implementing the following prioritized activities:

- Strengthen international cooperation in civil aviation sector:
  - Gradually integrate into and harmonize with ASEAN, GMS, CLMV Open Sky Policies, and other international cooperation frameworks.
  - Develop and enhance institutional capacities, particularly the management structure of the SSCA to transform the management system from a centralized one to one, which is decentralized.
- Strengthen flight security and safety:
  - Amend the **Law on Civil Aviation**, adopted and promulgated to meet the needs of strengthening flight security and safety, and minimize the impact of air transport services on climate change.
  - Update and formulate regulations for technical and economic norms, and for environmental sustainability, in the civil aviation sector.
  - Enhance security and safety based on the existing laws and regulations.
  - Institute official agreements on security, safety, and operational data exchanges with neighboring countries.
- Strengthen air navigation and aerodrome services:
  - Improve and modernize identified airports, including operationalizing the new system of **Communication Navigation Surveillance/Air Traffic Management (CNS/ATM)**.
  - Promote participation of the private and public sectors in the development of airport infrastructure and aviation services, in particular, foster private investment in activities directly and indirectly related to the aviation sector.
  - Control and coordinate businesses under concessional agreements.
  - Further enhance the capacity and knowledge of female employees to improve the role and status of women in air transportation services.
  - Develop information technology, meteorological information system, statistical data system, and conduct studies and researches.

II. WATER RESOURCES AND IRRIGATION SYSTEM MANAGEMENT

A. Policy Priorities during the Fifth Legislature

4.107 RGC has rehabilitated existing irrigation systems, constructed new ones, and taken other measures to maximize the full potential of irrigation systems. RGC has also established water-user communities with increased participation from farmers.

4.108 RGC in the Fifth Legislature will continue to enhance water resource management and develop irrigation systems; undertake repair and maintenance of irrigation infrastructure where required; promote integration between irrigation, and hydropower and transportation; and develop legal framework, institutions and human resources. RGC will place priority on:

1. Pursuing the expansion of irrigation systems through mobilizing public and other resources in order to rationally increase irrigation capacity, focusing on enhancing standards and quality of irrigation infrastructure, effectiveness of investment and

construction of water storage reservoirs, and development of a fully extended irrigation system, with attention on needed preparations for adaptation to climate change.

2. Improving the effectiveness of irrigation system management, with emphasis on strengthening policy and legal frameworks and water use mechanisms, improved maintenance and financing through formulation and implementation of a master plan for water resources and irrigation system management, continuing to strengthen maintenance mechanisms, repair and rehabilitation of irrigation systems including formulation and implementation of legal arrangements related to the management of farmers and water users associations, river basins, and water quality; and human resource and institutional developments.
3. Stepping up institutional coordination aimed at harmonizing development of irrigation infrastructure, hydropower and transportation to increase effectiveness of investment and use of water resources.
4. Enhancing the sustainability of the use of water resources through vigorous implementation of "**Law on Water Resources Management of the Kingdom of Cambodia**" and other related laws.
5. Improving flood management and prevention by developing water release infrastructure, flood prevention dams, water storage reservoirs and water diversion channels to reduce impact from floods.
6. Further expanding the coverage of clean water supply to the rural and urban areas through the rigorous implementation of "**The National Strategy for Rural Water Supply and Sanitation 2011-2025**", including formulation of a clear action plan and encouraging participation from the private sector.
7. Further strengthening and expansion of monitoring, forecasting and institutional mechanism for dissemination of timely and more accurate hydrological and meteorological information in particular, to ensure safety of cultivation and to prepare for adverse effect of disasters.
8. Stepping up involvement in international cooperation in the water sector to ensure the sustainability and effectiveness of water resources use as well as to address negative impacts arising from floods, droughts and climate change.

4.109 RGC will strive to provide clean water supply to the people for better livelihoods in accordance with the **Cambodia Millennium Development Goals (CMDGs)**, and will also preserve the ecosystem of unpolluted water and clean environment. As part of the vision for the future in water management in the Mekong basin, RGC will continue taking measures to rationalize water use in all water bodies: rivers, lakes and the Tonle Sap.

4.110 RGC will efficiently manage the irrigation system by strengthening the institutional capacity in the concerned ministries and agencies. It will further increase people's participation in the management and use of irrigation systems for cultivation, facilitation of navigation, and promotion of aquaculture, and will strengthen the water user communities. Along with use of resources from development partners and its own resources, RGC will encourage private sector participation in irrigation and water supply.

B. Planned Actions to Implement the Prioritized Policies

4.111 To implement RGC's priority policies during the Fifth Legislature, **Ministry of Water Resources and Meteorology's (MOWRAM)** will focus on the following 5 strategic areas:

- Water resources management and development of irrigation systems.
- Flood and drought management.

- Enactment of laws and regulations related to water.
- Water resources and meteorological information management.
- Administration and human resource development.

4.112 In *water resources management and implementation of irrigation systems,* the MOWRAM will:

- Rehabilitate and construct the existing irrigation schemes to meet the urgent needs of water for agriculture.
- Prioritize the rehabilitation and construction of irrigation schemes and drainage system in areas where the poverty is high or economic potential areas which need water for productivity.
- Encouraging maintenance and expansion of reservoirs, lacks, ponds, intake canals and drainage system to ensure the water supply for cultivation zone, aquaculture, daily living and animals.
- Promote the dissemination of water management innovation technology in rain-fed agricultural areas which depend on rain water.
- Encourage farmers' participation, especially women, stakeholders, and private sector to participate in all stages of projects preparation, projects improvement and irrigation and drainage system development.
- Promote the study and river basin development planning in short, medium and long term with the consideration of changing of water discharge, water current, and aquifers to ensure the sue of water resources at present in the future.
- Pay attention and focus more on the prioritized river basin and aquifers conservation.
- Implementing integrated water resources management and development thoroughly considering a clear link between water resources and other sectors of environment, the changing of the human and environment needs from water resources and other needs to achieve the effective management.
- Increasing the awareness and encouraging the implementation of river basin development and management plan with the cooperation of concerned ministries, stakeholders and beneficiaries, especially women.
- Encouraging the participation of farmer water users community, beneficiaries, and private sector at all stages of irrigation and drainage schemes development and management.
- Improving Farmer Water Users Community (FWUC) capacity on operation and maintenance of irrigation schemes with farmers' and development partner participatory.
- Strengthening and establishing FWUC to participate in water resources management, water distribution, and irrigation maintenance with effectiveness and sustainability.
- Encouraging investment from international donors and private sector to support the irrigation schemes management with farmers' and development partner participatory.
- Generating income through irrigated agriculture and continual investments on water sector for agricultural productivity.

4.113 In *flood and drought management*, MOWRAM will:

- Promote studies on floods.
- Construct flood-control and drainage structures for minimizing natural disasters caused by floods.
- Undertake actions to mitigate floods areas having high economic potential, through imparting education to communities via mass media.
- Respond to the needs of people residing in areas affected by drought, flood and other calamities caused by water.

- Encourage people and institutions to participate in flood mitigation: identifying flood-safe grounds; providing materials and machineries, education; and disseminating new technologies.
- Participate in national and international programs aimed at mitigating the impact of flood disasters.
- Be prepared to pump water for rescuing the paddy crop in areas facing water shortage, especially those near water sources but not covered by irrigation systems.

4.114 In *fostering the enactment of laws and regulations and water sustainability,* MOWRAM will:

- Prepare sub-decrees to implement the **Law on Water Resources Management** endorsed in June 2007, namely:
  - Sub-decree on Farmer Water Users Community.
  - Sub-decree on Water License and Water Distribution.
  - Sub-decree on River Basin Management.
  - Sub-decree on Water Quality.
- Enforce the Law on Water Resources Management and other related regulations to monitor projects that might have adverse impact on water and the ecosystem.
- Maintain water discharge and minimum water level in rivers and lakes to ensure navigation and sustainability of the ecosystem.
- Deal with landfills, excavations or permanently inundated areas / coastal areas adversely impacting water resources and the ecosystem.
- Strengthen reservoirs and natural lakes having the capacity to store water to help control floods.
- Prepare a **Sub-decree on Demarcation of Geographical Positions of Irrigation System and Reservoir** for taking measures to prevent potential water logging in the irrigation command areas.

4.115 In *water resources and meteorological information management*, MOWRAM will:

- Strengthen meteorological and hydrological systems.
- Forecast and announce emergencies to people living in areas affected by droughts, floods and other fragilities.
- Set up meteorological and hydrological stations, rain gauge stations, and water staff gauges at important locations and rivers.
- Install hydrological observation systems measure water levels, water discharge rates, and other hydrological data.
- Install meteorological observation systems to receive accurate weather data and weather forecasting.
- Provide to public, weather forecast information, advice and education to enhance their understanding on how to minimize the impact of natural events: storm, lightening, storm, flood etc.
- Develop geographical map for irrigation systems, flood control systems, polders, river basins, inundated land areas, and water resources management.

4.116 In *improvement of administration management and human resource development,* MOWRAM will:

- Strengthen the administrative processes and provide high level on-job training to MOWRAM officials.
- Further strengthen officials' capacity at national and sub-national levels and the capacity of FWUC to be aware of the importance of water and advise them to

participate in preparing plans for sustainable water resource management, maintenance, conservation, and utilization in order to preserve good ecosystem, by organizing training programs and workshops, disseminating them through popular media, and incorporating them in the curricula of education institutions.

- Create gender networks in all the provincial departments of MOWRAM.
- Bring out the gender component on water issues in all provinces.
- Ensure participation of the Gender Working Group in MOWRAM's activities.
- Build technical and managerial capacity of the MOWRAM staff.

4.117 In carrying out its functions, MOWRAM will focus on:

- Maximizing the potential benefits of the irrigation systems to solve water problems in agriculture.
- Ensuring that the FWUCs have a greater participation of farmers.
- Prioritize rehabilitation, construction, maintenance, and management of irrigation infrastructure -- reservoirs, drainage systems, canals, flood-control systems, polders, and pumping stations -- to increase the cultivated area and agricultural production.
- Prioritize access to clean water; ensure food security; achieve CMDGs; secure a clean ecosystem and unpolluted water in the Mekong River Basin; and continue studies on water resources in rivers, lakes and the Tonle Sap River.
- Ensure participation of concerned institutions and the ownership of people in the management of irrigation systems.
- Ensure that sufficient clean water is available to meet the water requirements in all sectors for the whole year.
- Maximize the mitigation of flood effects and build capacities to prevent floods.
- Abate polluting of waters to protect ecosystems, especially fish resources.

Sustainable Development of the Mekong River Basin

4.118 RGC will continue to fully cooperate with other Mekong Member Countries under the MRC Framework to ensure the **Sustainable of the Mekong River Basin**. Moreover, in the First Summit of the Mekong River Commission held on 05 April 2010 in Hue Hin, Thailand, Head of the Government of the Mekong Member Countries committed to full self-financing of the MRC by 2030 of which each Government of the Mekong Member Countries has to increase its financial contribution to operate MRC and prepare itself to gradually take over partly responsibility starting from 2012 to fully responsibility in 2030.

4.119 To implement the Prioritized Policies, RGC will continue to cooperate with other Mekong Member Countries in updating the **MRC Strategic Plan**, **IWRM-based Basin Development Strategy** and effectively implementing the set programmes under the MRC Framework namely Basin Development Plan, Fisheries, Irrigated Agriculture, Sustainable Hydropower, Flood Management, Drought Management, Climate Change, Mekong Integrated Water Resources Management, Information and Knowledge Management and Integrated Capacity Building. Besides that the Road Map for Decentralization of Core Function of River Basin Management has been developing and gradually implementing since 2012 and expects to have full implementation in 2030 by all the Mekong Member Countries as committed by the Head of Government of Mekong Member Countries in the First Summit of the MRC.

Urban Drinking Water Supply

4.120 To implement RGC's priority policies for the Fifth Legislature, **Ministry of Industry and Handicrafts (MOIH)** aims to implement the following:

- Develop a legal framework for urban water supply:
  - Develop a comprehensive water supply law.
  - Develop investment and licensing regulations for urban water supply.
  - Develop economic regulations for urban water supply.
  - Develop technical regulations for urban water supply.

- Promote decentralization and de-concentration in the urban water supply sector:
  - Promote the decentralization of the urban water supply service delivery mandate to the appropriate sub-national level, while ensuring economic and technical regulation of services remains at central level.

- Transfer full autonomy for service delivery to all provincial waterworks:
  - Build the capacity of provincial public waterworks to enable the gradual transfer of roles and functions to autonomous state-owned enterprises.
  - Following the example of PPWSA, target the autonomy of all public waterworks by 2018.

- Increase sector financing:
  - Prepare a Sector Development Strategy, including a long-term investment and financing plan.
  - All waterworks will develop a 5-year business plan by 2018, including an investment and expansion plan.
  - Continue the good partnership and cooperation with the development partners under the umbrella sector development plan to mobilize resources for rehabilitation and expansion of services.
  - Conduct studies and encourage private sector financing through cooperation with other related institutions of the RGC, development partners, NGOs and local banks to support access to concessional loans for the private sector.
  - Encourage and motivate investment by the private sector through the creation of a policy, legal framework, and investment climate conducive to attracting public private partnerships, including incentives for private investment.
  - Implement the “Water for All” program focusing on targeted subsidies for connecting the poorest and most vulnerable households.

- Improve sector performance and access to safe, affordable and sustainable water supplies:
  - Rehabilitate existing water production and distribution facilities with resources from the RGC, waterworks’ own funds, and external financial support from development partners.
  - Study the root causes of the problems hindering the waterworks’ revenue from covering their expenditures and try all possible solutions to resolve the problems.
  - Develop quality human resources, with appropriate quantity, to respond to the needs of urban water supply sector development.
  - Establish the Cambodia Waterworks Association as a national association representing the urban water supply sector and promote its role for mutual exchanges and learning between all waterworks.
  - Utilize the PPWSA’s staff and resources and establish a national training center for urban water supply, providing nationally approved training and qualifications by the industry for the industry.
  - Replicate the experiences of PPWSA at all waterworks, targeting higher standards for quality, affordability, and sustainability of water supply for the customers.
  - Encourage a competitive environment in the urban water supply sector by adopting standard service performance indicators and a transparent benchmarking system, reviewed and audited by the ministry on an annual basis.

- Urge public waterworks to provide the quality and affordable water supply to ensure the full cost recovery and a reserve for improvement and re-investment; reducing gradually the reliance on the external supports in re-investment in the public waterworks.
- Develop efficient water quality control systems and quality of water supplies that will conform to the National Drinking-Water Quality Standards and Guidelines.
- Minimize negative impacts of water supply development on other sectors through close collaboration among relevant agencies to ensure that projects are interrelated and consistent.
- Collaborate with the National Committee for Disaster Management and prepare for the increasing risks attributed to climate change and participate in disaster risk management activities to minimize impacts on the urban water supply sector.

• Improve water source protection and enforcement of regulations:
- Collaborate with relevant agencies to protect water quality at source to ensure appropriate volumes of raw water and reduce the cost of water treatment.
- Water supply development will protect public health and the environment, gradually reducing the quantities of wastes from water treatment facilities discharging into the natural watercourses without effective treatment.
- Development projects will have clear environmental impact assessments to ensure that projects have environmental impacts within legal limits.
- Development will comply with national technical standards and use appropriate technologies to ensure affordable water tariffs and sustainable levels of service.

III. ELECTRICITY POWER DEVELOPMENT

A. Policy Priorities for the Fifth Legislature

4.121 In the Fourth Legislature, the RGC expanded the supply capacity and diversified energy sources to reduce reliance on petroleum fuels for electricity generation. Hydropower and coal-fired power plants was broadly preferred along with import of electricity from the neighboring countries. In parallel, RGC paid attention to the expansion of transmission and distribution networks and reduction of electricity losses, to meet the annual electricity demand increase of 25%.

4.122 In the Fifth Legislature, RGC will further strengthen the capacity and security of electricity supply and expand the supply coverage to enhance economic competitiveness, support long-term economic growth, strengthen the capacity to ensure energy security, and improve the living conditions of the people. The priorities are as below:

1. Further expanding the capacity of low-cost and hi-tech electricity production, especially from new and clean energy sources, along with continued development of all levels of the transmission network aimed at strengthening energy security and ensuring efficient, safe, high quality, reliable and affordable electricity supply and distribution to respond to development needs.
2. Further encouraging the private sector to invest in electricity generation, and transmission and distribution infrastructure by focusing on technical and economic efficiency and minimization of environmental and social impacts.
3. Stepping up the implementation of the electrification strategy to realize the goal "**by 2020, all villages in the Kingdom of Cambodia will have access to electricity supplied by the national grid and other sources**".
4. Further supporting the rural electrification fund aimed at achieving equitable electricity access for the population, through government budget, social fund from Electricity Du Cambodge (EDC) and seek support fund from other development partners.

5. Pursuing rationalization measures for electricity consumption by reducing power tariffs during off-peak hours to serve production and irrigation systems aimed at improving agricultural productivity and accelerating the development of industry and handicraft sectors.
6. Stepping up the exploration and commercialization of the oil and gas sector which has enormous potential for ensuring energy security and will provide valuable resources for Cambodia's economic development in the long term.
7. Further strengthening institutional capacity, human resources as well as planning and management of the energy sector.
8. Continuing active involvement in energy cooperation under the regional framework.

4.123 RGC will encourage the private sector to invest in energy infrastructure: generation, transmission and distribution. RGC will make further efforts to mitigate the adverse effects on environment and society while implementing energy projects; yet safeguarding the economic efficiency. Attention will also be paid to capacity building and institutional reform in the **Electricity Authority of Cambodia (EAC), Electricity Du Cambodge (EDC)** and other relevant agencies to improve supply and the management's efficiency.

4.124 RGC will also develop a legal and regulatory framework for the sector to ensure efficient management and use of resources.

B. Planned Actions to Implement the Prioritized Policies

4.125 To implement RGC's priority policies during the Fifth Legislature, **Ministry of Mines and Energy (MOME)** will focus on:

- Increasing electricity supply capacity and reducing tariff to an appropriate level, while the strengthening institutional mechanisms and management capability.
- Ensuring reliability of electricity supply to attract investment in the user sectors to foster economic development.
- Developing a legal and regulatory framework for the energy sector to ensure efficient management and use of resources.
- Encouraging efficient use of energy with minimal impact on the environment.

4.126 To meet the demand for electricity across the whole country, MOME will:

- Promote the exploration of energy sources such as hydropower, natural gas, and coal for the electricity generation.
- Ensure stability in electricity supply to facilitate investment and socio-economic development.
- Encourage the efficient use of energy and mitigate the adverse effects on the environment resulting from energy supply and use.
- Encourage the private sector to invest in energy, including in generation, transmission and distribution.
- Further foster development of all types of renewable energy such as biomass, biogas, bio-fuel etc., and enhance the efficiency of energy through the use of energy-saving stoves, to reduce the use of fuel, firewood, charcoal, etc.
- Promote regional energy trade through bi-and multi-lateral cooperation.

4.127 To implement RGC's priorities during the Fifth Legislature, MOME will focus on:

- Maximizing revenue-inflows through multi-layered revenues such as royalties, production sharing and income tax, to increase the financial capacity of the government.

- Developing laws, regulations and regulatory framework for the petroleum sector to ensure an efficient management of oil and gas.
- Preparing plans for appropriate use of gas, which is otherwise flared, for productive purposes.
- Enhancing appropriate downstream activities in commercial processing and use of the oil and gas resources.
- Promoting human resource development and institutional strengthening to improve management efficiency in the oil and gas sector.
- Managing and monitoring the implementation of petroleum agreements efficiently.
- Promoting research and development focused on oil and gas issues.

IV. DEVELOPMENT OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

A. Policy Priorities for the Fifth Legislature

4.128 In the Fourth Legislature, the telecommunication sector had made significant progress through expanding the coverage of the post and telecommunication services and Internet, which increased in the number of users.

4.129 RGC during the Fifth Legislature will further develop the information and telecommunication technology sector as a modern, state-of-the-art and high quality service in accordance with international standards, and provide service at competitive rates, with nationwide coverage, for the public to use and benefit from the service. RGC's priorities are as follows:

1. Preparing the national policy for the development of information and communication technology sector with due consideration of all social and economic aspects.
2. Promoting the adoption of the Law on Telecommunication and the preparation of related laws including those on Cyber-crime and e-commerce as deemed necessary for the effective management of the information and communication technology sector.
3. Stepping up the implementation and preparation of additional regulations for the telecommunication sector and information and communication technology sector.
4. Strengthening the role of supervisory institutions and enhancing institutional coordination to develop and manage this sector with transparency and efficiency.
5. Preparing and implementing the National Broadband Planning order to help promote innovation, human resource development, competition, enhancement of economic productivity as well as greater participation from the public in socio-economic development.
6. Expanding the coverage and strengthening the efficiency of the backbone infrastructure, particularly by encouraging greater use of this infrastructure and further expanding to areas with high economic and tourism potential as well as remote areas without or with limited telecommunication services.
7. Promoting human resource development to respond to the fast growing modern technologies and enhance public literacy level in information and communication technology aimed at more efficient use and deriving maximum benefit from this sector by strengthening all levels of education curricula, training of government officials and encouraging the private sector to participate in enhancing public's literacy in information and communication technology.
8. Further developing e-government.
9. Encouraging the private sector to invest in the modern and state-of-the-art technology including broadband Internet, cloud technology and software development to enhance the quality and efficiency of information and communication technology.

B. Planned Actions to Implement the Prioritized Policies

4.130 To implement RGC's priority policies for the Fifth Legislature, **Ministry of Post and Telecommunications (MPTC)** will expand telecommunication services and reduce fees by:

- Improving the service quality and make post network efficient:
  - Continue the track and trace system at Counter Automation at the capital/provincials, municipalities, districts and khans.
  - Continue expanding the International Postal System Management at capital/ provinces, municipalities, districts and khans.
  - Continue commercial advertisement in the media.
  - Expand the Door-to-Door Service.
  - Enhance the local delivery of post.
- Making post more reliable and secure:
  - Cooperate with authorities to prevent drug traffic through the postal route.
  - Prevent/minimize losses or damages in the postal system.
- Fostering ICT:
  - Manage postal business at international standards using comprehensive information systems.
  - Put to use International Financial System (IFS) of Universal Postal Union (UPU).
  - Put Mobile Scanner on all Express Mail Service (EMS).
  - Manage business through Management Information Systems (MIS).
- Developing standard and regulations:
  - Expand postal code use within the country.
  - Participate in Customs Law Amendment relevant to tax posts.
  - Streamline the postal transport.
  - Doing marketing research on posts sector to response the needs of customer.
  - Put into use, postal bank services that cooperate with private banks.
  - Put into use International Financial System (IFS) of Universal Postal Union (UPU).
- Enhancing the ability in implementation and universe service management:
  - Expand business to both urban and rural areas.
  - Continue training postal employees in postal business skills in provinces.
- Undertaking costing exercises.
- Seeking partners in furthering the posts sector.
- Increasing the effectiveness of the postal services:
  - Increase P.O. Boxes and match them with international standards.
  - Receiving and distributing service on invoice of government agency, company and other organizations.
- Increasing market growth through new technology use.
- Facilitating international commerce using electronic means:
  - Study on postal service using on E-Commerce
- Developing postal network:
  - Build and repair offices at provinces, municipalities, districts and Khans as a business service offices.
- Improving environmental awareness and challenges to disasters.
- Improving people's knowledge on postal service use.
- Continuing to expand the infrastructure in remote areas and potential areas for economy and tourism by:
  - Build and develop infrastructure backbone of the telecom optic cable network to all provinces and districts where there is economic and tourist potential, and participate to implementing the ASEAN Master Plan, 2015.

- Develop ASEAN-Cambodia Internet Exchange System.
- Implement the Broad Band Policy for expanding services and change from Internet Protocol Version 4 to Internet Protocol Version 6.
- Prepare Submarine Cable optic network.
- Prepare to install Universal Service Obligation – USO, for service in rural area and community where ICT are not available.
- Amendment the telecommunication strategy regulation based on new technical development based on international regulatory reform of International Telecommunication Union – ITU.
- Train human resources for the next generation.
- Promote preparing regulations on each sector and monitor implementation.
- Encourage to the private investment.
- Prepare and operate the office to maintain relevant documents on telecommunications.
- Continue to cooperate between ASEAN and other international organizations such as ITU, UPU, APPU, etc.
- Enhance the quality of management through information systems.
- Foster the principles of Gender Equality.
- Build up National Institute of Post, Telecommunication, Information, and Communication Technology.

- Developing e-government.
- Improving and managing national information infrastructure, government video conferences.
- Developing computer programs and contents.

4.131 To strengthen the regulatory framework, MPTC will be continuing working on:

- A National Policy and Postal Strategy.
- A sub-decree on Universal Postal Obligation.
- Amending the Postal Law.
- A National Broad Band Policy.
- A Universal Telecommunication Obligation Policy.
- A Telecommunication Development Policy.
- A Law on Tele Communication.
- A Law on Radio Communication.

4.132 The growth targets set for the expansion of the postal service and the telecommunications sector are presented in Tables 4.6 and 4.7 below.

Table 4.6: Targets for the Expansion of Postal Services

Targets	2012 Actual	2013 Estimate	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Rate of service user (1person/year)	0.1260	0.1279	0.1298	0.1316	0.1335	0.1354	0.1373
Rate of service per square Km per office	3,352.50	3,352.50	3,352.50	3,352.50	3,352.50	3,352.50	3,352.50

Table 4.7: Targets for the Expansion of Telecommunication Services

Targets	Unit	2012 Actual	2013 Estimate	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Total mobile and fixed telephones	Million	19.69	23.82	28.83	34.88	42.20	51.07	61.79
Rate of telephone use	In100	133.56	159.19	189.86	226.41	270.05	322.23	384.50
Number of Internet use	Million	2.70	4.33	6.93	11.09	13.41	16.23	19.64

4.133 **Ministry of Information (MOIn)** will pursue three prioritized policies:

- Expanding the delivery of quality information, educational and entertaining programs to 85-95% population in the country.
- Encouraging use of press freedom and freedom of expression such that it is in line with the principles of a pluralistic democracy, the rule of law, and protection of human rights and dignity.
- Contributing to preserving and upholding the culture and tradition to enhance national identity and the prestige of the country in the international arena.

4.134 To implement RGC's priority policies, MOIn will carry out the following activities:

- Continuing to encourage national and private media to provide a wider and more effective coverage in the region and the world.
- Developing plans for the modernization of technical facilities (national radio, national TV and news agency).
- Continuing to encourage the building of radio and TV stations at the sub-national levels, with priority to the northwestern and northeastern provinces. Those stations will be a bridge for carrying RGC's policies to the people.
- Promoting technical training and skill improvement at the sub-national levels, so that the radio and TV stations may be able to broadcast national events and produce programs to educate society on topics of interest.
- Working towards strengthening the institutional capacities and modernization of technical facilities to ensure a comfortable and effective work performance.
- Continuing to work towards developing legal instruments to regulate the information and broadcasting sector.
- Continuing to open doors for the private sector, civil society and non-governmental organizations in the information and broadcasting sector.
- Improving the quality of the news programs. The news should be consistent with the motto: "exceptional, fast, reliable, wherever and whenever", based on the spirit of responsibility and the standards of professional ethics.
- Producing programs on a wide range of educational topics about society, laws, gender and children, and awareness programs for all circles and the community.
- Requiring all media outlets to contribute to upholding the national identity and prestige of the Kingdom of Cambodia in the international arena.

Table 4.8: Ministry of Information Indicators

Main Indicators	Unit	2013	2014	2015	2016	2017	2018
A. State Media							
1. State Television (TVK)							
- Central Station	Nos	01	01	01	02	02	02
- Provincial Stations	Nos	07	08	08	10	10	12
2. State Radio (RNK)							
- Central Station (AM)	Nos	03	03	03	03	03	04
- Provincial Stations (FM)	Nos	18	20	20	22	23	24
3. National News Agency	Location	01	01	01	01	01	01
B. Private Media							

1. Television Stations	Nos	12	13	14	14	15	15
2. Cable TV (city/provinces)	Location	96	98	100	100	102	105
3. Radio Stations	Nos	51	53	55	57	59	60
4. Printing media (newspaper, bulletin, magazine in Cambodian and foreign languages)	Location	574	580	580	600	600	600
5. Printing House	Location	136	138	140	142	144	145

4.135 During the Fifth Legislature RGC will continue develop all sectors in the purpose of achieving the vision of **Cambodia's National Master Plan of Science and Technology** which is **Making the Leap to an Innovative S&T Nation**. There are 4 objectives were drawn up in order to achieve the vision: (1) establishment of an S&T foundation, (2) securement of R&D capability, (3) creation of S&T environment, and (4) improvement of core industrial capacity. To achieve these objective, 4 strategies are identified: (1) human resource based S&T development, (2) establishment of S&T cooperation network driven by Cambodia, (3) discovery of successful S&T cased and accumulation of outcome, and (4) selection and concentration of national S&T resources.

4.136 To achieve these objectives and strategies, RGC put forth 10 sectoral plans:

- Institutionalization of National S&T: Establishes the legal system and the S&T national agenda and presents the organization to lead the S&T.
- Cultivation of S&T HR: Cultivation of S&T Human Resource: Secures quantitative extension and qualitative enhancement of S&T man power through securing the technicians and fostering the researchers.
- Systemization of S&T Financial Support: Systemization of S&T Financial Support: Enhances the recognition and investment intention of government for securing the continuous investment in S&T.
- Government-driven R&D: Government-driven R&D: Introduces the technologies necessary for national development and promotes the R&D for securing the technologies.
- Reinforcement of International Cooperation for S&T: Reinforcement of International Cooperation for S&T: Promotes international technology cooperation based on technology transfer and S&T manpower development.
- Promotion of S&T Information: Promotion of S&T Information: A systematic collection and utilization of S&T information in order to support the reasonable S&T policy decision making and R&D activities of enterprises.
- Enhancement of Public Awareness of S&T: Enhancement of public awareness of S&T: Provides various PR activities and opportunities to participate in order to make the public understand the importance of S&T and enhance their interests in S&T.
- Enforcement of Agricultural: Enhancement of Agricultural Productivity: Improves the agricultural competitiveness and leads the green growth through improving the agricultural productivity and securing the diversity.
- Development of Self-Supporting Industry: Development of Self-Supporting Industry: Promotes the competitive industries through self-reliance of energy and promoting the high value added industries and fostering the engineering manpower.
- Securement of ICT-based Technology: Securement of ICT-based Technology: Reinforces the software capacity in order to swift the ICT paradigm to software base from hardware base.

5. PRIVATE SECTOR DEVELOPMENT AND EMPLOYMENT

I. STRENGTHENING PRIVATE SECTOR AND PROMOTING INVESTMENT AND BUSINESS

A. *Policy Priorities for the Fifth Legislature*

4.137 RGC has developed a legal framework for private sector development and strengthened the ***"Government-Private Sector Forum"*** to function as an effective dialogue and dispute settlement mechanism. Reduced requirements for documents has facilitated trade and businesses, particularly through the implementation of "**Single Administrative Document -SAD**" System and "**Single Window**" Service.

4.138 RGC during the Fifth Legislature will continue according priority to improve the physical infrastructure through increased public investment in transportation networks, including roads, railways, waterways (river, sea), and air routes; increase electricity generating capacity and expand the electricity distribution network in urban and rural areas; expand the modern telecommunication network to make services available at reasonably low rates; to widen the clean water supply network; and to expand the infrastructure system for tourism.

4.139 RGC will make further efforts to expand access to international markets through implementing of its obligations under the framework of WTO, ASEAN, and sub-regional and regional economic integration initiatives. In addition, the RGC will continue to strengthen the legal framework for the private sector (laws and regulations, administrative procedures) to improve productivity. It would also help promote human capital; facilitate trade; enforce labor laws; and strengthen the dispute settlement mechanism.

4.140 RGC has set out 2 objectives: (1) to continue promoting the role of the private sector to be more active and dynamic as an engine for economic growth, and (2) to transform Cambodia to be an attractive and competitive destination for investment in the region, especially within the framework of ASEAN Economic Community. To meet these objectives the government will focus on the following priorities:

1. Promoting investments in modern and high value added industrial sectors aimed at upgrading the diversification of the manufacturing base.
2. Encouraging investments in rural areas that will contribute to the development of the rural economy, reduce the gap between urban and rural areas, and improve the living standards of people as well as reduce migration from rural to urban areas and to foreign countries to seek jobs.
3. Further promoting the modernization of local enterprises and improved innovation capacity as well as strengthened links between local enterprises and domestic industries with foreign investment projects, aimed at promoting transfer of technology, knowledge and know-how, increasing productivity, and enhancing attractiveness and competitiveness of Cambodia.
4. Further strengthening favorable investment and business climate through improvement in regulatory framework, rationalization of incentives for investment projects, and improvements in good governance and efficiency of public institutions including the strengthening of "Single Window" mechanism of the Council for the Development of Cambodia (CDC).
5. Further improving trade facilitation through streamlined administrative structures and procedures, and cross border transport processes, reduced costs of doing business and strengthened inter-agency coordination.
6. Increasing investments in physical infrastructure including improvements in services and means to facilitate and support business processes and further strengthening and developing special economic zones.

7. Further strengthening corporate governance to promote the health and growth of private sector and corporate social responsibility.
8. Strengthening the effectiveness of "**Government-Private Sector Forum**" to address the challenges faced by the private sector, while upgrading it to a platform for dialogue for recommending policy options and advice that will further promote the role of private sector as a stakeholder in development.
9. Strengthening "**investment aftercare services**" to address in a timely manner investor issues and concerns.
10. Strengthening the monitoring and evaluation system in implementing investment projects to ensure compliance with stipulated principles and conditions.

4.141 As a part of the policy for diversifying the economic base, RGC will promote a favorable climate for developing the agro-processing industry and assembling industry (both electronic and machinery assembly). In addition, RGC will enhance the legal framework for creating the law for efficient operations of Special Economic Zones.

B. Planned Actions to Implement the Prioritized Policies

4.142 RGC views the "**private sector as the locomotive of economic growth**". The private sector plays a key role in promoting growth and socio-economic development, especially in realizing the Royal Government's objective of diversifying the production base, streamlining modern technologies and generating creative ideas aimed at improving economic efficiency and competitiveness as well as employment creation in order to reduce poverty and promote people's living standards.

4.143 **Cambodian Investment Board (CIB) of the Council for the Development of Cambodia (CIB/CDC)** has operated a "**one stop service**" for investors for many years for new investments. CIB/CDC and **Ministry of Commerce (MOC)** will continue to promoting new investments to diversify and broaden the economic base.

4.144 CDC will further strengthen the implementation of the **Special Economic Zones (SEZ)** and will ensure that the SEZ's locations are suitable for maximizing the integration of Cambodia's economy into the region.

Table 4.9: Main indicators of the Trade Sector

Key Indicators	2013	2014	2015	2016	2017	2018
Import Value (CR Billion)	30,732	33,719	36,691	39,648	42,591	45,520
Import Value (USD Million)	7,539	8,291	9,043	9,796	10,548	11,301
Export Value (CR Billion)	34,615	38,058	41,483	44,892	48,283	51,658
Export Value (USD Million)	8,492	9,358	10,225	11,092	11,958	12,825
Clothing and Garment (CR Billion)	19,841	21,489	23,355	25,212	27,060	28,898
Clothing and Garment (USD Million)	4,867	5,284	5,757	6,229	6,702	7,174
No. of Company Registration	3,603	3,782	3,971	4,169	4,377	4,595
- Sole Proprietorship	609	639	671	705	740	777
- Company	2,925	3,070	3,224	3,385	3,554	3,732
- Branch Office / Domestic Branch	43	45	47	49	51	54
- Representative Office / Foreign Branch	27	28	29	30	32	32
No. of Company Name Registration/Trademark	4,636	4,728	4,821	4,914	5,007	5,099
No. of Factories Registered for Export under trade preferential treatment	459	410	438	466	494	522
No. of Workers working in Factories Registered for Export under trade preferential treatment	445,014	390,766	406,534	422,302	438,070	453,838
Total Salary per month (USD- Million)	55	51	56	60	65	70

Source: Ministry of Commerce

4.145 During the Fifth Legislature, MOC will:

- Strengthen the implementation of the **Trade Sector Program**, focusing on trade facilitation and the private sector development. The main indicators for the trade sector are presented in Table 4.9.
- Continue promoting exports of agricultural products and garments, and also attempt to diversify.
- Continue strengthening integration into the regional and international export markets and improve competitiveness.
- Organize more national and international trade fairs.
- Strengthen effectiveness of market surveillance to protect the health and well-being of consumers.
- Promote effective law enforcement.
- Strengthen partnership with international institutions and foreign countries to make Cambodia become a respected and trustworthy development partner.

4.146 During the Fifth Legislature, MOC will carry out the following activities:

- Enforce reforms as required under the WTO and ASEAN, as certain market access through trade negotiations, and have transparent trade rules and laws.
- Increase Cambodia's competitiveness through reduced import/export costs and increase in competitiveness through improved trade logistics.
- Strengthen Technical Standards and SPS Requirements.
- Create investment environment for exports.
- Increase adherence to **Intellectual Property Rights**.
- Continue to grow and diversify markets for garments through targeting new markets, increasing domestic inputs, and expanding in higher value products.
- Continue to grow and diversify footwear exports through developing new markets.
- Attract foreign investments.
- Develop industrial clusters for light engineering.
- Continue to grow and diversify in the processed food sector seeking new markets, moving to higher value products, and expanding domestic inputs.
- Increase cassava exports to China and Korea, and lessen dependency on exports of unprocessed tubers to Thailand and Vietnam.
- Increase rubber production and export.

4.147 **Ministry of Tourism (MOT)** will focus on improving the quality of tourism services, extension of stay, and new investments. MOT will focus on the following actions:

- Improving infrastructure related to tourism in the country.
- Establishing National Tourism Institute for research, study and analysis on the tourism sector. This will also be a training institute for young people wanting to make a career in tourism industry.
- Improving tourism standards to improve product quality.
- Drawing up the regional tourism development plan.
- Enhancing human resources for the tourism sector.
- Establishing and putting in place, the **National Tourism Center**.
- Preparing and implementing the **Tourism Marketing Strategic Plan**.
- Creating **Marketing and Promotion Board** in private and public partnership.
- Strengthening tourism security and safety systems at tourist destinations.
- Coordinating in tourist transportation.

- Strengthening good governance in tourism sector.

Table 4.10: Key Tourism Indicators

Indicator	Unit	2014	2015	2016	2017	2018
International Tourists	million	4.72	5.19	5.65	6.11	6.753
Domestic Tourists	million	8.70	9.00	9.30	9.50	9.80
Tourism Employment	thousand	425	455	500	550	600
Tourism Receipts	million USD	2,802	3,054	3,359	3,729	4,139
Accommodations	rooms	50,328	53,851	57,621	61,078	64,132

Source: Ministry of Tourism

4.148 Preservation and promotion of the rich Cambodian heritage and traditions has been and will continue to be a high priority of RGC as culture can be a driver for sustainable development. The **Ministry of Culture and Fine Arts (MOCFA)** will continue ensuring preservation and sustainable development of built and living heritage, including archaeological urban and underwater heritage, traditional performing arts, minority traditions and arts, museums as well as the fight against illicit trafficking of cultural artefacts and will actively promote creativity in the domain of arts, cultural industries and cultural entrepreneurship. The finalization, adoption and implementation of the Cultural Policy and the implementation of UNESCO cultural conventions are guiding MOCFA's strategies and actions.

4.149 During the Fifth Legislature, MOCFA plans to carry out the following activities:

- Improving the performing arts promotion and dissemination to strengthen the positioning of Cambodia as a Cultural destination:
  - Maintain traditional knowledge and forms of work as forms of sustainable development as part of the recognition of creative industries.
  - Safeguard of traditional performing arts and promote of creativity, contemporary works and innovation through the arts and creative industries.
  - In order to create market for art and cultural products, there needs to be access and awareness.
  - Promotion and dissemination of performing arts and creativity in order to connect products and customers that the government will address in this regard.
- Making Cambodia the welcoming destination of the foreign filming:
  - Develop human resource in film sector.
  - Attract foreign film production companies to shoot in Cambodia.
  - Increase facilitation for film production through One Stop Service.
  - Preservation of urban heritage as an important asset of Cambodia's cultural landscape inspiring tourism, cinema, art creation and investments.
- Making Cambodia the cultural products promotion destination:
  - Establish a database on cultural organizations and enterprises.
  - Identify culture and 'one village one product'.
  - Develop human resources in handicraft; cooperate with private sector.
  - Strengthen promoting cultural products.
- Conserving heritage areas:
  - Register heritage areas including urban heritage, conserve them and present them to the public, especially major sites in remote areas such as Banteay Chhmar, Sambor Prei Kuk, and Preah Khan Kampong Svay.

- Protect heritages, restore and excavate in ancient sites.
- Strengthen the capacity of the heritage officials through a reinforced cooperation with relevant national and international institutions in particular with the APSARA National Authority and Preah Vihea Authority.
- Encourage public participation in the preservation of heritage.

- Strengthening institutional capacity and partnership:
  - Strengthen effectiveness in the delivery of cultural services.
  - Increase the control of the existing legal regulations and formulate new regulations.
  - Continue encouraging development of officials' capacities.
  - Support art education in cooperation with the Ministry of Education, Youth and Sport and vocational training for artists, practitioners and other professionals in the field of culture.
  - Develop monitoring guidelines on evaluating the performance.

II. DEVELOPMENT OF INDUSTRY AND SMALL AND MEDIUM ENTERPRISES (SMES)

A. Policy Priorities for the Fifth Legislature

4.150 In the Fifth Legislature, RGC continue promoting further diversification of the industrial base through encouraging investments in new high value added and competitive industries, including assembly of electronics, spare parts manufacture, agro-processing and other manufacturing industries, while also promoting further development of SMEs and handicrafts and expanding industrial development into rural areas. RGC will also focus on the development of extractive industries. RGC will focus on the following priorities:

- Formulating industrial development policy based on two key approaches: (1) expansion of industrial base supported by increased attractiveness of Cambodia to investors and investment promotion including modernization of SMEs; and (2) improved connectivity with regional production networks to integrate with and move up the global value chains.
- Preparing science, technology and policy with the objective to increase research and development capability of Cambodia in responding to the projected needs of national development in the next higher phase, in particular ensuring consistency with the industrial development policy and agricultural development policy as they evolve.
- Updating the SMEs Development Framework to be consistent with the industrial development policy aimed at enhancing SME's capacity to link with large enterprises and form a cluster while promoting entrepreneurship, productivity, creativity, innovation and specialization through introduction and implementation of a comprehensive package of supporting measures including clustering, enhanced technology transfer, increased access to finance, strengthened technical standards, establishment of business development counseling centers, promotion of "**one village one product**" movement and improvement of regulatory framework as well as strengthened institutional coordination.
- Aligning private sector development and investment policies with SME and industrial development policy especially by encouraging investment in industrial clusters and industrial parks through promoting the adoption of **Law on Special Economic Zones**, in order to upgrade management, infrastructure and operations in the industrial sector to international standards.
- Promoting industrial corridor development along the main national roads, linking key economic poles in Cambodia and connecting the Cambodian economy with the neighboring countries in particular through the economic corridor development framework in GMS and ASEAN.

- Further strengthening the development process in extractive industry, especially technical regulation and supervision including risk management, and social and environmental impact management from inception of operations to post operations; and the management of fiscal revenue from this activity through development of policy, strengthening regulatory framework, capacity building, institutional coordination and human resource development.
- Human resource development especially the skill training for industrial sector through enhanced quality of education in all areas and at all levels, especially the reform of tertiary education, technical and vocational training, giving priority to training of engineers, technicians and workers to acquire appropriate skills as demanded by the markets with a pro-active approach using public-private sector partnerships.

B. Planned Actions to Implement the Prioritized Policies

4.151 To implement RGC's prioritized policies, MOIH will focus on:

- Improving the investment environment for both large industries and SMEs, and establishes links and chains between large industries and SMEs.
- Strengthening good governance for SMEs through transparent law enforcement:
  - Continuing to implement programs promoting good governance and law enforcement, strengthening professional ethics, social responsibility, and monitoring mechanisms.
  - Continuing to review regulations and assess the impact on business by the new regulations, to ensure that regulation promotes business within the domain of desirability.
  - Continuing to support industry through inter-ministerial facilitation mechanisms and through eliminating overlapped duties.
  - Continuing to promote the Public-Private Forum Mechanism for enhancing the reforms programs and promoting the private sector.
  - Continuing to build the capacity of sub-national institutions and delegate authority to them for a closer access to the clients.
- Promoting competitiveness in the SMEs:
  - Offer business development and supporting services through institutions like Cambodia Industrial Laboratory Center, National Productivity Center, Hatching Technology Center, Industrial Training Center, Cambodia Standard Center, National Metrological Center, etc.
  - Supporting SMEs through imparting technical and business skills to them.
  - Disseminating knowledge through the National Production Movement, Entrepreneurship Movement, Business Potential Movement and the like.
  - Continuing to build institutional capacities in enforcing property rights, promoting research and creativity, and establishing support mechanisms.
- Setting up a financial service system for SMEs:
  - Promote financing options for the SMEs as a part of total finance package aligned with the Industrial Development Strategy, to encourage SMEs becoming a part of the value chain with larger companies.
  - Continuing to implement the national settlement system and promoting financial product development.
  - Continuing to improve the financial environment for attracting private investment and establishing a domestic capital market.
  - Providing technical assistance to build SME's capacities in formulating business plans, developing accounting systems, and generating information necessary to raise finances.

- Enhancing Cambodia's productivity aligned with national, regions, and international standards:
  - Developing Cambodian Standards for products and systems based on the demand in the national, regions, and international markets.
  - Formulating legal documents to enforce Law on Cambodia Standards, enhancing inspections and take up other tasks.
  - Increasing promotional campaigns to raise awareness on standardization, compliance assessment, and technical barriers on trade.
  - Promoting the issuance of Product and System Certificate.
  - Seeking concurrence from international institutions for Cambodia to issue Product and System Certification Unit and building the capacity of the National Recognition Assessment Unit of the Cambodia Standard Institute.
  - Becoming a full member in the International Standard Organization (ISO) and in International Electronic Committee (IEC).
- Creating enterprise clusters for SMEs.
- Improving the effectiveness of metrological development, which is the main basis to support the operation of production chains of industries and handicrafts to obtain finished products complied with the set standards and to ensure the quantity, quality, security and environment through National Center of Metrology:
  - Supporting and promoting the activities of the metrological legalization and metrological science through strengthening the management of the metrological standards, verification of metrological devices, produced items and packed items, calibration, type approval, testing, analysis to protect the benefits of the suppliers and consumers and ensure the fairness in commercial activities.
  - Promoting the activities of metrological registration, issuance of metrological trademark use license, issuance of license for producing and repairing metrological devices to contribute to market expansion and make the Cambodian products more credible.
- Supporting and increasing the promotion of the metrology and its benefits to contribute to promoting the development of all sectors as well as poverty alleviation of Cambodian people.

III. DEVELOPMENT OF LABOR MARKET

A. Policy Priorities for the Fifth Legislature

4.152 In 2011, the number of industrial enterprises, large and small, exceeded 500,000 and they provided more than 1.6 million jobs, including more than 500,000 in textiles, garments and footwear industries. More than 100,000 legal overseas workers sent more than USD 200 million per annum in the form of remittances. RGC also established the **National Employment Agency** to provide employment services to job seekers and the **Employment Forum** for exchange of information related to job markets. It helped increase the monthly minimum wage in textile, garment and footwear industries from USD 50 to USD 80 while encouraging employers to provide other additional monthly benefits of about USD 20 to workers.

4.153 During the Fifth Legislature, RGC will further deepen policy reforms and regulatory and institutional frameworks to ensure that all the components of labor market are consistent with each other and are responsive. RGC will focus on the following priorities:

1. Developing and implementing a national employment policy to closely align the employment sector to the needs of socio-economic development, in particular by focusing on youth employment, labor force preparedness to respond to the

implementation of the Royal Government's development policies, as well as being well prepared in managing and benefiting from Cambodia's participation in ASEAN Economic Community.

2. Strengthening the **Employment Forum** coordinated by the Royal Government and in which job providers, job seekers and education and training service providers participate, aimed at improving exchange of labor market information, counseling and responsiveness to changing market conditions.

3. Expanding employment services to job seekers and a broader dissemination of information on job opportunities in the country and abroad to the public including counseling and support provided to worker recruitment through expansion of job centers under the **National Employment Agency of the National Training Board** across the country.

4. Further developing a sound labor market information system especially through strengthening data collection, analysis and dissemination of labor statistics and information on education and technical and vocational training programs, and providing information to the public on wages and the supply and demand of skills.

5. Further developing human resources, focusing on the technical capacity to respond to the needs of socio-economic development, especially through promotion of skills and professional training and retraining including apprenticeships, while encouraging private sector participation to promote higher productivity and incomes for both workers and employers.

6. Streamlining the education and technical and vocational training sectors especially in developing their frameworks and standards to facilitate student transfers from technical and vocational training to higher education.

7. Further improving labor conditions through strengthening the implementation of the labor law and the law on social security schemes for persons defined by provisions of the labor law, and further supporting the **Better Factory Program** and improvement of labor market environment.

8. Strengthening harmony in industrial relations between workers, employees and employers through adoption of the law on trade unions, updating the labor law, strengthening adherence to work discipline and professional ethics, institutional strengthening and coordination for implementation of labor dispute prevention and resolution mechanism as well as the mechanism to prevent and address labor protests, strengthening capacity and role of labor inspectorate in dispute mediation and resolution; and establishment of labor courts.

9. Establishing mechanism to conduct regular and needed studies to provide recommendations for review and setting of minimum wage by region and sector in line with national economic conditions, as well as mechanism to protect the interest of workers and employees in case of factory bankruptcy.

10. Further strengthening the administration of the recruitment of labor to work abroad, as well as enhancing protection of rights, health and safety of Cambodian overseas workers.

B. Planned Actions to Implement the Prioritized Policies

4.154 To implement RGC's priority policies, **Ministry of Labor and Vocational Training (MLVT)** will:

- Ensure to promote good work conditions:
  - Implement provisions in the law on labor and organize compilation of laws and documents on occupational health and safety.
  - Amend provisions in the labor law to implement rights and freedoms in relation with health, work safety and good work conditions.
  - Conduct inspections in enterprises and establishments with the aim of ensuring minimum work standards and ban/withdrawal of child labor.
  - Disseminate legal information to all on child labor.
- Create work environment and enhance employment opportunities:
  - Begin implementing the national employment policy, focusing on job creation for the youth and also prevent a free influx of skilled laborers by 2015 (ASEAN integration).
  - Establish an institute on labor for providing training to officials and students, conducting research studies, and analyzing the conditions of labor, remuneration and skills.
  - Encourage owners of private enterprises/establishments in rural areas to better abide by work conditions.
  - Improve procedures for the management of Cambodian workers overseas, both legally and illegally.
  - Prepare principles to request RGC to establish labor attachés in Cambodian embassies in countries which have over 3,000 Cambodian laborers.
  - Take measures to protect Cambodian laborers working overseas informally, particularly in Thailand, to ensure them basic rights.
- Enhance harmony in vocational relationships:
  - Disseminate awareness about the basic labor rights to all stakeholders and ensure better enforcement the labor laws.
  - Promote collective negotiation at the enterprise/establishment levels to promote collective bargaining.
  - Strengthen labor dispute resolution mechanisms to promote the rights of workers, employers and trade unions, reduce strikes, and increase compliance to procedures.
  - Promote dispute resolution via the mechanism of Arbitration Council (AC) in cases of collective disputes.
  - Continue [to submit] requests for review and decision on the draft law on trade unions for approval by the national assembly, and then their enforcement.
  - Maintain data on the conditions of livelihood of workers/employees and modify the minimum remunerations appropriately.
- Promote labor service and labor market information:
  - Expand infrastructure for front-line services ensuring that there is at least one in every province.
  - Enhance use of ICT in providing services such as registration, employment seeking and staff recruitment, to help reduce time and costs.
  - Develop human resources within the framework of NEA.

- Disseminate [information about the] labor service and labor market information through publication, media and field dissemination.
- Participate in labor fairs and workshops, disseminating and compiling labor market information from the existing data.
- Strengthen labor forum mechanisms with the participation of labor providers, job seekers and education and training providers.

- Enhance and expand the service of technical and vocational education and training with equity:

  - Expand the system of technical and vocational education and training (TVET) to ensure TVET training reaches all people in capitals and provinces.
  - Continue holding skill-training programs via the special foundation of **Samdech Techo Prime Minister**, to further stage 3.
  - Improve the quality of training at both certificate and diploma courses.
  - Improve the quality of the education curriculum at all levels to ensure that Cambodian workers have the ability to compete with those from other ASEAN countries.
  - Include entrepreneurship and communication (English) into the study curriculum.
  - Finalize the draft of the Cambodian Qualification Framework and prepare a Royal Decree on the introduction of this framework.
  - Ensure consistency between the Cambodian Qualification Framework and the ASEAN qualification framework.
  - Organize local skill competitions and participate in ASEAN skills competitions.
  - Continue developing national capacity standards for competition, particularly in the sectors of construction, mechanics, business services, and ICT.
  - Improve the criteria for recognizing the study curricula in the technical and vocational education and training institutions.
  - Conduct inspections to determine whether the trainees who have completed training courses have actually studied the courses stated in the curricula.
  - Develop and maintain information systems related to technical and vocational education and training.
  - Promote multilateral approaches in the management of skills via the active participation of the RGC, private sector, and trade unions.
  - Provide priority to women, disabled persons, vulnerable persons and school dropouts to improve their skills.
  - Build dormitory buildings in various technical and vocational education and training establishments in capital and provinces.
  - Strengthen partnership between the state and the private sector to enhance the quality of technical and vocational education and training.

- Sustainability of technical and vocational education and training:

  - Promote public–private partnerships to ensure that the curriculum of TVET responds to the market demand.
  - Conduct research study on the skill gaps: what is provided versus what is required.
  - Maintain IT-based TVET-MIS, and Labor Market Information System (LMIS).

- Expand health insurance and pension division:

  <u>Health Insurance:</u>

  - Prepare legal standards for health insurance and prepare an IT-based system for management of registration for pay-ins and pay-outs.
  - Establish health service fee payment methods.

- Disseminate information on health insurance through workshops, meetings, advertising spots and leaflets.

Pensions:

- Conduct a study into the possibilities of having a pension scheme.
- Prepare legal standard documents and training of human resources.
- Prepare an information technology system for implementation of pensions and conduct widespread public dissemination.

- Develop social security to recipients of labor risk insurance, health insurance, and pensions:
  - Enforce via on-site inspections of various enterprises–establishments, occupational injury surveys and administrative measures taken against enterprises and establishments failing to comply with the law.
  - Develop a labor risk insurance policy, and take measures to prevent occupational injuries among workers/employees.
  - Provide a pre-rehabilitation service to workers/employees who suffer from occupational hazards resulting in permanent loss of physical fitness, so that they receive some restoration of their physique, intelligence and profession.

IV. Banking and Financial Sector Development

4.155 The Royal Government of the Fifth Legislature aims to further develop the financial sector to be more broad-based, diversified, deepened, sound and effective, based on market principles to support sustainable economic growth and poverty reduction.

4.156 RGC will further promote effective and successful implementation of the **"Financial Sector Development Strategy 2011-2020"**, particularly focusing on:

1. Further developing and coordinating implementation of policy and regulatory frameworks, particularly in strengthening regulation and supervision mechanisms, institutional and human resource capacity in line with Cambodia's economic development and in response to the need for Cambodia's financial system to integrate with the regional and global financial system.
2. Continued development of a crisis prevention and resolution mechanism including an early-warning system through improved institutional coordination especially consideration of the need to establish a national financial stability board.
3. Further strengthening and developing effective financial infrastructure that includes a payment system, introduction of money market/interbank market, and promotion of use of international best practices in accounting and corporate governance.
4. Further supporting growth in banking and microfinance sectors to promote financial inclusion, focusing on improved registration and licensing as well as supervision systems so as to render them simple, transparent, accountable and effective especially Microfinance Institutions, while further diversifying financial tools and financial products such as financial leasing and risk sharing schemes' operations.
5. Exerting more effort to expand microfinance services with affordable prices and better terms and conditions, especially targeting the poor and agricultural communities to promote the rural economy, and further expand credit to SMEs.
6. Further strengthening and expanding the scope of compulsory insurance and developing new products especially in life and micro insurance through development

and improvement in regulatory frameworks along with strengthened capacity of the insurance regulator.

7. Further developing the securities market, encouraging firms and companies to launch their Initial Public Offerings (IPOs) in the market while improving trading facilities, and considering the need to issue government securities.
8. Further developing and strengthening social safety net systems to be centralized, integrated, consistent and efficient.
9. Further developing and strengthening other components of the non-bank financial subsector such as trust funds and real estate markets as well as pawn shops.
10. Further exploring the possibility to establish a financial center.

4.157 To achieve the priority policies, RGC will:

- Implement monetary policy to maintain price stability and contribute to financial stability.
- Promote utilizing Riels and reduce dollarization; promote utilizing Riel investment tools such as treasury cards and debt-cards.
- Facilitate financial regulators to strengthen monitoring of banks.
- Put in place the Risk-Based Monitoring Method.
- Contribute to creating Crisis-Prevention and Resolution Mechanism.
- Be ready to implement bilateral SWAPS contract and the Chiangmai Initiative on Multi-Lateral Debt Mechanism.
- Check the ability to create insurance institutions.
- Put in place an inter-bank market and money market development.
- Scale up the Micro-Finance Sector and broaden the coverage of micro-financial services.
- Continue to strengthen micro-finance system for it to be stronger, more effective, and more beneficial to the poor with reasonable, acceptable financial service fee.
- Attract capital in-flow through the insurance route into the finance market.
- Encourage small-scale insurance to meet the demands of low-income people.
- Create a conflict-resolution mechanism for the insurance sector.
- Put in place a pre-notifying system for risks, using information technology.
- Establish an Insurance Institute to train the insurance supervisors, insurance operators and the public, insurance service delivery with professional ethics and expertise.
- Encourage mobilizing long-term saving to create a social safety net.
- Formulate legal framework, institutions, infrastructure, and skills.
- Formulate a legal framework to regulate and monitor the pension system.
- Develop a strong IT-based financial transactions system.
- Develop a debt-security market, a state security market, a corporation license market, and other security markets.
- Create a management framework and Credit-Rating Agency to support selling of debt security.
- Study the feasibility of establishing a Commodity Future Exchange.
- Formulate and put in place legal standards related to bankruptcy.
- Build a supporting infrastructure, such as a security keeping system, security verifying and clearing system, and cash clearing system.
- Continue promoting financial instruments diversification and investment mechanisms to develop the security market.

- Encourage non-banking institution operations to be brought under a master investment program for mobilizing investments.
- Establish a Financial Development Center to attract financial flows.
- Continue strengthening the IT system for regulators to sharing information.
- Continue to educate and train regulators and other participants on expertise in security market and other aspects of finance.

6. Capacity Building and Human Resources Development

4.158 The development of high quality and capable human resources with high standards of work ethics is key to supporting economic growth and competitiveness of the country. This is even more important for Cambodia's transition from a **lower-middle income country** status to be reached in the near future, to an **upper-middle income country by 2030** and a **developed country by 2050**, as envisaged by the RGC. Policies for human resource development will target capacity building (without gender discrimination), in terms of developing knowledge and know-how, entrepreneurship, skills, creativity and innovation, specifically in science and technology.

I. Strengthening and Enhancing Education, Science and Technology and Technical Training

A. Policy Priorities for the Fifth Legislature

4.159 RGC has made significant progress in implementing the "**Education for All**" strategy, which ensures equity of access to primary and basic nine-year education for Cambodian children. Other major achievements include, the gradual increase in the number of schools and teachers and improved enrolment rates at the primary and secondary school levels, particularly in the rural areas.

4.160 During the Fifth Legislature RGC will further promote implementing of '**Education for All**' policy, further promoting improvement in the quality and effectiveness of education services, and further developing the capacity of educational institutions and staff. RGC will focus on the following priorities:

1. Further improving education policies and strategies, especially updating the Education Strategic Plan, Master Plan on ITC in Education and Policy on Research Development in Education, with the objective to build and develop a high quality, and capable human resource with high standards of work ethics in all areas, and to proactively meet the need of socio-economic development and strengthen Cambodia's competitiveness within the regional and global frameworks based on pro-active approach.
2. Enhancing knowledge and human resource capacity in science and technology, especially in the priority sectors including agriculture, livestock farming and aquaculture, industry, energy, construction and physical infrastructure, ITC, healthcare and environment, through implementing a number of key measures including: (1) mainstreaming scientific and technological knowledge and its applications in academic curriculums at all levels especially in high school, vocational and technical training and higher education; and (2) promoting R&D including the introduction of a research network model linking universities, public institutions and industry.
3. Increasing equitable access to education through further promoting the construction of elementary schools to reach remote villages, locating at least one secondary

school in each commune subject to geographic conditions, and at least one university or its branch in each province subject to capacity constraints and specific circumstances in deploying teachers to all those establishments. This includes provisions such as allowing teachers to work in their own villages and communes, increasing the number of dormitories, reducing the costs incurred by parents, increasing budget spending for educational institutions as well as strengthening engagement of private sector and concerned development partners.

4. Continuing institutional development and capacity building through the development of legal framework and strengthened implementation of laws and regulations, organizational structure and skills training for education officials.

5. Increasing quality and effectiveness of educational services at all academic levels in particular, technical and skill training for both public and private institutions in accordance with international standards; meeting domestic development needs through: training and re-training of teachers, improvement in curriculums, strengthened inspection and management capacity, improved teacher motivation to increase their teaching capacity, better quality of examinations at all academic levels, encouraging study of needed foreign languages, improved learning environment, expanding libraries and science laboratories, increased supply of learning materials, as well as participation of parents, guardians and communities.

6. Further promoting the role of religion in education, especially Buddhism which is the state religion, to contribute in inculcating ethical, morality and behavioral values in students and ensuring harmony in Cambodian society.

7. Promoting the formulation and implementation of a national policy on education and technical and vocational training aimed at enhancing worker productivity, addressing and reducing youth unemployment, increasing people's income and ensuring equity.

8. Further strengthening the quality of education and technical and vocational training, and the development of technical and soft skills for youth, especially team work, discipline and professional ethics at workplaces through: the reform of training curricula and programs, strengthening national qualification standards framework, establishment of national competency standards, and monitoring and testing of competency, skill recognition, development and contest, aimed at fulfilling the demand of labor market, increasing employment opportunities and using all the potential of Cambodia's demographic dividend as well as creating appropriate conditions for Cambodia's workers to take up management and leadership roles.

9. Further promoting the implementation of National Policy on Youth Development and the National Policy on Physical Education and Sports through inspiring young people to participate in social movements and sports activities, which would transform the youth into a pool of human resources with high quality, capacity and desired attributes for socio-economic development and smooth succession from the present to future generations.

10. Further developing National Stadium and related sports facilities as well as training of athletes and sportsmen in the fields in which Cambodia has potential to prepare for the hosting of the SEA Game in 2023.

4.161 In the Fifth Legislature, the Royal Government will continue to implement the ***Education Strategic Plan (ESP)***, putting emphasis on ensuring that all Cambodian children and youth have equal opportunity for access to basic education, both formal and informal, without discrimination.

B. Planned Actions to Implement the Prioritized Policies

4.162 To implement the priority policies during the Fifth Legislature, **Ministry of Education, Youth and Sports (MOEYS)** has responded to the outcomes expected in the **NSDP 2014-2018** by preparing the **ESP 2014-2018**, aiming at providing quality education to more children in all levels. MOEYS has prepared a sub-sector plan based ESP (Early Childhood Education (ECE), primary, secondary, higher, non-formal, youth and sports) that will allow for a focus on the access, relevance and quality needs at each level of a child's learning. There is strong focus on building a quality assurance framework and providing more opportunity to build relevant skills.

4.163 To achieve the goals in the education sector, MOEYS puts forth three policies in ESP 2014-2018, as follows:

***Policy 1*:** Ensuring equitable access for all to education services: All children have access to preschool, primary school and lower secondary school and then opportunities to continue learning. For children who do not access formal education alternatives will be provided. To achieve all these, MOEYS needs to build more schools and provision of adequate teachers.

- Ensure that all children entering grade 1 have completed kindergarten.
- Increase the number of children and youth that have access to all education levels with a focused attention on equity and access for the most disadvantaged areas and groups of children.
- Increase opportunities for children to finish 12 years education with a good knowledge and reasoning and logic skills, who can further build on these skills (and knowledge) through technical training, higher education and other means.

***Policy 2*:** Enhancing the quality and relevance of learning: All children and youth have a relevant and quality learning experience, enabling them to contribute effectively to the growth of the nation. Children will learn to think analytically and critically, and will have a good grounding in mathematics, sciences and foreign languages.

- Undertake a curriculum reform of the general and technical education in line with the international best practices.
- Revise the teacher training curriculum in line with the revised curriculum and undertake in-service teachers training.
- Ensure effective implementation of instructional-hours with adequate provision of qualified and trained teachers at all levels as well as textbooks and learning materials.
- Systematically monitor the student learning achievements by conducting national assessments at grades 3, 6 and 8 and prepare for participation in the regional and international assessment programs.

***Policy 3*:** Ensuring effective leadership and management of education staff: Educational services are provided effectively and flexibly. Efficient and professional management provides best value with a focus on results; timely and relevant monitoring; and reporting of the results with effective feedback and mechanisms for adjusting the policy, strategy and programs.

4.164 To achieve the three policies above, MOEYS will continue to carry out the priority programs as follows:

- Early childhood care and education (ECCE) expansion program as the foundation for providing the next generation of healthy, skilled and knowledgeable citizens able to

contribute to the social and economic development. Building and expanding access to quality home-based, community and pre-school education for at least 80% of children.

- School establishment and development program, assuring all children access primary learning and significantly increasing access to secondary education – school construction with water, sanitation and health facilities, and in particular a substantial increase in the number of (complete) lower secondary schools, by upgrading and expanding the existing primary schools; pre-service and in-service teacher training; textbooks and library packages provision; school principal training; laboratory for science, computers and foreign languages; workshops for apprentice learning.
- School quality system and quality assurance program for preschool, primary and secondary schools. Developing quality framework and tools, building capacities to help schools and teachers to meet service standards, where quality and relevance are guaranteed through a responsive curriculum, adequate learning materials, and excellence in teaching.
- National and international student assessment systems strengthening program – strengthening regular classroom tests and national assessment tests; reforming national examinations; and preparing to participate in Program for International Student Assessment (PISA).
- Scholarship program –Expanding primary and secondary education and targeting, monitoring and evaluating the program.
- Technical and Vocational Education program – Implementing the national qualifications framework to improve quality of technical and vocational education and institutionalizing coordination among and between different stakeholders.
- Teacher performance management and appraisal program for quality teaching – Assessment, appraisal, promotion and professional development.
- Higher education development program – Undertake systematic reforms of the higher education system to bring higher education into line with regional and international standards; improve the quality of the system by requiring all higher education institutions to meet agreed minimum standards monitored by Accreditation Committee of Cambodia (ACC); significant focus on teaching and research in science, technology, engineering, arts and mathematics (STEAM) subjects; review and guidelines for fee control; substantial increase in merit-based scholarships in subjects reflecting labor market demands; and a student loan scheme.
- Results-based management program – Develop, build capacity, and change the culture of work for it to be outcome-based; and budget and monitor the system at national and sub national levels.
- Education financial management reform and financing program – Build capacity for budget formulation and execution, strengthen audit and procurement performance; decentralize budgets in schools; and improve financial management.
- Literacy and Lifelong learning program– MOEYS's innovative non-formal education equivalency programs, and defined mechanisms for literacy and lifelong learning, will continue to be offered and developed.
- Cross-sector and sector coordination program – Establish cohesive and coherent operating mechanisms for all sub-sectors.

4.165 To move forward in meeting the challenges faced in the implementation of NSDP Update 2009-2013 and based on lessons learned, the MOEYS will accelerate its efforts during the period of NSDP 2014-2018 to:

- Increase the access to home-based care and Community Resource Centers along with training programs for mothers and community teachers.
- Expand secondary education, a focus on reducing gender-gap, and ensuring completion of lower secondary education; increase the number of scholarships for students from poor families, especially girls; and expand the number of lower secondary schools through upgrading existing primary schools.
- Measures to reduce the number children out of school with focus on indigenous children, children with disabilities, and children from poor families.
- Initiate developing a national framework to put in place mechanisms to assess student achievement. Strengthen regular classroom testing and initiate student assessment in Grade 3, with a view to expanding to Grades 6 and 8. Improve the quality and relevance of learning through reviewing curricula and textbooks.
- Prepare a '**Vision**' on higher education and focus on priority programs (science, technology, engineering, arts and mathematics - STEAM); link to the ASEAN quality assurance standards; and strengthen the Accreditation Committee of Cambodia (ACC) mechanism.
- Improve the coverage of the distribution of textbooks; and ensure supply of new textbooks, curriculum and teacher guides in remote/rural areas.
- Deploy teachers at the newly established upper and lower secondary schools, especially in remote/rural areas. Increase the knowledge and skills of teachers in mathematics and science through in-service training, and initiate a staff performance appraisal system.
- Promote physical education and sport activities in schools including activities of sports associations, sports clubs and physical infrastructure.
- Implement D&D reforms to enhance effectiveness of the provision of educational services to beneficiaries at the sub-national level by transferring the identified functions to the respective bodies and engaging them in planning, management, implementation and monitoring.
- Train to develop the capacity of the school principal, officials at the Provincial Office of Education, and the District Office of Education. Strengthen the capacity of District Training and Monitoring Teams for supporting and advising schools.
- Develop and implement innovative non-formal education programmes including equivalency to target out of school youth and adults to acquire literacy and technical skills to contribute to social, cultural and economic development.

4.166 The selected core indicators and targets that will be regularly monitored and periodically reported on by MOEYS are presented in Table 4.11.

Table 4.11: MOEYS Selected Core Indicators and Targets

Key Education Indicators		Unit	2012 Actual	2013 Estimated	2014 Projected	2015 Projected	2016 Projected	2017 Projected
			2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	Percentage of five year old children in all aspects of ECE	%	56.5	62.0	66.0	71.0	75.0	80.0
2	Number of primary schools (grade 1-6)	Nos	6,910	6,915	6,591	7,073	7,302	7,606

Net Enrolment Rate in Primary Education								
3	Total	%	97.0	97.3	97.9	98.6	99.3	100
4	Male	%	97.0	97.5	98.1	98.7	99.4	100
5	Female	%	97.0	97.1	97.8	98.5	99.2	100
6	Urban	%	89.8	91.8	93.9	95.2	97.9	100
7	Rural	%	98.6	98.9	99.2	99.4	99.7	100
Gross Enrolment Rate in Primary Education								
8	Total	%	121.1	119.2	117.2	115.8	115.2	115.5
9	Male	%	123.1	121.6	118.2	116.4	115.5	115.4
10	Female	%	119.0	117.7	116.1	115.2	115.0	115.6
Completion Rate in Primary Education								
11	Total	%	91.5	98.3	100	100	100	100
12	Male	%	91.9	98.7	100	100	100	100
13	Female	%	91.0	98.0	100	100	100	100
14	Number of Lower secondary schools	Nos	1,622	1,632	1,642	1,652	1,652	1,652
Gross Enrolment Rate in Lower Secondary Education								
15	Total	%	56.5	60.4	66.9	73.7	81.3	87.4
16	Male	%	56.2	60.4	67.2	74.4	82.2	88.9
17	Female	%	56.7	60.3	66.5	73.1	80.4	85.9
18	Urban	%	78.4	80.7	84.8	88.2	92.3	94.3
19	Rural	%	52.6	56.7	63.6	71.2	79.2	86.1
Completion Rate in Lower Secondary Education								
20	Total	%	42.2	44.4	51.6	57.2	67.3	76.4
21	Male	%	42.0	44.0	51.7	57.6	67.7	77.2
22	Female	%	25.5	27.3	31.6	35.1	41.6	47.0
23	Number of Upper secondary schools	Nos	433	443	451	498	566	668
Gross Enrolment Rate in Upper Secondary Education								
24	Total	%	29.8	29.4	30.8	33.9	38.4	45.3
25	Male	%	31.9	31.6	33.1	36.1	41.1	48.5
26	Female	%	27.6	27.2	28.4	31.5	35.6	41.9
27	Number of Technical High Schools	Nos	4	4	5	5	6	7
28	Number of student in technical high schools	%	897	1,317	1,738	2,159	2,579	3,000
29	Literacy Rate (15-24)	%	91.5%	92.5%	93.5%	94.5%	95.5%	96.5%
30	Literacy Rate (15-45)	%	n.a	87.7	88.4	89.1	89.8	90.5

Source: Ministry of Education, Youth, and Sports

II. PROMOTION OF HEALTH AND NUTRITION

A. Policy Priorities for the Fifth Legislature

4.167 RGC during the Fifth Legislature will continue implementing and updating **Health Sector Strategic Plan (2008-2015)** to promote sustainable development of the health sector, aimed at improved sanitation, health, nutrition and well-being of the Cambodian people particularly the poor and the vulnerable (including women and children). It will focus on the following priorities:

1. Developing and improving health sector policies and strategies; strengthening and improving regulatory framework especially for private health services; promoting good governance and strengthening health institutions at all levels; enhancing awareness

among physicians, health workers, and health staff and service users about patient rights; promoting private sector partnerships in delivering health services; and encouraging community participation in health sector development.

2. Further developing supporting infrastructure in health sector through IT application and extension in order to strengthen the health sector database system.
3. Further increasing access to health services through expanded coverage and outreach of public health service by bringing them closer to the public through further expansion of health infrastructure including construction of referral hospitals, health centers and health posts according to geographic and demographic conditions, and providing them with facilities, equipment, medicines and medical staff with appropriate skills.
4. Further improving equity in access to health services through expansion of the equity fund and pro-poor health financing payment schemes for the poor; and development of health insurance system keeping in view Cambodia's socio-economic context and to promote the welfare of the people particularly by protecting the poor from the risk of excessive health spending.
5. Further enhancing the quality of health services through strengthening clinical techniques and management capacity of physicians, medical staff and health officials, by focusing on: (1) Improved quality of basic, advanced and specialized training; (2) Strengthened enforcement of professional ethics; and (3) Deployment of more physicians, pharmacists, dentists, mid-wives, nurses and medical assistants to all public health centers especially in rural areas, while giving priority to admitting students from the rural areas to undertake studies in national and regional health education institutions including the provision of adequate incentives and accommodation when deployed in rural areas.
6. Further enhancing awareness about hygiene and improving sanitary conditions among population aimed at maintaining good health and reducing prevalence and spread of diseases.
7. Further improving reproductive, maternal and infant/children health including their nutrition status through enhancing quality and effectiveness of reproductive, maternal, infant and children healthcare services by focusing on: expanded coverage of child delivery by professional mid-wives and physicians, maternal emergency and newborn baby care services, and consultation services on birth spacing options; increased coverage of children's vaccination especially vaccinations against measles and tetanus; provision of mineral supplements and proteins to infants during the initial 1,000 days after birth and special care services for those with severe malnutrition; and provision of reproductive education and healthcare services to the youth.
8. Further reducing morbidity and mortality rates caused by major communicable diseases such as HIV/AIDS, TB, malaria, dengue, and other neglected tropical diseases including newly emerged transmitted diseases and other re-emerged diseases, particularly exerting more efforts to completely eliminate malaria by 2025.
9. Further reducing morbidity and mortality rates caused by chronic non-communicable diseases and other public health vulnerabilities related to food safety, drug use, alcohol and tobacco consumption, traffic accidents, disasters, environment and climate change.
10. Further strengthening cooperation with development partners and other concerned stakeholders aimed at enhancing public health services, particularly for important health programs such as reproductive healthcare and women and children nutrition programs.

B. Planned Actions to Implement the Prioritized Policies

4.168 To achieve RGC's priority policies in the Fifth Legislature, the government will focus on four priority policies:

1. Improving sexual, reproductive, maternal, newborn, infant, child health and nutrition.
2. Reducing morbidity and mortality of main communicable diseases, such as HIV/AIDS, tuberculosis, malaria, dengue, neglected tropical diseases, emerging and remerging infectious diseases.
3. Reducing morbidity and mortality of non-communicable/chronic diseases and other public health problems related to substance use, alcohol and tobacco, traffic accident, injury, food safety, disaster, environmental health and climate change.
4. Ensuring equitable access to quality health services by all Cambodians.

4.169 To achieve the above policies, **Ministry of Health (MOH)** will carry out the following activities:

Improving sexual, reproductive, maternal, newborn, infant and child health and nutrition by focusing on the following objectives:

- Increase accessibility and coverage of sexual and reproductive health services for all including young women, men and adolescents.
- Improve quality, accessibility and coverage of antenatal care, delivery, postnatal care, baby care and emergency obstetric and neonatal services, and prevention of HIV transmission from mother to child.
- Improve quality, accessibility and coverage of immunization and integrated management of childhood illness (pneumonia and diarrhea diseases).
- Improve quality, assess and coverage of nutrition services to reduce insufficiency of protein-energy and micronutrient among women and infants.

4.170 Key Interventions for improving sexual, reproductive, maternal, newborn, infant and child health are as follows:

Sexual and reproductive health:

- Increase demand for and access to sexual reproductive health services, information, counseling and services including contraception, safe abortion and comprehensive abortion care, adolescent-friendly services and victims of gender based violence; and
- Ensure reproductive health commodity security system.

Maternal and newborn health:

- Increase delivery in health facilities assisted by trained health personnel.
- Improve maternal care through increased number of Basic and Comprehensive Emergency Obstetric and Newborn Care units staffed by skilled birth attendants and supported by an operational referral system.
- Promote use of antenatal and postnatal care packages, including nutrition counseling and promotion and distribution of iron folic acid.
- Strengthen maternal and neonatal death surveillance system.

Immunization and child health:

- Eliminate measles and neonatal-tetanus.

- Maintain high coverage of routine vaccine immunization and introduce new vaccines for target populations, especially children< one year-old.
- Strengthen cold chain management and vaccine supply system.
- Implement the Integrated Management of Childhood Illness and HIV/AIDS and Sexually Transmitted Infection protocols for children under 5 years.

Crosscutting interventions:

- Improve the quality of services and information on sexual, reproductive, maternal, newborn, infant and child health.
- Strengthen monitoring and supportive supervision for sexual, reproductive, maternal, newborn, infant, child health and nutrition services.
- Deploy midwives in all health centers.

Reducing mortality and morbidity from major communicable diseases: HIV/AIDS, TB, Malaria, Dengue, tropical diseases, and emerging/remerging diseases:

- Reduce HIV transmission rate and increase survival rate of HIV/AIDS patients.
- Reduce prevalence/mortality by TB; maintain notifications of all forms of TB; and work towards a high TB cure rate.
- Reduce malaria and dengue mortality rates.
- Reduce prevalence of parasite infections.
- Contain pandemic emerging and remerging infectious disease.

4.171 Key Interventions for Communicable Diseases are as follows:

HIV/AIDS/Sexually Transmitted Infections:

- Expand quality HIV testing services (including counseling) to all health facilities, using HIV finger-prick test; ensure availability of HIV test kits.
- Increase coverage of facility-based ART services, and ensure availability of Anti-Retroviral drugs and other consumables.
- Increase the national budget and development partners' funding for provision of HIV testing and Anti-Retroviral Treatment services.
- Provide training/refresher-training on HIV counseling and testing (including HIV finger-prick test) and network meetings on Anti-Retroviral Treatment.
- Regularly conduct sentinel surveillance, including HIV sentinel and integrated bio-behavior sentinel surveys.
- Develop policy on implementation of HIV testing and counseling services to ensure equitable and easy access to services, particularly by those most at risk.
- Update, implement and monitor the Strategic Plan for HIV/AIDS and Sexually Transmitted Infections prevention, care and treatment 2014-2020 to assure alignment with the Cambodia 3.0 Conceptual Framework for Elimination of New HIV Infections in Cambodia by 2020.
- Continue under the leadership of the National Center for HIV/AIDS, Dermatology, and STIs (NCHADS) to finalize guidelines for pediatric and adult anti-retroviral treatment and continue development of standard operating procedures for the Boosted Continuum of Prevention, Care and Treatment.
- Enhance integration of SRH and HIV services to ensure key populations and PLHIV have access to contraception, safe abortion, safe motherhood and other relevant services.
- Ensure effective linkages between HIV/AIDS and harm reduction programmes (e.g., need & syringes, methadone) for people who use drugs and are at risk of HIV.

Tuberculosis:

- Provide tuberculosis services free of charges for all, including detection, smear examination, diagnosis and treatment.
- Promote collaborative efforts to address combined Tuberculosis-HIV/AIDS co infection.
- Provide supplies and equipment for a variety of laboratory diagnostic, monitoring and quality assurance/quality control procedures; Ensure providers are trained and competent in tuberculosis diagnostics, treatment monitoring and adherence.
- Seek community participation in Community-based Directly Observed Treatment (DOTS).
- Improve public and private partnership in mixed-DOT.
- Improve detection, management of multi-drug-resistant Tuberculosis.
- Ensure availability of first and second line Tuberculosis drugs.

Malaria:

- Improve access to malaria detection, early diagnosis and treatment.
- Improve access to treatment and prevent application of mono-therapy and substandard drugs in both public and private sector.
- Increase access to preventive measures, especially prevent transmission of artemisinin-resistant malaria parasite through mosquito control.
- Promote community awareness and behavioral change among population at risk, and contain artemisinin resistant parasites.

Dengue and Helminthiasis:

- Ensure adequate stocks of abate/Bti for both rounds (in May and August) in high-risk areas, and ensure adequate and timely supplies of insecticides.
- Improve clinical capacity for diagnosis and treatment of dengue.
- Mobilize communities for health education and dengue prevention.
- Improve integrated vectors management including epidemic preparedness and outbreak response.
- Provide regular chemotherapy for helminthiasis to the population at risk.

Communicable diseases control:

- Prevent and control of emerging and remerging infectious diseases, including timely and effective response to diseases outbreaks.
- Provide training on clinical management and disease surveillance and victors control.
- Strengthen capacity of Rapid Response Teams in disease surveillance and response through training in Applied Epidemiology.
- Reinforce implementation of International Health Regulations.
- Maintain Cambodian Early Warning Systems, including sentinel surveillance for Influenza-Like Illness and SARS at all levels.

Reducing mortality and morbidity from non-communicable / chronic diseases and problems related to addictive substance, alcohol, tobacco, road traffic accident, food safety, disaster, environmental health and climate change, by focusing on the following objectives:

- Reduce population exposure to common non-communicable and chronic diseases, such as cancer, diabetes, and cardio-vascular diseases.
- Promote early detection, provide primary prevention, and manage acute events (including palliative treatment, care and rehabilitation services).

- Reduce injuries and disability due to violence, accident and other causes.
- Reduce harmful uses and impact of illicit drug, alcohol and tobacco.
- Promote health education and practice of preventive measures for mental-health related illnesses, with expansion of primary and complementary mental health services, including addictive substance treatment.
- Reduce the prevalence of blindness.
- Promote oral health, hygiene and sanitation, and food safety.
- Reduce health risks caused by polluted environment and climate change.
- Strengthen disaster management and response.

4.172 Key interventions for non-communicable, chronic diseases and other health problems are as follows:

- Provide integrated primary prevention for non-communicable and chronic diseases, including injury and disability, and elderly care services.
- Increase access to early detection, diagnosis, especially cervical cancer and breast cancer, and provide treatment services, including palliative care, nursing care, rehabilitation and kinesis therapy services.
- Improve quality of care and treatment for non-communicable and chronic diseases at public and private health facilities (including having drug stocks).
- Increase awareness of risk factors of non-communicable and chronic diseases and, and other public health problems amongst general population.
- Expand integrated management of non-communicable diseases at health facilities: counseling on preventing cancer, diabetes, blood pressure, etc.
- Increase resources for non-communicable/chronic diseases and other public health interventions, including road accident, environmental health, disaster preparedness and management.
- Include elderly care, environment health and vocational health, in pre-service training programs at public and private training institutions.
- Provide in-service training, coaching and post-training follow-up at the service delivery level on management of non-communicable diseases.
- Establish networks and mechanisms to coordinate non-communicable and other public health interventions at national and sub-national level.
- Strengthen and expand coverage of mental health services, health education, prevention, counseling, and treatment (including harm reduction of drug addicts).
- Expand coverage of ophthalmology services, including prevention, treatment and care at the public health facility (including blindness).
- Develop/update medium- and long-term plans for controlling non-communicable/chronic diseases, mental health, and substance abuse.
- Increase access to quality oral health services, promote hygiene and sanitation practice and food safety.
- Step-up '**quit smoking**' campaigns.
- Implement legislation and regulations related to tobacco and alcohol control; restrict tobacco and alcohol advertisements; and bring sub-degree on occupational health risks and a sub-degree on smoke-free environment.
- Conduct surveys/assessments/studies related to non-communicable/chronic disease interventions (including STEPS Survey), adult tobacco use, alcohol use, chemical use, behavioral change toward injury and violence, environment health, and climate change.
- Provide training to Health Center Management Committees and Village Health Support Groups.

Ensure equitable access to quality health services through strengthening health system by focusing on the following:

- Expand coverage and improve the quality of health services, including development of health infrastructures, effective and efficient procurement and supply management (including CMS date information system) and provision of medical equipment.
- Ensure universal coverage by effective and appropriate use of resources and expansion of social health protection.
- Focus on human resource development and management to the needs of service delivery and create supportive environment for health profession.
- Ensure availability, timely and high quality health and health related information for evidence-based policy formulation, decision-making, program implementation, performance monitoring and evaluation.
- Strengthen good governance, leadership, management and accountability mechanism in the context of decentralization and de-concentration, and develop and enforce laws and health regulations for both public and private sector.

4.173 Key Interventions for Health System Strengthening are as follows:

Health service delivery:

- Update the health coverage plan (determining number and location of Operational District, Referral Hospital, Health Center and Health Post) regularly in the context of decentralization and de-concentration by taking economy of scale into account.
- Expand public service delivery mechanisms such as Special Operating Agency, and Public Administrative Enterprises.
- Ensure that sufficient medical supplies, basic equipment, and means of transportation are in place according to Minimum Package of Activity and Complementary Package of Activity Guidelines.
- Increase investment in high-tech medical equipment and medical technology.
- Improve organization, management and technical capacity of paramedical services including laboratory and blood service facilities.
- Develop quality accreditation system and apply consistent standards of quality across entire health sector (public, private and non-profit).
- Implement infection control measures, and improve medical waste management practice at health facility.
- Establish incentive for leveraging quality, such as bonuses and recognition/awards for health facility.
- Improve physical asset management systems, including maintenance of medical equipment, buildings, means of transportation and Information Communication Technology equipment.
- Improve physical health infrastructures, including building Health Center, Health Post, maternity waiting room, and hospital buildings, and drainage system, electricity and improved water sources at health facility, especially in remote areas.

Health System Financing

- Increase national budget for health and mobilize funds from other sources.
- Align development partners funding to support the national health priority interventions, and strengthen coordination of development partners assistance.
- Improve budget execution and strengthen public financial management, including public procurement.

- Scale up Health Equity Funds, voucher schemes and other social assistance mechanisms and community-based Health Insurance; ensure comprehensive coverage of services through financing schemes, with a particular focus on reproductive health.
- Develop and implement standard benefit packages and appropriate provider payment mechanisms for pro-poor health financing schemes.
- Move towards universal health coverage, including establishing institutional structures and capacity building for oversight of social health protection.
- Develop national health account and comprehensive database for social health protection schemes' reporting and management systems.
- Conduct evaluation/analysis of impact of health financing policy interventions.

Human Resource Development

- Invest in better clinical skills through pre-service training with more focus on clinical and public health practices.
- Develop continuing education, including management training.
- Development and implement accreditation systems for public and private health training institutions.
- Implement professional accreditation and registration system for health workforce in public and private sectors.
- Align human resource planning and personnel management with health sector planning and the Health Coverage Plan.
- Improve management of facility-managed incentive supplementation from user fees, Health Equity Funds and other demand-side financing mechanisms.

Health Information System

- Strengthen existing legislation, regulations and procedures related to health data, recording, reporting, storage, retrieval, and dissemination.
- Improve Health Information System supervision and feedback, focused on data quality and performance standard adherence.
- Strengthen patient record management system, including expansion of Patient Medical Registration, storage and retrieval systems, application of International Classification of Diseases (ICD 10).
- Expand participation in Health Information System by private health facilities.
- Improve national disease surveillance system, diagnosis, case notification and timely outbreak response.
- Develop and update agenda for health system research.
- Support strengthening of civil registration and vital statistics system that record vital events such as births, deaths and causes of death.

Health System Governance

- Strengthen law and institutional regulatory mechanisms for licensing the private sector, followed by implementation of an accreditation system, as a step-up after compliance to licensing requirements.
- Develop and update medium to long term plans on regular basis, including the Health Strategic Plan, Budget Strategic Plan, Public Investment Program, Annual Operational Plan, etc.
- Strengthen logistic and supply systems to ensure availability of and timely delivery of drugs and health commodities at health facility.
- Promote public and private partnership in health.

- Strengthen registration systems for pharmaceutical products: modern and traditional medicines, medical devices, medical equipment, and cosmetics.
- Enhance MOH's stewardship capacities (oversight, regulatory functions, legislation and policy development), and strengthen organizational structures and health service delivery in the context of D&D.
- Enhance local governance and community monitoring of health services efficiency through strengthening Health Center Management Committees and Village Health Support Groups, and promoting community awareness on client's rights and provider's rights/duties.

4.174 The key planning tools for carrying out the above functions are **MOH's Three-Year Rolling Plan** linked to the **Budget Strategic Framework and Public Investment Program**, and **MOH's Annual Operational Plan** and program-based budget. It is envisioned that all health partners will use this framework, including a set of agreed core indicators to review progress of their programs/projects in the health sector. MOH will prepare annual progress reviews, a mid-term review followed by end-cycle evaluation to report on the impact of the HSP2 in improving the health status of the targeted populations.

4.175 The selected core indicators for each of the three MOH programs: Reproductive, Maternal, New Born and Child Health; Communicable Diseases; and Non communicable Diseases and other health problems that the Ministry will periodically report on are presented in Table 4.12.

4.176 **National AIDS Authority (NAA)** is the sole and high government authority to lead, manage, coordinate and facilitate the national multispectral and comprehensive response to HIV and AIDS in Cambodia. Therefore, NAA is guided by, the National Strategic Plan for Comprehensive and Multi-sectoral response phase III 2011-2015 (NSP III) and phase IV (NSP IV 2016-2020) to reach Three Zeros (Zero new HIV infection; Zero discrimination and Zero HIV related death).

1. To get zero new HIV infection, the 100% condom policy and condom promotion have to be strengthened with the initiation of new scientific approach such as pre and post exposure prophylaxis, positive prevention and early anti-retroviral therapy etc.
2. To get zero discrimination, the positive enabling environment should be made available throughout the country, especially among the high-risk and vulnerable group as well as people living with HIV and AIDS. The AIDS law and AIDS related law and policy should be reviewed.
3. To get zero AIDS related death, the early anti-retroviral therapy coverage should be expanded, the application of new criteria of initiation of ART based on number of CD4 less than 500/mm^3 should be initiated and the quality of life of PLHIV should be improved.
4. The national monitoring and evaluation system should be strengthen and improved including HIV sentinel surveillance, behavioral surveillance etc through quality data and information management, publication and dissemination.

4.177 NAA will implement strategies, programs and projects to further reduce the number of new HIV infections by focusing on targeted prevention interventions; increase coverage and quality of care, treatment and support for people living with and affected by AIDS; and alleviate the socio-economic and human impact of AIDS on the individual, family, community and society. Those programs and projects will be targeted to:

- Increase coverage of present interventions and develop additional interventions.
- Increase coverage of effective interventions for comprehensive care and support and develop additional interventions.
- Increase coverage of effective interventions for impact mitigation and develop additional interventions.
- Strengthen leadership of government institutions and NGOS for the implementation of the national response to HIV and AIDS at both national and sub-national levels.
- Ensure a supportive legal and public policy environment for the national response to HIV and AIDS.
- Increase the availability of information for policy makers and program planners through monitoring, evaluation and research.
- Increase and ensure the sustainability and efficiency of the mobilization and allocation of resources for the response to HIV and AIDS at both national and sub-national levels.

Table 4.12: Selected core indicators and Targets of MOH

Indicators Framework for Monitoring and Evaluation						
	Baseline	Target				
Core Indicators	2013	2014	2015	2016	2017	2018
1. Reproductive, Infant and Child Health and Nutrition status of women and children						
1. Maternal mortality ratio (100,000 live births)	206		140			130
2. Neonatal mortality rate (1,000 live births)	27		22			20
3. Infant mortality rate (1,000 live births)	45		35			32
4. Under 5 mortality rate (1,000 live births)	54		45			42
5. Unmet need for family planning	16.6%		10%			8%
6. Abortion rate [OR repeat abortion rate]	5% [26%]		5% [22%]			5% [20%]
7. Contraceptive prevalence rate (using any modern contraceptive method)	34%	37%	40%	42%	44%	46%
8. % of pregnant women attended antenatal care visit 2+ by health personnel	81.2%	88%	90%	91%	93%	95%
9. % of pregnant women attended antenatal care first visit by health personnel	87%	88%	90%	91%	93%	95%
10. % of pregnant women attended antenatal care fourth visit by health personnel	61%	63%	64%	65%	68%	70%
11. % of pregnant women received iron- folic acid 90 tablets	84%	88%	90%	91%	93%	95%
12. % of HIV+ pregnant women receiving Anti Retroviral Treatment for Protection from Mother To Child Transmission	78%	80%	82%	84%	86%	88%
13. Proportion of births delivery in public and private health facility	80%	83%	85%	87%	89%	91%
14. Caesarian section rate	3.2%	3.5%	4%	4.2%	4.4%	4.6%
15. % of mothers who start breast-feeding newborn child within 1 hour of birth (delivery in health facility)	74%	75%	76%	77%	78%	79%
16. % of children under one year immunized against measles	90.1%	95%	95%	95%	95%	95%
17. % of children under five with pneumonia received correct antibiotic treatment at the public health facility	65%	66%	67%	68%	69%	70%
18. % of children under five with diarrhea received ORS + Zinc at the public health facility	95%	96%	97%	98%	99%	100%
19. % of children with severe acute malnutrition with	25%	35%	50%	65%	80%	90%

complications received treatment						
2. Communicable Diseases						
20. Percentage of HIV prevalence among general population	0.7%	0.7%	0.6%	0.3%	0.2%	<0.1%
21. % People Living with HIV/AIDS on Anti Retroviral Treatment survival after a 12-month treatment	90%	90%	90%	90%	90%	90%
22. Prevalence of all forms of Tuberculosis per 100,000 population	725	694	653	612	571	530
23. Tuberculosis death rate (100,000 population)	63	60	57	54	51	48
24. Tuberculosis Cure Rate	91%	91%	91%	91%	91%	91%
25. Malaria mortality rate reported by public health facility per 100,000 population	0.08	0.08	0.08	0.08	0.08	0.08
26. Number of Malaria cases treated at public health facility per 1,000 population	1.5	2.9	2	1.85	1.65	1.45
27. Dengue hemorrhagic fever case fatality rate reported by public health facilities	0.3%	0.7%	0.5%	0.5%	0.5%	0.3%
3. Non communicable diseases						
28. Prevalence of adult 25-64 years-old having Hypertension*	11.2%	11.2%				
29. Prevalence of adult 25-64 years-old having Diabetes*	2.9%	2.9%				
30. Number and % of women aging 30-49 years-old received cervical cancer screening at least one		38,600	42,460	46,710	51,380	56,520
31. Number of newly diagnosed cervical cancer per 100,000 women aging over 25 years-old		30.6	31.2	31.8	32.5	33.1
32. Prevalence of blindness	0.38%	0.35%	0.32%	0.29%	0.27%	0.25%
33. Cataract surgical rate per 100,000 population	1,200	1,300	1,500	1,700	1,900	2,000
34. Prevalence of Tobacco use among male (M)& female (F) adults	M: 42% F: 17%	M: 41% F: 16%	M: 40% F: 15%	M: 39% F: 14%	M: 38% F: 13%	M: 37% F: 12%
35. Prevalence of alcohol use among male & female adult	53%	52%	52%	51%	50%	49%
36. Number of cases of adults with mental health illness seen at public health facility per 10,000 population	25	30	35	40	45	50
37. % of opioid addictive person received treatment	50%	55%	60%	65%	70%	75%
38. Road traffic mortality (per 100,000 population)	<11.60	<11.60	<11.60	<11.60	<11.60	<11.60
4. Health System Strengthening						
39. % of Health Center with stock-out of essential drug (14 items)	<5%	<5%	<5%	<5%	<5%	<5%
40. % of blood donations collected from volunteer non-remunerated blood donor	50%	55%	60%	65%	70%	75%
41. New case consultation per person per year	0.61	0.65	0.70	0.75	0.80	0.85
42. Client satisfaction index	86%	87%	87%	88%	88%	89%
43. % of poor population living under the national poverty rate protected by Health Equity Funds	80%	90%	100%	100%	100%	100%
44. Catastrophic health expenditure incidence*						
45. % of Health Center having at least a secondary midwife	75%	85%	100%	100%	100%	100%
46. Data quality index	87%	90%	93%	96%	98%	100%
47. % of Functioning Health Center Management Committee	8%%	>85%	>85%	>85%	>85%	>85%

Note: (*) Target to be set later

FOOD SECURITY AND NUTRITION

4.178 CARD is currently developing a **National Strategy on Food Security and Nutrition (NSFSN 2014-2018)** with the following priority areas are required to improve food security and nutrition:

- Increase the local availability and accessibility of diversified food (through homestead food production) and raise awareness on nutritional values of local agricultural products to the community.
- Improve child and maternal nutrition through increasing the extent to which women and their new baby born are covered along the first 1000 days of life through scaling up existing delivery mechanisms, improving the quality of nutrition care and counselling in the health system, increasing access to safe and nutritious complementary foods, and expanding nutrition education through media campaigns and community based programs.
- Expand fortification of staples and condiments with micronutrients, including making fish and soy sauce with iron mandatory to counteract the high levels of child and maternal anaemia.
- Improve food access for the poor and vulnerable, including people living with HIV/AIDS; enhance demand for nutrition services through social protection instruments.
- Improve access to sanitation, promote safe hygiene practices and increase knowledge of the importance of good sanitation and hygiene.
- Intensify and diversify small holder farming systems and improve linkages to markets.
- Enhance sustainable and secure access to land for the poor and food-insecure.
- Improve access to and sustainable use of common property fishery and forestry resources.
- Enhance employment and income opportunities for the food-insecure, targeting vulnerable populations.
- Reduce vulnerability of the food insecure population and protect them against risk by improving disaster preparedness and mitigation and enhance resilience of households against effects of climate change.
- Mainstream access to food security and improved nutrition as an objective for the social protection strategy.

4.179 In order to effectively implement the above priority areas, **the enhancement of institutional and policy environment for FSN** is needed through:

- Developing a nutrition action plan and investment plan to improve child and maternal nutrition.
- Designing a community based nutrition program across sectors and implement through sub-national government levels.
- Commit to scaling up integrated interventions that promoting optimal use of nutrition ‘specific’ services, ultimately leading to enhanced maternal and child nutrition status (management of acute malnutrition, micronutrient supplementation, complementary feeding campaign, nutrition message during ANC and PNC).

- Enforce policies and sub-decree to ensure optimal nutritional status (breast-milk substitute sub-decree, iodized salt sub-decree).
- Initiate innovative public-private partnership to support government nutrition 'specific' services.
- Develop or improve policies, guidelines to improve effectiveness of nutrition 'specific' interventions and nutrition 'sensitive' services.
- Support research to increase evidence based policies (micronutrient, obesity, thalassemia data, impact of innovative solutions through private-public partnership).
- Support joint-collaboration WASH/Nutrition, early childhood education/Nutrition, maternity in the workplace/Nutrition.
- Strengthen capacity of central and local governments on nutrition to provide basic nutrition 'specific' services.
- Strengthening CARD's role as the institution providing policy guidance and enhance coordination and integration of FSN related work into RGC institutions in both national and sub-national planning process.
- Strengthening the TWG-SP&FSN to effectively coordinate projects and programs based on the priorities outlined in the NSFSN across sectors and enhance harmonization and alignment of development partner's support for FSN in Cambodia.
- Ensuring effective coordination of FSN programs between departments of ministries, civil society organizations, development partners and the private sector at province, district and commune level.
- Revising and consolidating the indicator framework for the NSFSN based on a set of indicators and realistic targets aligned with all relevant existing sector strategies and plans.
- Establishing appropriate M&E procedures and reporting mechanism in order to ensure effective implementation of the NSFSN and to provide evidence-based feedback for the further development of programs and interventions.
- Strengthening the integration and harmonization of FSN information and knowledge management in Cambodia to present coherent and consolidated FSN information to decision makers and targeting FSN intervention.
- Continuation the operation of Food Security and Nutrition Management Task Force (FSN-MTF) and Food Security and Nutrition Data Analysis Team (FSN-DAT) and strengthen their capacities for FSN related data analysis and provide predictable resources for this task to enhance sustainability.
- Ensuring the integration and operation of CARD's SP&FSN Information System (SP&FSN IS) website and update its content regularly.
- Promote the use of FSN information products for planning and decision making at national and decentralized levels.
- Revising FSN training curricula for national and decentralized levels based on impact assessment and scale up training at decentralized level.
- Developing and implement FSN human resource development plan to enhance overall capacities for FSN coordination and policy oversight at national level.

4.180 To achieve RGC's priority policies on food security and nutrition, MOH will:

- Promote modern infant and young child feeding practices, in particular breast-feeding and complementary feeding.
- Improve Vitamin A supplementation and deworming coverage, by targeting hard-to-reach areas.

- Increase the coverage of multiple micro-nutritious food supplementation (e.g. multiple micro-nutrient powders for children, fish and soy sauce fortification with iron, iodized salt).
- Strengthen integrated outreach services and community-bases services, including growth monitoring and screening, and nutrition counseling.
- Scale-up management of severe acute malnutrition with complication.
- Enforce implementing nutrition-related regulations, such as restricting advertisements of breast milk substitutes.

4.181 To achieve RGC's priority policies on food security and nutrition, MOP will promote nutrition through fortifying micro-nutrients in food with following activities:

- Formulating a national policy on technical regulations and guideline on micro-nutrients fortification in food and promotion of effective utilization of existing legal regulations.
- Expanding the micro-nutrient fortification in other food and ensuring the safety quality and quantity with the demand.
- Promoting the inclusion of each micro-nutrient into national standard list.
- Analyzing data on food intake by each food type.
- Promoting the dissemination about the significance of micro-nutrient food use.
- Encouraging micro-nutrient fortification in food such as Vitamin A to Zinc.
- Promoting the quality control and quantity assurance of food fortified with micro-nutrients such as iodized salt, fish and soy sauce fortified with iron, etc. both domestic and exported products.

III. DEVELOPMENT OF SOCIAL PROTECTION SYSTEM

A. Policy Priorities for the Fifth Legislature

4.182 The Royal Government of the Fifth Legislature will continue strengthening the social protection system to be more interconnected and coordinated and consolidate it as an integrated, consistent, and efficient system covering both the public and private sectors, including a clear cut division of roles distinguishing between policymaking, regulation and operations. RGC will focus on the following priorities:

1. Improving the social protection policy framework and strategy, including the update of "**National Social Protection Strategy for the Poor and Vulnerable 2011-2015**" and other related documents such as "**Financial Sector Development Strategy 2011-2020**"so as to be more consistent and responsive to the above objective.

2. Further promoting and developing a mechanism for institutional coordination including harmonization of the existing intervention schemes, preparing studies and functional analysis of target areas of protection, instruments and implementation arrangements aimed at increasing efficiency in resource use and fill the gap in social protection for the poor and vulnerable that will result in a comprehensive social security system under the **Law on Social Security System for the Cambodian People**.

3. Further implementing the national policy on pension for veterans and former civil servants more efficiently through strengthening the national social security fund for civil servants and national fund for veterans.

4. Further implementing the national policy on disability through the **Disability Action Council**; strengthening the implementation of the **Law on the Protection and Promotion of the Rights of Persons with Disabilities**, and promoting the

enhancement of rights and welfare of the disabled according to the **United Nations Convention on the Rights of Persons with Disabilities**, as well as improving the quality and efficiency of the disability fund's services.

5. Further promoting the **National Policy for the Elderly People** through the Cambodian National Committee for the Elderly People; further strengthening the association of senior citizens, promoting welfare programs for elderly people at the community level and improved care programs for seniors at the family level; and in particular, enhancing arrangements and processes in providing services to the aged including provision of training for their care providers.
6. Further strengthening mechanisms to respond to disasters, with focus on protection of victims during and after disasters through further strengthened relevant institutions and mechanisms, in particular Committee for Natural Disaster Management, by further increasing collaboration, cooperation and coordination with all related stakeholders such as the Cambodian Red Cross, various international humanitarian aid agencies, private sector, donors and other partners.
7. Further strengthening food security, especially the mechanism of "**Cambodia Food Reserve Management Committee**".
8. Making further interventions in the health sector aimed at improving the sanitary conditions, enhancing prevention of epidemics and other health risks, promoting wellbeing of mothers, infants and children by paying attention to correcting malnutrition, expanded coverage of the equity fund, provision of health insurance to local communities and extending voluntary health insurance schemes targeting those in the informal economy.
9. Taking further initiatives in creating job opportunities through support provided to poor people to receive training and retraining in technical, professional, and entrepreneurship skills, that will help self-employment of workers or facilitate their job search in the market.
10. Introducing a package of flexible measures according to prevalent circumstances to provide protection to the vulnerable during future economic crises which may be faced by the country.
11. Further implementing measures to distribute land through social land concessions and land grants to the poor, handicapped soldiers, and families of deceased soldiers and former combatants who are either landless or with limited land, in accordance with RGC's land reform policy.
12. Enhancing financial inclusion through expansion of coverage and intermediation of microfinance and micro-insurance services at affordable prices and favorable terms and conditions, including state assistance in financing business creation through the "**National Fund for Training and Poverty Reduction**".
13. Further expanding occupational risk insurance and making arrangements to implement health insurance scheme for workers, employees and their dependents, and pension fund for workers and employees.

B. Planned Actions to Implement the Prioritized Policies

4.183 The Royal Government remains committed to developing and implementing a comprehensive and sustainable social safety net system aimed at protecting the livelihoods of the poor and most vulnerable segments of the population. CARD has taken some

important steps to build consensus on the key concepts and broad direction for policy development on social safety nets for the poor and vulnerable segments of the population in collaboration with implementing line ministries.

4.184 CARD will ensure that in planning for and implementation of social protection measures the following principles are adhered to:

- Test, implement and scale-up programs proposed under the NSPS to start putting in place a comprehensive, effective and affordable social protection system. Social protection programs for the poor and vulnerable currently being designed, implemented and/or piloted (cash transfers, public works, nutrition, Health Equity Fund, school feeding, and poverty-targeted scholarships) need to be evaluated, harmonized and scaled-up by:
  - Scaling up cash transfers program to poor pregnant women and young children and strengthening early-childhood development, health, and nutrition service delivery, would be instrumental in improving nutritional and cognitive skills. Central to this will be a call for registration of children to ease programme entry and monitoring.
  - Scaling up public works programs would help address vulnerability to shocks and seasonal unemployment.
  - Scaling up school feeding meals (including for pre-schools) to improve educational outcomes, especially among poor children.
  - Scaling up poverty-targeted scholarship programs to improve food security and nutrition and education outcomes, especially among poor children.
  - Scaling up health equity funds as a means to improve health protection for the poor.
- Building an efficient and effective Social Protection (SP) system requires harmonizing across the existing and new programs and strengthening delivery systems. Such this social protection system will enable the identification of beneficiaries, the type of beneficiaries, and the monitoring on services and benefits provided by:
  - Strengthening the existing national targeting mechanism (ID-Poor) is a priority in the coming years. ID-Poor should cover all rural and urban areas in Cambodia and be regularly updated. Enhancing targeting efficiency (reducing inclusion and exclusion errors, particularly of ethnic minorities) and expanding it to cover migrant labour and its family is also critical developing a grievance mechanism.
  - Increasing urbanization means that an urban SP targeting tool needs designing, to allow social protection programs to be targeted on to the urban poor, including the mobile poor who are often the most excluded.
  - Incorporating climate vulnerability in the existing targeting system so that the most vulnerable to climate hazards can get social assistance.
  - Localizing Social Protection planning and delivery so that assistance could be tailored to local needs. This should include building capacity of the sub-national authorities in design and implementation of social protection measures. Commune/Sangkat funds should be increasingly used for predictable and regular social protection measures
  - Mechanisms for efficient and timely social protection service delivery need to be put in place. The social service delivery mechanism using the One Window Service Office will be tested and applied to ensure coordination between different components of social protection at the sub-national level in rural areas.

- Effective systems for social protection outcome monitoring need to be developed to allow harmonized program implementation. Evidence-based decisions on social protection provision will be developed through a common monitoring framework for the NSPS.

- Strengthening and expanding the coverage of the existing contributory social security programs and developing a strategic framework for expansion to the informal sector. The dynamic of the demographic pattern and urban ID-Poor can provide a solid basis for expansion of the social security system to the informal sector.

4.185 Ministry of Social Affairs, Veterans and Youth Rehabilitation (MOSVY), Ministry of Labor and Vocational Training (MOLVT) and Ministry of Women's Affairs (MOWA) are all mandated to deliver social services to the population, and to protect specific vulnerable groups against risks. Specific safety net interventions have been delivered by other RGC institutions; for example, MOH, MOEYS, MRD, and MEF. To implement RGC's priority policies to strengthen social protection and safety nets, three strategies are put forth: (1) Increase the effectiveness of social services; (2) Promote the social security system; and (3) Strengthen institutional capacity and resource-raising. Eight actual policies are proposed:

1. Enhance social welfare and family affairs:

- Increase social intervention to help the poor and vulnerable victims of natural disasters.
- Continue expanding the program to help the poor and vulnerable and prevent the vulnerability of poor people.
- Continue to strengthen problem-solving for street folk,provide services to street folk based on the principle of respect for human rights, and give a chance for them to get a livelihood and integration into the society.
- Fight against human trafficking and assist victims through rehabilitation, vocational training and integration of the victims back to the community
- Continue to provide assistance to people affected by HIV/AIDS
- Prepare and implement policies for the betterment of the poor communities.
- Continue to mainstream on gender at national and sub-national levels, promote the role of women in society, eliminate all discriminations against women and continue to mainstream women in public life.

2. Develop child welfare and youth rehabilitation:

- Continue to implement the International Convention on the Rights of the Child; in particular, the survival rights, development rights, protection rights, and participation rights, prepared report the 4th to 6th on the implementation of the convention on the rights of the child and report on the implementation of other relevant protocol to the UN on time and quality.
- Develop NationalPlan for Child Development 2015-2025; laws and policy related to Child Rights, to promote implementation of the National Plan on the elimination of child labor; and continue to plan activities for social budget analysis focused on the children.

- Continue to strengthen the Cambodia National Council of Children, both at the national and sub-national levels and increase cooperation with partner organizations to promote children's rights.
- Continue to promote the Millennium Development Goals related to the child.
- Continue to implement the child welfare system, promote alternative care policy for children, set minimum standards on alternative care, and strengthen the role of the sub-national institutions in children's affairs.
- Continue strengthening the quality of the residential care centers through inspection; seek legal standards and mechanism to find families for children; and implement the Hague Convention on cooperation related to inter-country adoption.
- Promote youth rehabilitation and implement the juvenile justice program, and continue providing legal services to protect the rights of juveniles who have violated the law.
- Continue to implement the policy on rehabilitation treatment center to help victims of addictive substances.

3. Enhance welfare for people with disability:

- Implement the law on protection and promotion the rights of persons with disability in accordance with the national policy, eliminate discrimination and provide them opportunities for participating all activities in the society.
- Continue implementing the disability fund to provide services to people with disabilities according to the law.
- Support poor people with disabilities in conjunction with availability of funds.
- Continue implementing community-based services for persons with disabilities, provide rehabilitation services, constitute self-help groups, induct them into small-scale businesses, encourage formation of organizations of persons with disabilities like the Blind Association, Cambodian People with Disabilities Organization, and National Center for Persons with Disabilities.
- Provide employment opportunities to people with disabilities; up to 2%in government institutions, and 1% in private institutions.
- Continue providing services to blind and deaf children and children with mental deficiency through creation of a center to provide special services.
- Encourage art and sport movement for persons with disabilities, have news bulletin in sign language, and develop sign language and brail.
- Prepare and implementation of the national program on disability 2014-2018, including people with disabilities by mines.

4. Enhance elderly welfare:

- Continue to implement the national policy for the elderly.
- Promote the activities of the National Committee and sub-national mechanisms for the implementation of policies for the elderly people.
- Implement two programs: 1.The elderly in the community development program, and 2. Care for the elderly in the family.
- Continue to promote elderly care program in the family to the media, promoting good family tradition of respect and gratitude to the elderly.
- Continue to encourage the communities, Buddhist and other religious place, to assist the elderly.

- Continue to strengthen the activities for the elderly people: create a health care program, a rice bank, a death rescue fund, and a solidarity program for helping each other.
- Continue to encourage charities to create a humanitarian program to help the elderly and to help build houses for poor elderly people.
- Encourage the elite, charities and authorities at all levels to continue providing humanitarian assistance.
- Prepare and implement the Cambodia Service Center for the elderly.
- Encourage NGOs/private sector to create health services for the elderly.

5. Enhance former civil servants

- Continue to implement the national policy on former civil servants. Continue to provide them social security benefits in accordance with budget provisions.
- Continue to implement the principle of state contribution of 6% of salary instead of civil servants paying for it.
- Continue to implement the social security for civil servants 6 benefits, include: retirement, invalidity, maternity, work injury, death and their dependents.

6. Enhance the veterans:

- Continue implementing the national policy on veterans.
- Continue to provide resources to support programs for the veterans to the extent that the national budget permits.
- Develop an information system to ensure that payment of social security fund that the veterans get what is due to them.
- Prepare sub-decree on determine contribution required for supporting the National Veterans Fund.
- Continue to provide lands under social land concessions and building houses for armed forces veterans and their families.
- Develop the Cambodia Association of Veterans, for continuing to assist the veterans.
- Continue sustainability of Veteran Development Site donated by **Samdech Akka Moha Sena Padei Techo Hun Sen and Samdech Keti Prit Buntit**, and continue to build houses for veterans and their families through veteran association.

7. Establish Social security for General people:

- Create a comprehensive social security system covering layer on the scope of people of all segments of society as the core of the social safety net. Encourage study, prepare draft law on social security for general people submitting to stakeholders for discussion and approval and prepare supporting legal frameworks.

8. Enhance institutional capacity and strengthen partnership:

- Continue efforts to build institutional capacity and strengthen professional responsibility of the social officers for them to take up the said tasks.
- Set up the National Institute of Social Affairs to train human resources for state institutions and NGOs.
- Continue to implement the reform program on all sectors in accordance with the Government's policy to increase effectiveness.
- Continue to strengthen the partnership with NGOs to help the victims, poor and vulnerable groups.

IV. Enhancing Implementation of Population Policy and Gender Equity

Population Policy

A. Policy Priorities for the Fifth Legislature

4.186 In the Fifth Legislature, RGC will continue its efforts to integrate the population policy into socio-economic policy, plans and programs at all levels.

4.187 RGC during the Fifth Legislature will pay attention to further strengthening the management of the demographic dynamic, aimed at enhancing the quality of **human capital**.

1. Monitoring movement of people within the country in consonance with the implementation of strengthened land management and urban planning policies, and focus on: (a) Development of Phnom Penh, and other key economic poles, satellite cities and urban areas of the country while making efforts to create jobs in these communities; and (b) Linking satellite cities and urban areas with important economic poles and centers to form economic corridors.
2. Further developing human resources with focus on strengthening the quality, ability and work ethic standards, through implementing a variety of interconnected measures in education, research, science, technology, technical and vocational training, and health.
3. Promoting youth through strengthening vocational training programs and equipping them with technical and entrepreneurial skills.
4. Continuing creating favorable conditions for youth to become successors of the present generation and enable their participation in leadership and socio-economic development.
5. Further mainstreaming the needs of youth in national policy and the development plans in all sectors.

4.188 RGC continues to introduce necessary measures to enhance the quality of life of people through developments in education, health, gender equity, and rural development as priority. With 49.1 percent of Cambodian population aged below 24 years of age (**Cambodian Inter-Censal Population Survey 2013**), Cambodia aims to adopt measures to turn youth to be an important driving force in the development of all sectors. RGC will strengthen urban and agglomeration management to make cities clean with full sanitary facilities, fresh air, green spaces, and gymnasium complexes.

B. Planned Actions to Implement the Prioritized Policies

4.189 All line ministries and agencies play a role in implementing the RGC's population policy. The ministries and agencies actively associated include National Institute of Statistics at Ministry of Planning, which is responsible for regular collection of the population data and preparing analysis of these data; and General Directorate of Planning of Ministry of Planning, which is responsible for ensuring that population issues are dealt with in planning processes including those at the line ministry level and for advocating and promoting the population policy issues. During the Fifth Legislature, the efforts of these institutions will be focused on:

- Reviewing the existing **National Population Policy (NPP)** and updating it based on the perspectives of changing population dynamics.
- Enhancing the capacity of policymakers, parliamentarians, planners, and development program managers at the national and sub-national levels, to take into account data and analysis on key population and poverty issues.
- Formulating guidelines for integrating population and living standards variables in the design of all development programs.
- Strengthening capacity of planning officers at the national and sub-national levels to integrate population issues in planning processes.
- Strengthening institutional capacity to identify emerging population issues by periodically carrying out analyses and to monitor and update population policy.
- Developing and widely disseminating disaggregated population data at the national and sub-national levels.
- Continuing work on carrying out CSES, CDHS and CIPS in a timely manner.
- Integrating population, RH, gender, and living standards parameters in the progress reports of NPP, NSDP, CMDGs, and sectoral and sub-national plans.
- Formulating guidelines on the integrated data utilization and population variables to support sustainable development programs at both national and sub-national levels.
- Preparing a comprehensive training manual and other advocacy materials on population, RH, gender, poverty and development linkages.
- Training on population, RH, gender, living standards, and development linkages, to students in universities.
- Conducting research population-related needs and problems based on changing population dynamics to the RGC and other relevant institutions.
- Identifying data needs on population, RH, gender and poverty.

GENDER EQUITY

A. Policy Priorities for the Fifth Legislature

4.190 RGC has succeeded in implementing the Strategic Plan "**Neary Rattanak III**". The government is implementing the Law on Prevention of Domestic Violence and Protection of the Victim and the Law on Suppression of Human Trafficking and Sexual Exploitation. RGC has reduced the gender gap in the education sector through increasing enrolment rates for girls. In terms of health services, the RGC has improved the overall access to primary and reproductive health, prevention of malaria and HIV/AIDS. In the economic sector, the RGC has advocated for the rights of women workers through advocacy and policy interventions. Women are now being equipped with skills and they have the capacity to participate in decision-making. The proportion of women elected as members of parliament slightly decreased from 21 in 2008 to 20 in 2013. In 2007 Commune Council Elections, 15% of the elected members of Commune Councils were women, while currently 30% of village chiefs are women.

4.191 In the Fifth Legislature, RGC will place priorities on:

1. Promoting the role of women in the economy through strengthening vocational training programs, equipping them with technical and entrepreneurial skills, and empowering them.
2. Promoting the role of women in public sector through increasing the sex ratio in line ministries and strengthening their ability to pursue leadership.
3. Promoting implementation of "**National Action Plan to Prevent Violence Against Women**" aimed at eliminating violence against women.
4. Further strengthening law enforcement in measures against human trafficking and sexual exploitation of women and children.
5. Further promoting welfare and rights of children as stipulated in the International Convention on Children's Rights, including the right to life, development, protection, and participation.
6. Further mainstreaming gender in government initiatives and responding to the needs of youth in all sectors and at every level.

4.192 RGC during the Fifth Legislature will continue to implement CEDAW, other relevant conventions, regional commitments relating to gender equality and women's rights and its policy aiming at increasing educational opportunities for female students through increased scholarships, additional training programs, accommodation and safe transportation, and increasing the number of female teachers. RGC will strive to increase the ratio of women at all government levels, by providing employment opportunities for women, using advocacy at the village and commune levels throughout the country.

B. Planned Actions to Implement the Prioritized Policies

4.193 For the Fifth legislature, RGC will continue to implement the gender equality policy through mainstreaming gender in all development programmes and sectors in order to reduce women's poverty and vulnerability especially disabled women and minority women. Specifically, the RGC will put strong focus on women's economic empowerment, gender and climate change and green growth, women's decision-making in public and political spheres, legal protection for women and girls, women's health, and education for women and girls.

Women's Economic Empowerment

4.194 A strategy for Women's Economic Empowerment has been recently developed based on the MDG Acceleration Framework (MAF), and this will be the strategic document for the Women's Economic Empowerment (WEE) in the country.

4.195 RGC aims to eliminate gender disparities in wage employment, specifically in the agriculture, industry, and service sectors. In addition, the following key interventions are identified for 2014-2018:

- Provision of skills training for jobs for women: by providing technical and vocational training programs based on market demands for women, strengthening business development services of the Women in Development Centers (WDC), and increasing scholarship for women and girls.
- Promoting and enhancing MSMEs led by women: by delivering micro, small and medium enterprise development service and continuing to give relevant policy

interventions to ensure that they have the capacity to lead and grow their enterprises and move from the informal to the formal sector.

- Improving livelihoods of rural communities, especially of poor women: Gender mainstreaming in rural and agricultural development programmes will ensure that rural women in on-farm and off-farm activities, poorest and vulnerable women in particular, are able to diversify their economic activities, increase their productivity, and expand livelihood opportunities.

Legal Protection for Women and Girls

- Primary prevention: to reduce violence against women through a multi-sectoral coordinated primary prevention strategy targeting key actors and settings for positive change.
- Legal protection and Multi-sectoral services: to increase the provision of easily accessible, appropriate, quality services, and coordinated response to the varied needs of all survivors' of violence against women without discrimination.
- Laws and policies: to ensure that laws and policies in Cambodia are gender sensitive and designed to protect the rights of survivors of violence against women.
- Capacity building: to increase the capacities and resources of key sectors at the national level on designing, implementing, reporting, monitoring, evaluating, and coordinating violence against women response and prevention interventions.

4.196 In addition, RGC will closely monitor the incidents of domestic violence, rapes and human trafficking and enforce laws implementation in order to bring perpetrators to justice.

Women in Decision-Making in Public Sector and Politics

- Develop a monitoring and evaluation framework and carry out periodic gender audits on representation and participation of men and women in politics and decision making positions.
- Develop and strengthen policies, legal provisions and programmes, to increase women's representation in politics and other key decision making positions.
- Formulate and implement capacity building programmes for sitting and aspiring women leaders and support initiatives, including resource mobilisation efforts that seek to promote women in politics and other governance structures.
- Invest in programmes aimed at enhancing assertiveness and leadership confidence in young women to ensure equal participation in leadership in schools, tertiary institutions and youth groups and other community based organisations.
- Set affirmative action measures in areas where sharp gender disparities exist, (e.g. Increasing quota for women on electoral candidates list).
- Create and support a focal point/gender working group in Parliament for women in parliament to communicate with each other and organisations in civil society, promote the application of gender lens to decisions taken by all Parliamentary Committees.

Gender and Health

- Reduce maternal mortality rate.

- Increase the proportion of pregnant women visiting Antenatal Care (ANC) four times and above.
- Reduce HIV prevalence rate.
- Increase nutrition for women and girls.

Gender and Education

- Reduce girls' drop-out rates in primary school and lower secondary school.
- Increase scholarship for girls in upper secondary and higher educations.
- Raise awareness of parents in order increase girls' access to education.
- Increase the participation of women in all areas of education service delivery and management, and promote gender responsive social behaviour.
- Promote social accountability measures.

Gender and Climate Change and Green Growth

- Ensuring the relevant policies and strategies on climate change, green growth, and disaster risk management are gender responsive.
- Increasing climate change resilience for the community, especially for women and girls.
- Reducing the impacts on women's and children's health, especially during flood and drought.
- Increasing their knowledge on mitigation measures to ensure natural resources sustainability and environmental protection.
- Building the capacity of state and non-state development agencies in gender mainstreaming in environment and climate change policies, programmes and national environmental action plans.

Table 4.13: Core Monitoring Indicators 2014-2018

Gender Mainstreaming in all programs and sectors: key targets/indicators		Unit	2012	2013	2014	CMDGs 2015	2016	2017	2018
1. Proportion of women holding decision making positions in public sector									
1.1	Proportion of women holding decision making positions in public sector (from director general to office level at national and sub-national levels)	%	19	20	21	22	23	24	25
1.2	Proportion of women in public sector	%	34	35.5	36	36.5	37	37	37
2. Women's Economic Empowerment									
2.1	Women's share in wage employment:								
	Agriculture	%	53.8	52	51	50	50	50	50
	Industry	%	70.8	60	55	50	50	50	50
	Service	%	28.8	30	35	40	40	40	40
3. Gender and Climate Change and Green Growth									
3.1	Number of female headed households benefit from the Climate Change programme	Nos	30,696	50,000	70,000	90,000	110,000	130,000	150,000

Gender Mainstreaming in all programs and sectors: key targets/indicators		Unit	2012	2013	2014	CMDGs 2015	2016	2017	2018
4. Gender and Education									
4.1	Gross enrollment rate of girls in higher education	%	26.4	27	27	29	31	34	37
5. Gender and Health									
5.1	Percentage of pregnant women visiting Antenatal Care 4 times	%	52	61	63	64	65	68	70
6. Violence against women									
6.1	Number of DV cases filed in the Police	Nos	29,808	27,000	25,000	23,000	20,000	18,000	15,000

CHAPTER V

COSTS, RESOURCES, AND PROGRAMMING

CHAPTER V

COSTS, RESOURCES AND PROGRAMMING

5.1 RGC will continue strengthening and broadening the types and scopes of partnerships of ministries, institutions and agencies, with different development partners (DPs), (national and international) NGOs, and other civil society stakeholders to maximize the benefits for the people of Cambodia. It will attach high priority to obtaining high quality development resources, both physical and human, in such a manner that they help build capacities in the country to gradually phase out the need for external resources in the times to come. Among other priorities, effort will be made to use the said resources to build human capacities at all levels—with a focus at the sub-national levels—and also to target resources towards improving the lot of the poorer populations and of the hinterland. Finally, effort will be made to strengthen the capacities of government institutions for them to deliver services efficiently; in this regard, priority will be attached to e-governance and e-services for improving efficiency and reducing costs.

5.2 RGC is taking concrete actions to further strengthen and refine the harmonization of planning [along with monitoring and evaluation (M&E)], public investment expenditures, and development-cooperation-financing, among RGC institutions within the framework of its Public Financial Management Reform Program. To ensure an improved alignment of development cooperation financing resources with NSDP 2014-2018's priorities, RGC's focal point for aid coordination and ODA allocation/utilization will take concrete actions to further strengthen coordination with and among development partners and civil society stakeholders to enhance accountability and transparency in the utilization of resources available through development cooperation.

Total Public Investment Requirements

5.3 To collect information—through a bottom up process (including from sub-national levels)—on the costs of public investment requirements to implement RGC's prioritized policies for the Fifth Legislature (on-going development programs and projects as well as planned priority pipeline projects), the MOP has been asking each line ministry/agency to provide information on their Public Investment Requirements for regularly for this information to be incorporated into **the three-year Public Investment Program (PIP) Cycle**. This (bottom-up) approach, however, could not be executed in all the ministries and agencies since some of them have not been able to provide the needed information. Nevertheless, RGC will further strengthen and refine the planning and resource allocation processes and the capacities of the governmental institutions, to ensure that the data required for development planning and public investment resources allocation purposes are more readily available in the times to come. The three-year rolling PIP for 2015-2017 and onwards will be prepared based on a methodology that enables the harmonization of the PIPs and development cooperation financing. The three-year rolling PIP 2015-2017 will be prepared within the time schedule for the preparation of the National Budget for 2015.

5.4 In Chapter III on the "**Macroeconomic Framework for NSDP 2014-2018**" projections of key macroeconomic variables are presented. Also included in the analysis were projections of capital investments required from both, the public and private sector sources, to achieve the projected GDP growth rates. This (top-down) methodology, however, does not include all the requirements for public sector investment expenditures for the social sectors, i.e. the resources required for meeting the human capital and CMDG targets, strengthening the capacities of RGC institutions, and to resources required to mitigate poverty. Nevertheless, these estimates (of capital) constitute a major share of the total investment needs over the next five year.

5.5 To make the text reading, the information presented in Chapter III on projections of capital investment requirements over 2014-2018, is summarized again in the following text. To achieve the overall and sectoral GDP growth targets for the period covered by the **NSDP 2014-2018**, total capital investment of 109,016.9 billion Riels (USD 26.8 billion) will be required. In terms of private and public sources of financing of total capital investments required:

- Private sector capital investments are estimated to be 77,915.2 billion Riels (USD 19.1 billion) – accounting for 71.5 percent of total capital investments.
- Public sector capital investments are estimated to be 31,101.7 billion Riels (USD 7.6 billion) – accounting for about 28.5% of the total capital investments.

5.6 In terms of domestic and foreign sources of financing, for total capital investments required:

- Some 54,649.3 billion Riels (USD 13.4 billion) or 50.1% of total capital investments are projected to be financed from domestic sources.
- Some 54,367.6 billion Riels (USD 13.3 billion) or 49.9% of total capital investments are projected to be financed from foreign sources.

Table 5.1: Capital Investment Required Achieving GDP Growth Targets and Potential Sources of Financing the Needed Investment: 2014 – 2018
(In billions riels)[1]

Source of Funding	2014	2015	2016	2017	2018	Total 2014 -2018
Total Capital Investment	**17,511.5**	**19,434.9**	**21,566.2**	**23,942.7**	**26,561.5**	**109,016.9**
• **Public Capital Investment**	**5,037.8**	**5,570.9**	**6,172.5**	**6,808.2**	**7,512.3**	**31,101.7**
➢Financed by Domestic Resources	1,240.2	1,371.4	1,519.5	1,676.0	1,849.4	7,656.5
➢Financed by External Resources[2]	3,797.6	4,199.5	4,653.0	5,132.2	5,663.0	23,445.2
• **Private Capital Investment**	**12,473.8**	**13,864.0**	**15,393.7**	**17,134.5**	**19,049.2**	**77,915.2**
➢Financed by Domestic Resources	7,630.0	8,424.7	9,490.3	10,283.4	11,352.4	46,992.8
➢Financed by External Resources[2]	4,843.8	5,439.3	6,091.4	6,851.1	7,696.8	30,992.4
Total Capital Investment	**17,511.5**	**19,434.9**	**21,566.2**	**23,942.7**	**26,561.5**	**109,016.9**
• Public Capital Investment	5,037.8	5,570.9	6,172.5	6,808.2	7,512.3	31,101.7
• Private Capital Investment	12,473.8	13,864.0	15,393.7	17,134.5	19,049.2	77,915.2
Total Capital Investment	**17,511.5**	**19,434.9**	**21,566.2**	**23,942.7**	**26,561.5**	**109,016.9**
• Financed by Domestic Resources	8,870.2	9,796.1	10,821.9	11,959.4	13,201.7	54,649.3
• Financed by External Resources[2]	8,641.4	9,638.8	10,744.3	11,983.3	13,359.8	54,367.6
Public Capital Investment	**5,037.8**	**5,570.9**	**6,172.5**	**6,808.2**	**7,512.3**	**31,101.7**
• Financed by Domestic Resources	1,240.2	1,371.4	1,519.5	1,676.0	1,849.4	7,656.5
• Financed by External Resources[2]	3,797.6	4,199.5	4,653.0	5,132.2	5,663.0	23,445.2

Source: Ministry of Economy and Finance
[1] The USD is taken to be equivalent to 4,100 Riels
[2] Capital investment component only

5.7 Successful and timely implementation of NSDP 2014-2018's prioritized policies and achieving its targets call for well-directed investments and efficient implementation process in a time-bound manner. First, these investments would have to be made in the private sector to sustain and foster growth and diversification of the economic base, in particular of the rural economies. Second, they require to be made in the public sector to provide coordinated support to expand and diversify the economic base, in particular of the rural economies, the hinterland and remote areas to alleviate poverty, continue mitigating the adverse effects of the global downturn (especially on the poor), support expansion and efficient delivery of the social sector services (to achieve CMDG targets), and strengthen the capacity of RGC institutions to deliver their programs and services efficiently.

5.8 The availability of foreign private capital investments to developing countries worldwide continues to remain uncertain due to the global financial crisis and uncertainties about economic outlook in advanced economies, though increased investments from within the ASEAN and China appear highly likely. In addition to facilitating the inflow of capital from these sources, RGC will also implement measures to encourage financing of the (domestic) private sector from the domestic financial sector. In fact, as stated in Chapter III, there are a number of new financial instruments being promoted for channeling private savings into investments. Next, borrowing levels from financial institutions for long-term investments are yet quite low and a sizeable portion of deposits with the commercial banks is still not being fully availed of for investments within the country; in fact, some of it is being invested elsewhere. Channeling these resources towards Cambodia's growth is, therefore, a priority.

5.9 The primary focus in this chapter is to present the availability of resources for public sector investments for implementing the NSDP 2014-2018's prioritized policies. The total public sector investment requirements include:

- Public sector capital investments requirements.
- Resources required to provide targeted support for the development and diversification of the rural economy to alleviate poverty in rural and remote areas and the hinterland.
- Resources required to expand social sector services to achieve CMDGs targets.
- Resources required to strengthen the capacity of RGC institutions to deliver their programs and services efficiently.

5.10 RGC has set a target of 46,225.38 billion Riels (USD 11.27 billion) for public sector investments to implement RGC's prioritized policies for the Fifth Legislature. It includes: public sector capital investment requirements at 31,101.7 billion Riels or USD 7.60 billion; resources required to provide targeted support for the development and diversification of rural economies to alleviate poverty in rural and remote areas (including disaster management) at 7,560.22 billion Riels or USD 1.84 billion; resources to expand social sectors services to achieve CMDGs targets at 3,781.73 billion Riels or USD 922.3 million; and resources required to strengthen the capacity of RGC institutions to deliver their programs and services efficiently at 3,781.73 billion Riels or USD 922.3 million (see Table 5.2).

Table 5.2: Resource Mobilization Targets for Public Sector Investments 2014-2018

Public Sector Investment Targets	2014-2018	
	Riels (billions)	USD (billions)
1. Public sector "capital" investments (Macro-Economic Projections)	31,101.7	7.60
2. Targeted support for the development and diversification of rural economies to alleviate poverty in rural and remote areas	7,560.22	1.84
3. Expansion of social sectors services to achieve CMDGs targets.	3,781.73	0.92
4. Support to strengthen the capacity of RGC institutions to deliver their programs and services efficiently.	3,781.73	0.92
TOTAL	**46,225.38**	**11.27**

Potential Sources of Funding the Public Sector Investment Expenditures

5.11 Within the framework of the Medium-Term Expenditure Framework (MTEF), RGC has allocated 8,004.6 billion Riels (USD 1.95 billion) for public sector capital expenditures, which could be leveraged to attract financing from the traditional and non-traditional development partners and the private sector, to implement the investment projects during the Fifth Legislature. The balance of the total public sector investment requirements (total investment – domestic financed by RGC = 46,225.38 minus 8,004.6), is 38,220.78 billion Riels (USD 9.32 billion) for 2014-2018 or about 7,644 billion Riels (USD 1.86 billion) per year. Of course, the estimates projected in the MTEF could be conservative, and the possibility for an upward revision is not completely ruled out with continued economic growth and improved efficiency in domestic resource mobilization.

5.12 This said gap is expected to be financed from:

- Grant-Aid from traditional external development partners (bilateral, multilateral and NGOs).
- Concessional terms loans from external development partners (mainly Multilateral Financial Institutions).
- Resources from non-traditional sources, including non-traditional partners (both grants and concessional loans).
- New incomes from development of extractive industries (oil, gas, and minerals) and from plantations and agricultural (economic) concessions, especially rubber.
- Additional taxes.
- Borrowing from domestic sources through various (new) financial instruments.

5.13 In accordance with the partnership agreements between the RGC and its development partners (both traditional and non-traditional), the government hopes to see the development partners take urgent actions to deliver their development cooperation financial resources through 'budget support', linked to measurable qualitative and quantitative performance targets in each of the chosen sectors. Adopting a budget support approach would help in at least 3 ways:

- It will enhance government ownership and leadership of development priorities, policies and programs.

- It will enable proper tracking and transparent accounting of external assistance.
- It will enhance in-country oversight and accountability through nationally established or recognized institutions for the receipt and use of external funds.

5.14 RGC will continue to highlight the importance of moving towards "budget support" as the most preferred mechanism for providing external support to its development partners.

5.15 To strengthen the alignment and harmonization of development cooperation programs with the NSDP 2014-2018's priorities, RGC urges its development partners to provide support to the development of sector-wide or programme-based approaches for the key sectors of the economy and to deliver their assistance in a coordinated manner to implement the sector-wide programs for achieving cohesion and synergy and avoid overlap and/or duplication. RGC also recognizes that the operations of the sectoral Technical Working Groups (TWG) need to be reviewed and strengthened to carry out the task of aid harmonization.

5.16 RGC will work with its development partners to strengthen the existing TWG mechanism to enhance efficiency, especially on technical cooperation for the development of human resources and institutional capacity, and to strengthen cooperation among the different stakeholders. It will also work towards facilitating and simplifying the role of TWGs to make them more efficient and effective. The following options could be considered:

- Limiting the membership of international development partners in a single TWG to those who deliver financial or technical support to the concerned sector. Other development partners could decide to attend TWG meetings as observers.
- To improve the quality and level of discussion at the Technical Working Groups, RGC would like to see the participation of personnel who are technically qualified to provide advice and support to the sector. Participation of development partner agencies' administrative staff would not be encouraged. Development partners would be requested ask their technical experts (in the area of the TWG sectors)to attend the meetings.
- Prepared agenda items with specific details are to be circulated in advance, and minutes of the last meetings maintained, circulated and retrieved when required.

5.17 There is a high level global partnership compact to help the poorer and/or transitional and post-war countries to achieve CMDGs and to provide the needed funds. In the spirit of these global partnerships, RGC will continue to urge its development partners to strive to ensure that their assistance is fully aligned to achieving the NSDP 2014-2018's priority policies at a detailed operational level and not just at the broad thematic level. RGC also urges its development partners to speedily reallocate resources away from lower priority areas, make a concerted effort to reduce various forms of '*free standing technical assistance*' and work towards achieving a greater '*net real transfer*' of development resources, to the targeted at priority areas, i.e. constructing critical infrastructure, improving human resources, assisting the vulnerable and poorer sections of the society, and strengthening the capacities of RGC institutions to deliver their programs and services efficiently.

Programming: Public Investment expenditures and Development Cooperation Financing

5.18 As mentioned earlier, RGC is taking concrete measures to strengthen and refine harmonization of planning, public investment expenditures planning, allocation and utilization of development cooperation resources, and M&E. A Task Force comprised of four key RGC institutions—chaired by Ministry of Planning—has been established within the framework of the RGC Public Financial Management Reform Programme (PFMRP). The mandate of the Task force is to:

- Review the roles of RGC institutions and the mechanisms and approaches pertaining to the planning process, and the process for managing, coordinating and implementing public investment expenditures and development cooperation resources.
- Propose measures to harmonize public investment expenditures and allocation and utilization of development cooperation resources to ensure consistency between these two processes in order to prepare a sound and inclusive National Budget Expenditure Plan that is consistent with the Rectangular Strategy Phase III, the National Strategic Development Plan, and Sectoral Strategies as outlined in the Action Plan on Harmonization, Alignment and PFMRP.

5.19 As mentioned earlier in Chapter III, RGC is now in the process of strengthening linkages between the processes that:

- Identify high priority public investment requirements, which include those stated in the five-year National Strategic Development Plans (NSDP) and the three-year rolling Public Investment Programme (PIP).
- The mobilization of external resources from traditional and non-traditional development partners.
- The preparation of the Budget Strategic Framework.

5.20 RGC will further refine the methodology in preparing future National Strategic Development Plans and the preparation of a public investment resource envelope that will serve as an operational and financing tool to implement policy priorities identified in the NSDP. The process of preparing the three-year rolling PIP will be strengthened to ensure that:

- Additional recurrent expenditure requirements of proposed projects that have implications for the Annual Budget are an integral part of information collected in the formulation of the PIP.
- Projects included in PIP are prioritized– RGC institutions will assign a sequenced priority ranking to projects for which they are seeking resources to implement through the planning period of PIP, taking into account the overall macroeconomic environment and an awareness of the scope, to mobilize external resources based on recent trends.

5.21 RGC will ensure that only those programs and projects that are part of the PIPs are included in a consideration for funding during the formulation of the Budget Strategic Framework. RGC will also ensure that its resource mobilization activities

are focused on seeking funding for programs and projects included in PIP. To ensure a better alignment of the development cooperation resources with RGC's public investment priorities, the data collected annually by RGC from development partners on actual and planned disbursements of their assistance will be analyzed by ministry/agency and each ministry/agency will be provided this information to: (i) review and verify that the information on disbursements are reported for their ministry/agency, and (ii) provide feedback on programs/projects financed that are aligned with NSDP priorities and those that are not.

5.22 These methodological refinements will on the one hand ensure a closer linkage between the RGC's policy priorities, actions, programs and projects and the public investment resources required to implement the planned activities. On the other hand, this process will forge a closer linkage between the public investment requirements identified through the planning process and the RGC's public investment budget and development cooperation resources that will provide a medium term financing outlook for the RGC while implementing the NSDP. These, linked with and aimed at improved comprehensiveness of the national budget, which covers recurrent and capital budget, will also ensure enhanced allocation efficiency and effectiveness.

5.23 For the **NSDP 2014-2018**, the allocation of recurrent expenditure by ministry/agency within the framework of the Medium-Term Expenditure is presented in Chapter 3. Allocation of capital expenditure and the costs of special measures to mitigate the adverse effects of the global financial crisis and the economic downturn on the real economy and the vulnerable and the poor by sector are presented in Table 5.3.

Table: 5.3 Allocation by Sector and Sub-sector of Total Investment based on NSDP 2014-2018

Sector	% of Total	2014-2018 Allocation	
		Riels (billions)	USD (millions)
Sectors and Sub-sectors			
Education (Basic Education will get 60%)	12	3,732.8	910.4
Technical and Vocational Training	4	1,244.3	303.5
Health	12	3,732.8	910.4
Mitigating impact of global financial crisis on the vulnerable and the poor	4	1,244.3	303.5
Sub-Total	**32**	**9,945.2**	**2,427,8**
Economic Sectors			
Agriculture & Land Management	4	1,244.3	303.5
Seasonal Crops: Rice & others	4	1,244.3	303.5
Rural Development	12	3,732.8	910.4
Manufacturing, Mining & Trade	4	1,244.3	303.5
Sub-Total	**24**	**7,465,7**	**1,820.9**
Infrastructure			
Transportation (Roads, Ports, Rlys., Civil Aviation)	12	3,732.8	910.4
Water and Sanitation (excluding rural)	4	1,244.3	303.5
Power & Electricity	4	1,244.3	303.5
Post & Telecommunications	1	311.1	75.8
Sub-Total	**21**	**6,532.5**	**1,593.2**
Services & Cross Sectoral Programs			
Gender Mainstreaming	1.5	466.6	113.8
Tourism	2	622.1	151.7
Environment and Conservation	4	1,244.3	303.5
Community and Social Services	4	1,244.3	303.5
Culture & Arts	1.5	466.6	113.8
Governance & Administration	8	2,488.6	606.9
Sub-Total	**21**	**6,532.5**	**1,593.2**
Unallocated	2	622.1	151.7
Grand Total	**100**	**31,107.0**	**7,586,8**

CHAPTER VI

MONITORING AND EVALUATION

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MONITORING AND EVALUATION

I. Introduction

6.1 The Royal Government of Cambodia has rolled out an M&E Policy Framework for the **NSDP 2014-2018** cycle, which would provide to the planners and executing agencies an assessment of progress made on a sub-program, program, sector, or the whole economy. It includes:

- Focusing on achieving the development results,
- Strengthening capacities within the government (and other stakeholders), and
- Engaging all development constituencies (development partners, private sector, sub-national agencies, others) in an effective partnership, coordinated under the leadership of the government.

6.2 The M&E Framework would aim to quantify accomplishments (or lack of these) by examining results-chains, contextual factors and causalities. Additionally, since M&E processes are necessarily evidence-based, they will as well serve as important sources of hard data on a range of variables and indicators important for planning and programming.

II. M&E Framework in the Plan Cycle 2014-2018

A. Results Framework

6.3 Central to the M&E Framework of this plan is a Results Framework (RF). RF is a management tool deployed for identifying desired results and actions at all levels: program/sub-program, ministry/sector, and the whole economy. The RF identifies the link between the efforts made for achieving certain goals with the actual performance and with the outcome.

6.4 An RF at the project or program level is usually put out in the form of a Results Chain that identifies, in quantitative terms, the resources and activities that are required for a project or program, which are stated above, are then linked to the implementation process, the outcome, and finally the impact.

6.5 The broad picture of an RF for a project or program is presented in Figure 6.1, showing inputs, outputs, outcomes and impacts in a logical sequence. *Inputs* could be in the form of monetary or physical resources, laws/regulations, or knowledge/knowhow. Next, *outputs* are created from the application of these inputs, such as office buildings/space, technical reports, plant and machinery, personnel in place, others. These outputs are then expected to help advance economic (technical or social) processes (example: the offices mentioned in 'output', are expected to help in increasing production or providing services for improving production or productivity, or in the case of social projects, example gender, the outcome could be that more women are trained for better employment). These are referred to here as the 'outcomes'. Finally, the *outcomes* are expected to improve human wellbeing – the impact (increased consumption or improved status of women, as the case may be).

6.6 The body text of Figure 6.1 illustrates a hypothetical case of Crop Agriculture: the flow chart of relationship between inputs, outputs, outcomes and impact.

1. The inputs are land, credit, fertilizers, modern knowhow, etc., which contribute to creating output.

2. If inputs are *translated efficiently* into outputs, then better extension services, trained staff, and similar results will emerge.
3. If the outputs *are translated into outcomes efficiently*, this would help raise the crop yield rates, help diversify the cropping pattern, and also increase the economic activities in the local economy, like transport and marketing.
4. If the improved yield rates and other associated achievements *effectively help the farmers*, their quality of life would improve.

Figure 6.1: A Results Chain: Input, Output, Outcome, and Impact Analysis

Results Chain	Analysis on Crop Agriculture
Impact	*Better incomes and nutrition, exports, etc. → better quality of life*
Outcome	*Better yield rates, more crops per year, greater diversification of crops and non-crop activities*
Output	*Better extension services, trained staff, water available for irrigation, means available to adopt modern farming practices, farmers trained*
Input	*Land distribution, credit, seeds, fertilizers, irrigation facilities, modern knowhow on soils and crop growing (through strengthening extension), weather forecasts, market & price information*

6.7 Underlying any RF, are implicit assumptions that require verifying; like would it be possible to achieve an output, given a predetermined set of inputs? For example: would it be possible to construct a school if cement, concrete, steel, other inputs, and labor are made available? Or, would it be possible to achieve outcomes if all the outputs are in place? For example: would a functional school be sufficient for children to attend? Such exercises require carrying out in all cases unless results are already known. If an exercise is carried out to identify whether there would be (or would not be) a smooth transition of inputs into outputs, and outputs into outcomes/impacts, prior to launching a program, such an exercise could help identify bottlenecks. This is referred to as 'bottleneck-analysis'. An RF along with a bottleneck analysis exercise could help in examining what could be a possible remedy to the problem. Ministry of Planning proposes to undertake some of these exercises as it is stated later in this chapter. If any line ministry has a specific requirement in regard to bottleneck analysis, MOP can help out in jointly undertaking such an analysis.

6.8 During this plan cycle, RGC proposes that the different implementing ministries and agencies develop a RF at least at three levels: national, sectoral and program. There should be consistency between the (three) levels: the program-level work is to be linked to the requisite sectoral-level results, and sectoral results to the targeted national developmental outcomes.

B. M&E at Ministry and Sector Level

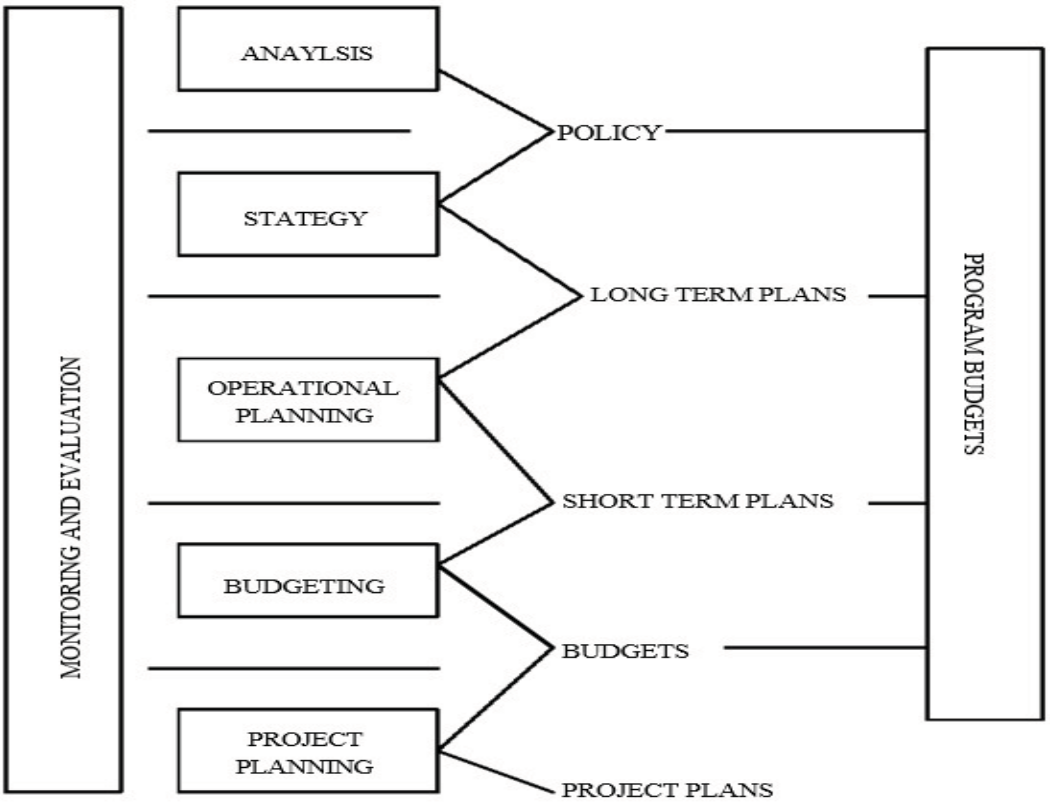
6.9 It is the responsibility of each of the line/implementing ministries and agencies to carryout M&E for the inputs and outputs, that is, the expenditures these ministries and agencies make on different programs and the corresponding result. These form the basis of an RF at the project/program level, typically in the form of Figure 6.1.

6.10 Line ministries and other implementing agencies are expected to implement their projects and programs according to a Program Structure (PS).There should have a close

synchronization between the PS, Budget and the M&E Framework to ensure full harmony between these three. A ministry/implementing agency could have a number of programs including day-to-day administration and each program could have several sub-programs and activities and a disaggregated analysis will be most desirable. The largest disaggregation of activities and expenditures could logically be at the sub-program level.

6.11 Figure 6.2 suggests a schema in which the Program Structure, the Budget, and the M&E Framework are closely matched. It suggests that a policy, being a broad statement of intent, would be translated into strategies, and then actual implementable programs and sub-programs. The PS is stated in the central vector of Figure 6.2. For each of these programs and sub-programs, there is an assigned budget (right-side vector). Next, the program structure and the budget are closely matched (left-side vector).In fact, the PS becomes the basis for identifying the M&E indicators. Line ministries and implementing agencies are expected to quantify variables related to each level in their M&E structure.

Figure 6.2: A possible program structure and log-frame of objectives – ministry level



C. M&E at Economy Level

RF at the Macro Level

6.12 Ministry of Planning (MOP) is assigned the task of monitoring and evaluating the outcome and impact indicators at the macro level, to assess progress made in development planning and consequently in human wellbeing.

6.13 At the national/economy level, the outcomes and impacts are really a derivation from (a synthesis of) the inputs and outputs aggregated from the project, program and ministry levels. Thus the logic of the RF is exactly the same as mentioned earlier with the

difference that there is really no need to actually again measure inputs and outputs, as they would have already been enumerated earlier at the ministry, sector, or program levels anyway.

6.14 *caveat*: Seen statistically, the outcomes and impacts are derived from a number of endogenous/control variables/inputs (which are depicted in the RFs at the project, program and ministry levels), as well as exogenous variables, i.e. activities in the private/market sphere, not within the control of the data collecting authorities (for which estimates are made, but at a higher level of aggregation – e.g. investments made by the national and foreign private sectors). Additionally, some exogenous inputs are intangible and/or are non-measurable. Example: poverty reduces due to a range of activities emerging from the market and non-market factors, externalities from other projects and interventions, the internal and external environment, and influences like exposure to education or media. All these make an explicit measurement of some inputs and linking them with outcomes rather unconvincing.

6.15 RGC will fix targets of each of the impact and outcome indicators to be achieved, based on an assessment of RF results obtained from the implementing ministries and agencies, the private sector (based on private investments) and externalities and intangibles (based on experiences from the past). These will be periodically revised dependent of more/accurate information coming from different sources. The *actual performance* will then be matched against *the set targets*. This will be done at a pre-determined frequency (mainly but not always, annual), at the country/economy level and sub-national levels.

The Approach

1. NSDP 2014-2018 has identified key outcome indicators in accordance with national development priorities as laid down in the Rectangular Strategy Phase III. The performance on these indicators would be matched against the set targets at the beginning of the plan (or at some other time) – e.g. poverty-reduction, improved livelihoods, GDP growth, educational attainments or health outcomes. *Each of these targets is so set that they are broadly consistent with the sectoral programs (outputs) and the associated budgets (inputs)*. Put conversely, each ministry is expected to draw up their programs and the associated budgets, which are to be consistent with these national targets. Thus, in either case, the national targets and activities are linked to RFs at the sectoral/sub-national levels.
2. In select cases where outcomes are difficult to measure, MOP proposes to match output indicators (which stand for outcomes; again, against set targets). E.g., targets in paddy yields substitute for increased incomes of farmers from improved paddy yields, as direct measurement of incomes of farmers' incomes is arduous and expensive.
3. Finally, there are certain phenomena, which are normally difficult to measure (they are either intangible, like 'feel safe in the neighborhood' (in the context of 'better governance'), or they do not fall in the standard statistical lexicon (like 'inclusive growth);yet, they are important from the point of view of planning and M&E. For these, proxy indicators are proposed. The National Working Group on M&E has proposed at least 3 proxy indicators at the national level: on governance, inclusive-growth, and skills of the labor force. These should be tracked annually. At this stage, there is no target set for the proxy indicators and the purpose will be to compare the performance in the current years with that in the base year to assess the progress made.

6.16 The M&E process is flexible, to the extent that it will be open to introducing new indicators (or dropping/altering the existing indicators) at any time depending upon a felt

need. The criterion of the introduction of new indicators (or dropping/altering existing indicators) is that a concerned ministry, government agency or some other government entity proposes such changes based on the logic of their RF. The matter would then be discussed at the National Working Group on M&E for assessing the importance of these indicators and availability of data of an acceptable quality. In the event that new data are to be generated afresh the feasibility of generating these data of an acceptable quality on a sustained basis over years will be assessed.

Core and Additional Indicators

6.17 Following from the Results Framework developed in Chapter III on Macroeconomics, there are two-sets of Impact and Outcome indicators put forth: Core Indicators and Additional Indicators. There is no suggestion, however, that the Core Indicators are more important than the Additional Indicators: actually, each group of indicators serves a different purpose.

1. The Core Monitoring Indicators are measured at a relatively higher level of aggregation and are meant for the senior managers in the government and development partners (though others will also use them). There are 2 groups specified: a list of *20 key core indicators*, which inform the policymakers of the direction in which the economy/society is moving. A more elaborate list of other *47 core indicators*, serves as the list of other core outcome indicators. Many of the latter are elaborations of the ones of indicators in the core list of *20 indicators*.
2. The Additional Indicators can be categorized into 2 types: economy-level (additional) indicators and sectoral (additional) indicators. Some of them supplement the core indicators (examples, GDP at current prices or area under paddy), while others are purely sectoral and output-oriented (example, community lands registered in the name of indigenous peoples or number of poultry). Again, these are to be monitored against a set of predetermined targets. These are meant for senior managers in the line ministries and development partners supporting specific programs. It is the joint responsibility of the MOP and the sectoral ministries to monitor these indicators.

6.18 For operational purposes, the 3 groups of Core Indicators discussed earlier are further disaggregated into 5 groups:

1. Aggregate outcome indicators – Example, GDP growth/level, poverty or inequality.
2. Aggregate output indicators, which stand for outcomes – Example, balance of payments, import/export, inflation, or structure of GDP and workforce.
3. Sectoral outcome indicators – Example, Infant Mortality Rate, Maternal Mortality Rate, school completion rates.
4. Sectoral output indicators which stand for outcomes – Example, crop yield rates, area under crops, roads completed, attended births, enrolment rates.
5. Proxy indicators – Example, for governance or inclusive growth, as discussed earlier.

6.19 The indicators could be seen in Table 6.2. An operationalized form of these, presented by sector rather than a hierarchical style—it is simpler for computational purposes—could be seen in Table 6.1. The Additional Indicators (Table 6.3), numbering 80, are mainly *output* indicators pertaining to both, the economy and for different sectors and line ministry activities.

6.20 To (periodically) ensure that the targets that RGC fixes for M&E are consistent with the sectoral programs and their budgets, MOP will conduct a series of applied research studies to establish linkages between inputs, outputs and outcomes at the macro level. One example: The RGC in its RS III has set the annual aggregate GDP growth target at ~7%,

and annual poverty reduction target to be at least 1%. MOP will conduct in-house research to estimate the magnitude of poverty reduction that can be achieved through a consistent 7% growth rate under different (sectoral) growth-composition scenarios. The same will also be worked out for rural poverty and agricultural growth separately.

Table 6.1: Hierarchy of M&E Indicators

GOAL INDICATORS **(20)**	**(1) Sustainable Growth**: Real GDP Growth Rate, Per-capita GDP, Inclusive Growth (Index), Structure of GDP, Paddy Yield Rate, % Forest Cover, Total Cumulative Areas Cleared of Mines/ERW
	(2) Poverty Reduction: Poverty Rate, Gini Coefficient of consumption Inequality
	(3) Stability: Investment Rate
	(4) Human Development: *Education and Skills*: Completion Rate Grade 6 (by sex), Completion Rate Grade 9 (by sex), Skill Level (Index). *Gender*: % Women Holding Decision-making Positions in Public Sectors. *Health:* Attended Births, IMR, % Stunted Children, MMR. *Water and Sanitation*: % Population Having Access to Safe Water, % Population Having Access to Improved Sanitation
OUTCOME INDICATORS **(47)**	**(1) Macroeconomic Management**: Budget Revenues and Expenditures, Inflation Rate, FDI, Current Account Balance, Two-way Trade, International Assistance. **(2) Sectoral Growth and Diversification**: Sectoral Growth Rates, Tourist Arrivals, Distribution of Employment by Sectors, Irrigated Area (All Crops), Land Under All Crops, Crop Diversification Index, Marketable Surplus Index, Annual Victims Caused by Mines/ERW. **(3) Management of Natural Resources**: Surface of 23 Protected Areas, Community Protected Areas. **(4) Infrastructure**: Length of Paved roads, Railway Track Rehabilitated and Constructed, TV/ Radio, Print Medium, Per-capita Electricity Use. **(5) Governance**: Rate of Issuance of Land Certificates to Farmers, Conflict on Land/Property, Criminal Offences. **(6) Human Development Details:** *Poverty:* Poverty (rural), Child Poverty, Food Poverty. *Education*: Net Primary Level Enrollment Rates (boys and girls), Gross Lower Sec. Enrollment (boys & girls), Proportion of Children in schools Aged (6-17), Proportion of Persons Graduating from University (age 18-35 years). *Gender:* Proportion of Women in Public Sectors, Female share in Wage Employment (sector-wide), Net Enrollment of girls in Hr. Sec. and Higher Education, % Girls to Total Completing TVE, % Women Visiting Antenatal Care at Least Twice, No. of Families Having Problems of Violence at Home. *Health*: U5MR, Malaria Fatality Rates, HIV Prevalence, Prevalence of All Forms of TB, Birth Registration, Children Underweight, Women 15-49 years with Anemia, Children (6-59 months) with Anemia. *Reproductive Health and Reproductive Rights*: Unmet needs Family Planning, Contraceptive Prevalence Rate, C-section: % of Birth delivery caesarean section. *Water and Sanitation:* Access to Safe Water, Improved Sanitation (by rural/urban).
OUTPUT INDICATORS	A list is provided in Table 6.2; however, this might not be exhaustive and each implementing ministry is expected to define these as per their sectoral programs and projects.
INPUT INDICATORS	Project and Program-level Indicators to be maintained by implementing ministries and agencies as per the RF developed for each program.

D. M&E at the Sub-national Level

6.21 There was always need to monitor and evaluate activities at the sub-national level, but until so far the options to do so were limited for want of adequate resources, institutional structures, and capacities. With improvements in data collection and its management in many line-ministries—thereby permitting a disaggregation of the administrative statistics by provinces—it should be possible in this plan cycle to generate select data profiles at the province level using *administrative datasets*. Additionally, National Institute of Statistics (NIS) at MOP has expanded the scope of its data-generating processes, which suggests

that there is a real possibility of constructing data profiles from *field surveys* at the sub-national levels. Some illustrations are as below:

1. **NIS-MOP** has piloted in generating provincial profiles of the Gross Domestic Product and these data are available for the period 2000-2008. For selected five provinces the series has been brought up to 2012. This profile will need to be further developed. The work is within the domain of the doable and it is estimated that by 2015, these data should be available.
2. Data on many economic/social indicators can be constructed using provincial statistical profiles that the line ministries generate [for example, area under crops, enrolment rates (in education), health coverage].
3. The Commune Database (CDB) provides opportunities to develop profiles at the provincial (and also, district and commune levels). However, these data can be used only selectively, until the time when the CDB is brought within the domain of 'Official Statistics' and are subject to detailed scrutiny by the user community in the government and/or appropriate statistical authorities that the government appoints.
4. Survey data from the Cambodia Demographic Health Survey permit a province-level disaggregation of the data to arrive at provincial estimates of Infant Mortality Rate, Under-5 Mortality Rate, child malnutrition, and such indicators.

6.22 The list of indicators requiring monitoring and possible to monitor at the provincial level is reproduced in Table 6.5.

F. Compatibility Issue in Data generation

6.23 In Cambodia—as elsewhere in the world—there are multiple agencies collecting data on diverse issues: development outcomes, finances, agriculture, industry, labor, etc. In a way this is essential and efficient since a single agency can seldom effectively undertake all the tasks. Additionally, some data are fairly technical in nature (in health or agriculture, for example), and the concerned ministries or designated agencies are best suited to collect these. Finally, it is imperative that administrative data are collected by the concerned ministries/agencies; it is infeasible, that another ministry/agency collects data for them.

6.24 Since there are multiple agencies collecting/collating data and coordination between them is at best, limited, it is not necessary that the definitions of variables and data generation processes (on several variables) are comparable. Some agencies might not follow the internationally or even nationally accepted definitions of certain variables. Comparability of the same data generated across (some) agencies, therefore, becomes difficult. There are three options often put forward:

1. An exercise to standardize of the definitions and data generating processes is undertaken so that different data generating ministries and agencies use the same definitions and data generating processes.
2. There is mutual agreement across users on *a certain definition and the source of data* for each indicator deployed for M&E of NSDP. While different sources might continue to generate data (for their projects), the mutually agreed upon source (with agreed upon definition of the indicator) alone is used for M&E in the NSDP process.
3. There might be no standardization of definitions and/or data generating processes, but the user community is adequately informed about the said differences across data sets, so that comparison of in-comparable variables is not done.

6.25 Option 1 is too ideal to implement and almost no country uses it other than some very small ones. In countries where Option 3 is adopted, the user community—the government, policy analysts in the private sector, and informed academic circuits—is well-informed about the nuances of data interpretation, especially when data are generated using different definitions and/or processes. In Cambodia, the main users are the government officials researchers and advisors, in turn who advise the political leaders. Since the government bureaucracy in Cambodia, like elsewhere in most of the developing countries, is not always comprised of experts and that the communication between different ministries/agencies and experts is not always perfect, choosing Option 3 could carry the hazard of data misinterpretation (and consequently, arriving at incorrect conclusions). Option 2 thus appears most suitable here, i.e. the government agrees on standard definitions and data sources for the variables and indicators listed in the Core List and the Additional List.

6.26 Tables 6.2 and 6.3 present the sources of data in the last column (the agencies which generate and provide them). The National Working Group on M&E has agreed on the sources of data for the Core Indicators and Additional Indicators.

6.27 There are occasions when a combination of Options 2 and 3 are deployed. In such cases, there is need to exercise caution in interpreting the results.

G. Strengthening Administrative Data Systems

6.28 The 2 main data sources in Cambodia are Survey data and Administrative data.

6.29 **NIS at MOP** conducts the former independently or in partnership with the concerned line ministries. The line ministries generate the latter. It is increasingly felt among the data-user professionals that the administrative statistics require strengthening. Administrative statistics are cheaper to collect and maintain and they are more efficient. Presently, the most prominent databases, which are regularly published or available in public domain, are:

1. The Education Management Information System (EMIS).
2. Health Information System (HIS).
3. National Institute of Statistics Website, which provides information on the surveys.

6.30 Both EMIS and HIS are administrative statistics. During this plan period, MRD and MOSVY plan to develop on-line databases and maintain them in electronic form. MRD is at an advanced stage in their work and it might be within a year or two, that their Information System is ready.

H. Case Studies and Micro Studies

6.31 It was noted earlier in this chapter that in a Results Framework, it is not automatic that if inputs are in place outputs will emerge, or if output are achieved they need not automatically create an outcome/impact. There could be many reasons for this, which could be categorized into at least four groups: *technical, behavioral, institutional and external*.

6.32 Case studies and small-sample studies are useful in understanding some of these issues. Small sample studies are limited to a relatively small geographic area and their scope is often purposive, but they probe deeper into each issue analyzed. Small-sample studies alone can answer questions related to all the four dimensions mentioned above. Some examples of small sample studies useful in policy analysis are as below:

1. One-off studies (farm management studies, market studies, KAP Studies) to establish

baseline/knowledge base. Thus, key associations and rationale like labor-use in agriculture (useful in employment planning), a relationship between farm-size and productivity (useful in land reforms), and why certain technologies are adopted/not adopted, can be determined from such studies. This list is only illustrative.

2. 'Before' and 'after' studies help in assessing the impact of a program/project on beneficiary or affected populations.
3. Beneficiary- and Control-Group comparative studies can also help in identifying the impact of projects on people.

6.33 Each of these studies could use either qualitative methods or quantitative methods, or both. A sample list of studies, which could find use in different sectors, could be seen in Table 6.4.

I. Special M&E Topics

6.34 In this plan cycle, RGC aims to consider conducting special studies pertaining to priority areas in development analysis. Often, such studies are large-scale surveys, though the scope of these studies is limited to the topic they address. Some examples are, the state of environment, gender, labor, migration, disaster mitigation, violence against children, others.

6.35 **GDP at MOP** will be undertaking such studies, in addition to collaborating with other ministries and agencies, which would be conducting these studies. MOP proposes convening at least one meeting annually with the concerned line departments to review the needs, modalities and findings (if any) these studies.

III. Challenges Related to M&E

6.36 There are several capacity gaps related to M&E in all line ministries and agencies.

- Line ministries and agencies do not have adequate capacity to formulate SMART (Specific, Measurable, Achieveble, Realastic and Time-bound) indicators for their sectors.
- Line ministries and agencies do not have adequate capacity to collect and analyse data for measuring their indicators.
- The RGC does not have an National M&E System to monitor and evaluate the progress of implementation of NSDP and the implementation of all projects carried out by line ministries and agencies in the Three-Year Rolling Public Investment Plan.
- Cooperation among and within ministries and agencies are limited to prepare the inputs for the NSDP, Three-Year Rolling Public Investment Plan, Annual Progress Report and other reports requested.

IV. M&E System Development and Capacity Strengthening

6.37 In the Fifth Legislature, the Royal Government will put priorities on:

- Establishing a National M&E System to monitor and evaluate the progress of implementation of NSDP.
- Establishing an M&E System to monitor and evaluate the implementation of all projects carried out by line ministries and agencies in the Three-year rolling Public Investment Plan.

6.38 In order to achieve the prioritized policies above, Ministry of Planning will:

- Develop an National M&E System to monitor and evaluate the progress of implementation of NSDP and the implementation of all projects carried out by line ministries and agencies in the Three-Year Rolling Public Investment Plan to strengthen the effectiveness of public investment expenditure, including national budget and cooperate financing.
- Develop technical guideline and manual of the National M&E System to monitor and evaluate the progress of implementation of NSDP and the implementation of all projects carried out by line ministries and agencies in the Three-Year Rolling Public Investment Plan.
- Organize trainings to train officials-in-charge of planning and statistics of concerned line ministries and agencies on how to formulate SMART indicators.
- Organize training on how to use the National M&E System to monitor and evaluate the progress of implementation of NSDP and the implementation of all projects carried out by line ministries and agencies in the Three-Year Rolling Public Investment Plan to the focal point officials in all concerned ministries and agencies.
- Organize trainings on data collection, data analysis and data interpretation for measuring indicators set in NSDP to all focal point officials in all concerned ministries and agencies.
- Provide technical assistance to all concerned ministries and agencies for formulating indicators, collecting data, analyzing data and interpreting data, for formulating RF for their sector and setting up the M&E system as requested.

6.39 In order to achieve the prioritized policies related to M&E, line ministries and agencies will:

- Establish a dedicated M&E function to contribute to enhancing the effectiveness of its activities.
- Build capacity on statistics and M&E to the staff in the ministries and at the sub-national levels.
- Improve coordination within each ministry and agency to strengthen the M&E function.

TABLE 6.2 CORE MONITORING INDICATORS

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Sources
1	**Poverty & Hunger**								
1.1	Poverty rate (Cambodia)	%	18.8	17.8	16.8	15.8	14.8	13.8	CSES
1.2	Poverty rate (Rural)	%	19.7	18.7	17.7	16.7	15.7	14.7	CSES
1.3	Food poverty rate	%	<5	<5	<5	<5	<5	<5	CSES
1.4	Gini coefficient of consumption inequality	Nos	0.32	0.32	0.32	0.31	0.31	0.30	CSES
1.5	Child poverty	%	23.0	22.0	21.0	20.0	19.0	18.0	CSES
2	**Accelerate Governance Reforms**								
2.1	Economic environment (savings/investment rate)	%	27.2	25.8	26.1	26.3	26.5	26.6	NIS-MOP/NA
2.2	Conflict on land/property	Per 1,000 pop	30 (2011)	<30	<30	<30	<30	<30	CSES
2.3	Feel Safe	% population	80 (2011)	>80	>80	>80	>80	>80	CSES
3	**Enhance Agricultural Production and Productivity**								
3.1	Paddy yield per hectare	Tons		3.15	3.18	3.21	3.23	3.25	MAFF
3.2	Irrigated areas for all crops	Ha (m)	1,485,670	1,515,670	1,545,670	1,575,670	1,605,670	1,635,670	MOWRM
3.3	Land under all crops (say, in million)	Ha (million)		4,814,534	5,024,534	5,234,534	5,444,534	5,654,534	MAFF
3.4	Crop diversification Index	% of total sown area	31	32	35	35	35	35	MAFF
3.5	Paddy Marketable Surplus Index (paddy)	%	56	>60	>60	>60	>60	>60	MAFF/NIS
4	**Improvements in Health**								
4.1	Births attended by trained health personnel	%	>80	>80	>80	>80	>80	>80	HMIS
4.2	Malaria case fatality rate reported by public health facilities	%	1.25	1	0.8	0.65	0.5	0.35	HMIS
4.3	Infant Mortality Rate (IMR)	Per 1,000 live births	45		35			32	CDHS
4.4	Under-5 Mortality Rate	Per 1,000 live births	54		45			42	CDHS
4.5	Maternal Mortality Ratio	Per 100,000 live births	206		140			130	CDHS
4.6	HIV prevalence	% of adults aged 15-49	0.7	0.6	0.5	0.4	0.3	<0.1	CDHS
4.7	Prevalence of all forms of TB	Per 100,000 Population	735	694	653	612	571	530	MOH

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Sources
5	**Improvement in Nutrition**								
5.1	Children aged 0-59 months stunted (height-for-age more than 2 standard deviations below normal)	% To total children aged 0-59 months	40 (2010)					25	CDHS
5.2	Children aged 0 – 59 months underweight (Weight-for-age more than 2 standard deviations below normal)	% To total children aged 0-59 months	28 (2010)					19	CDHS
5.3	Women aged 15-49 years with anemia	% To total women aged15-49 years	44					-	CDHS
5.4	Children aged 6-59 months with anemia	% To total children aged6-59 months	55					42	CDHS
6	**Improvement in Education**								
	Net Enrolment Rate in Primary Education								
6.1	Total	%	97.0	97.3	97.9	98.6	99.3	100	MOEYS
6.2	Girls	%	97.0	97.1	97.8	98.5	99.2	100	MOEYS
	Gross Enrolment rate in Lower Secondary Education								
6.3	Total	%	56.5	60.4	66.9	73.7	81.3	87.4	MOEYS
6.4	Girls	%	57.7	60.3	66.5	73.1	80.4	85.9	MOEYS
	Completion Rate Grade 6								
6.5	Total	%	91.5	98.3	100	100	100	100	MOEYS
6.6	Girls	%	91.0	98.0	100	100	100	100	MOEYS
	Completion Rate Grade 9								
6.7	Total	%	42.2	44.4	61.6	57.2	67.3	76.4	MOEYS
6.8	Girls	%	25.5	27.3	31.6	35.1	41.6	47	MOEYS
6.9	Proportion of Children in Schools aged 6-17 Years	% to total children aged 6-17 years	>80	>80	>80	>80	>80	>80	CSES
6.10	% Persons graduated from university to persons in age-group 18-35 years	%	>5	>5	>5	>5	>5	>5	MOEYS/NIS
7	**WATSAN and Rural Roads**								
7.1	Access to safe water source of urban population	%	>85	>85	>85	>85	>85	>85	CSES
7.2	Access to improved sanitation of urban population	%	>80	>80	>80	>80	>80	>80	CSES
7.3	Rural roads rehabilitated (out of the total rural roads of 40,000 km)	Km	27,750	28,600	29,450	30,300	31,150	32,000	MRD
7.4	Access to safe drinking water sources (rural)	%	44.2	46.7	50.0	53.0	67.0	67.0	CSES
7.5	Access to improved sanitation (rural)	%	37.5	42	46	50	55	60	CSES
8	**Environmental Sustainability**								
8.1	Surface of 23 protected areas (PAs)	Ha	3,098,663	3,098,663	3,098,663	3,098,663	3,098,663	3,098,663	MOE
8.2	Community protected areas (CPA)	Nos	120	130	140	142	145	150	MOE
8.3	Forest cover	% of total area	58.4 (2010)	59.2 (est)	60	60	60	60	MAIS/MAFF

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Sources
8.4	Percentage of land titles issued to people	% of total farm plots		52	57	62	66	70	MLMUPC
8.5	Percentage Population Using Fuel Wood for Cooking	% to total population							CSES
9	**Gender Equity**								
9.1	Proportion of women holding decision making positions in public sector (from director-general to office level at national and sub-national levels)	%	20	21	22	23	24	25	Ministry of Civil Services
9.2	Proportion of women in public sector	%	35	36	36.5	37	37	37	Ministry of Civil Services
	Female share of wage employment (15 to 64)								
9.3	Agriculture	%	52	51	50	50	50	50	CSES
9.4	Industry	%	60	55	50	50	50	50	CSES
9.5	Services	%	30	35	40	40	40	40	CSES
9.6	Proportion of girls to total persons completed long-term technical and vocational skills education and above	Nos	8,000	8,500	9,000	9,500	10,000	11,000	MOLVT
	Gender and Education								
9.7	Net enrollment rate of girls in upper secondary school	%	27.6	27.2	28.4	31.5	35.6	41.9	MOEYS
9.8	Net enrollment rate of girls in higher education	%	12	13	14	16	18	20	MOEYS
	Gender and health								
9.9	Percentage of women visiting Antenatal Care at least 2 times	%	87	88	90	91	93	95	HMIS/MOH
	Gender and violence								
9.10	Number of family having problem with violence in home (domestic violence)	Nos	27,000	25,000	23,000	20,000	18,000	15,000	CDB
	Gender and Climate Change								
9.11	Female-headed households benefitting from Climate Change Program	Nos	50,000	70,000	90,000	110,000	130,000	150,000	MOE
9.12	# Families having access to usable water year-round	Nos	1,900,000	2,000,000	2,100,000	2,200,000	2,300,000	2,400,000	CDB
10	**Cambodia Economic Integration into the World**								
10.1	FDI	% of GDP	13.4	13.0	13.1	13.1	13.1	13.2	CDC
10.2	Two-way trade in goods& services	% of GDP	104.6	105.8	108.2	108.9	111	111.2	MOP
10.3	Current Account Surplus/Deficit	% of GDP	-9.5	-9.3	-8.8	-8.1	-6.7	-5.2	MEF
10.4	Trends in development assistance	USD Million	1,566.4	1,242.2	1,000.8				CDC
11	**Sustain high Macro-Economic Growth**								
11.1	Real GDP Growth	%	7.6	7.0	7.0	7.0	7.0	7.0	MEF
11.2	Per Capita GDP (current prices)	000 Riels	4,248	4,670	5,072	5,523	5,949	6,472	MEF
11.3	Inclusive growth index (base = 2013=100)	Nos	107	114.5	122.5	131.1	140.3		MEF
	Structure of GDP (current prices)								
11.4	Agriculture	% of GDP	26.6	25.6	25.1	24.4	23.8	23.1	MEF
11.5	Industry	% of GDP	31.6	32.6	33.2	33.8	34.4	35.0	MEF
11.6	Services	% of GDP	41.8	41.8	41.7	41.8	41.8	41.9	MEF
	Sectoral Growth Rates YoY (constant 2006 prices)								

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Sources
11.7	Agriculture	% of GDP	4.2	4.2	4	4	4	4	MEF
11.8	Industry	% of GDP	9.3	9.9	9.3	9.1	8.8	8.8	MEF
11.9	Services	% of GDP	8.8	6.8	7.1	7.1	7.2	7.2	MEF
	Inflation Rate in Riel (percentage changes)								
11.10	Inflation YoY	%	3	3.3	3.5	3.5	3.5	3.5	MEF
12	**Improve Budget Performance**								
12.1	Total Government budget revenues	% of GDP	14.3	15.1	15.6	16.1	16.5	16.9	MEF
12.2	Total Government budget expenditures	% of GDP	19.5	19.9	19.8	19.9	19.9	19.9	MEF
13	**Employment**								
	Distribution of employment by sector (15 to 64)								
13.1	Agriculture	%	62 (2011)	60	59	58	57	57	CSES
13.2	Industry	%	10 (2011)	11	11	12	12	13	CSES
13.3	Service	%	28 (2011)	29	30	30	31	31	CSES
14	**Infrastructure**								
14.1	Length of paved roads of 11,914 km (incl., roads and provincial roads)	Km	12,263	12,263	12,263	12,263	12,263	12,263	MPWT
14.2	Railways rehabilitated and constructed	Km	266	386	257	319	248	248	MPWT
14.3	Tourism (# International tourists arrivals)	Nos (million)	4.05	4.53	5.00	5.52	6.10	6.70	MOT
	Access to public information of total population								
14.4	TV/Radio	%	85	86	87	88	89	90	MOIn
14.5	Print medium	%	4.2	4.6	5.0	5.2	5.5	5.8	MOIn
15	**Energy**								
15.1	Per capita use of electricity	KWH	272	300	330	363	399	439	MIH
16	**De-mining, Victim Assistance**								
16.1	Annual victims caused by mines/ERW	Nos	167	151	136	122	110	99	CMAA
16.2	Total cumulated areas cleared of mines/ERW	Ha	8,708	9,143	9,600	10,080	10,584	11,113	CMAA

TABLE 6.3 ADDITIONAL INDICATORS TO THE CORE MONITORING INDICATORS

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Source
1.1	Real GDP (2000 constant prices)	Billion Riels	64,141	70,718	77,510	84,838	92,821	101,537	NA (NIS)
1.2	Gross foreign Reserves	Months of Imports of Goods and Services	4.5	4.5	4.5	4.5	4.5	4.5	MAIS (NBC)
1.3	Use of Program-based Approach (PBA)	%		28			-	-	MAIS (CRDB/CDC)
1.4	Use of country Public Financial Management system	%		32		-	-	-	MAIS (CRDB/CDC)
2.1	Cultivated areas for paddy	Million ha		3.10	3.15	3.20	3.28	3.34	MAIS (MAFF)
2.2	Establish and strengthen Farmer Water User Community	Nos	434	5	5	5	5	5	MOWRAM
2.3	Set up pumping stations	Nos	30	5	5	5	5	5	MOWRAM
2.4	Set up hydrological stations	Nos	19	8	8	8	8	8	MOWRAM
2.5	Set up meteorological stations	Nos	21	4	4	4	4	4	MOWRAM
2.6	Cultivated areas for rubber	000 ha		306,500	334,500	362,500	384,500	404,500	MAIS (MAFF)
2.7	Dried rubber production	tons		137,520	181,560	240,800	300,800	340,930	MAIS (MAFF)
Livestock production									
2.8	All kinds of Animal production in 3% increment	Million heads		35.86	36.93	38.03	39.17	40.34	MAIS (MAFF)
2.9	% of Animals having vaccination	%		10	12	15	17	20	MAIS (MAFF)
2.10	Number of slaughterhouses that have good standard	Nos		25	50	75	100	125	MAIS (MAFF)
	RURAL DEVELOPMENT								

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Source
2.11	DBST Rural Roads or concrete Road	Km	125	550	980	1,430	1,880	2,330	MRD
2.12	Numbers of ethnic received population identification	Groups	80	100	130	160	190	220	MRD
2.13	Number of Villages that the Development Committee have been trained on Development Plan	Villages	673	1,610	1,800	2,000	2,200	2,400	MRD
2.14	Studied and pilot constructed Pave Rural Road 450Km that have capacity to protest against climate change 100%	Km	0	0	67.50	157.5	270	360	MRD
2.15	Capacity Building for Village development Committee on the option of resistant and reduce climate change and the on acceptable science awareness in the rural areas.	Villages	0	0	1,854	2,472	3,090	3,708	MRD
2.16	Access to Improved Water Supply - % of Rural Population (lowest 25% exp. Group)	%	42	44.2	46.70	50	53	67	MRD
2.17	Access to improved Sanitation – % of Rural Population (lowest 25% expenditure group)	%	37.3	37.5	42	46	50	55	MRD
2.18	Indigenous land communities titling	No.	-	18	28	38	48	58	MAIS (MLMUC)
2.19	Rate of land dispute resolution by Cadastral Commission	%		4,850	5,050	5,250	5,450	5,650	MAIS (MLMUC)
2.20	Social Land Concessions for poor households	No of Households		35,000	37,000	39,000	41,000	43,000	MAIS (MLMUC)
2.21	Land Use Plans for Communes and Sangkats	Nos		145	165	185	205	225	MAIS (MLMUC)
2.22	Master Plans for Districts and Khans Level	Nos		22	25	28	31	34	MAIS (MLMUC)
2.23	Master Plans and Land Use Plans for Municipalities	Nos		18	20	22	24	26	MAIS (MLMUC)
2.24	Land Use Plans for Provincial Level	Nos		1	2	3	4	5	MAIS (MLMUC)
2.25	Percentage of land areas cleared of mines/ERW	%	4.5	4.7	5	5.3	5.5	5.8	MAIS/CMAA

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Source
2.26	Aquaculture (15% increased)	YoY change		97,800	112,500	129,400	148,800	171,170	MAIS (MAFF)
2.27	Fishery communities	Nos		516	516	516	516	516	MAIS (MAFF)
2.28	Fish catch	000 Tons		752	790	829	870	910	MAIS (MAFF)
2.29	Forestry communities	Nos		500	520	550	570	600	MAIS (MAFF)
2.30	Reforestation (cumulative total from 1985)	000 ha		20,280	22,300	24,500	27,000	29,700	MAIS (MAFF)
2.31	Number of rangers in Protected Areas (PAs)	Nos	960	1,000	1,050	1,100	1,100	1,150	MAIS (MOE)
2.32	Demarcation and mapping for PAs	# of signposts	820	820	906	1,156	1,256	1,356	MAIS (MOE)
2.33	Ramsar sites	Nos	3	4	4	5	5	5	MAIS (MOE)
2.34	Ratio of climate change related expenditure to GDP	%	1.30	1.35	1.39	1.43	1.47	1.50	MAIS (MOE)
2.35	Mainstreaming climate change issues into national and sub-national plans	Ministry, institution	11	13	15	17	19	21	MAIS (MOE)
2.36	Number of communes vulnerable to climate change	Nos	650	600	550	500	450	400	MAIS (MOE)
2.37	Carbon credit earned from clean development mechanism and other mechanisms (REDD+ and voluntary market)	GgCO2-eq	2,050,000	2,100,000	2,150,000	2,200,000	2,250,000	2,300,000	MAIS (MOE)
3.1	Flights								
3.1.1	*International*	Nos	44,260	48,686	53,555	58,910	64,801	71,281	MAIS (SSCA)

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Source
3.1.2	*Domestic*	Nos	9,400	10,340	11,374	12,512	13,763	15,139	MAIS (SSCA)
3.2	*Passengers*								
3.2.1	*International*	PAX	4,311,549	4,742,704	5,216,974	5,738,671	6,312,538	6,943,792	MAIS (SSCA)
3.2.2	*Domestic*	PAX	296,413	326,054	358,659	394,525	433,977	477,375	MAIS (SSCA)
3.3	Cargos								
3.3.1	*International*	Tons	31,977	35,175	38,693	42,562	46,818	51,499	MAIS (SSCA)
3.3.2	*Domestic*	Tons	516	568	625	687	756	832	MAIS (SSCA)
3.4	Electricity generated domestically	Million KWH	1,819	2,440.44	3,107.44	3,814.44	4,234.03	4,615.09	MAIS (MIME)
3.5	Electricity imported	Million KWH	2,478.16	2,609.56	2,609.56	2,609.56	4,186.36	4,186.36	MAIS (MIME)
3.6	Telephone users	Per 100 population	159.19	189.86	226.41	270.05	322.23	384.50	MAIS (MPTC)
3.7	Internet users	Nos	4.33	6.93	11.09	13.41	16.23	19.64	MAIS (MPTC)
4.1	Company registration services	Company	3,603	3,782	3,971	4,169	4,377	4,595	MAIS (MOC)
4.2	Company name registration services	Company	4,636	4,728	4,821	4,914	5,007	5,099	MAIS (MOC)
4.3	Foreign company representative and branch name registration services	Company	27	28	29	30	32	32	MAIS (MOC)
4.4	Tourism receipts	Million USD	2,547	2,802	3,054	3,359	3,729	4,139	MAIS (MOT)
4.5	Restoration of ancient monuments	Sites	03	02	03	03	03	03	MAIS (MCFA)
4.6	Excavation of archaeological sites	Sites	01	01	02	02	03	02	MAIS (MCFA)
4.7	Civil Servants Retirees and invalid people who receive pension benefits	Nos	40,000	45,000	50,000	55,000	60,000	65,000	MAIS (MoSVY)
4.8	Veterans receiving cash benefit	Nos	94,959	98,634	103,309	103,984	106,659	109,334	MAIS

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Source
									(MoSVY)
4.9	# People with disability receiving physical rehab services	Nos	25,967	28,000	28,000	28,000	28,000	28,000	MAIS (MoSVY)
4.10	# Orphan and vulnerable child living in residential care (rate/100,000 children)	Nos	10,679	10,310	9,942	9,574	9,205	8,837	MAIS (MoSVY)
4.11	# Children in alternative family and community based care	Nos	85,921	90,000	95,000	100,000	105,000	110,000	MAIS (MoSVY)
5.1	Net Enrolment Rate in Primary Education:								
5.1.1	*Total*	%	97.0	97.3	97.9	98.6	99.3	100	EMIS/GPCC (MOEYS/NIS)
5.1.2	*Urban areas*	%	89.8	91.8	93.9	95.2	97.9	100	EMIS/GPCC (MOEYS/NIS)
5.1.3	*Rural areas*	%	98.6	98.9	99.2	99.4	99.7	100	EMIS/GPCC (MOEYS/NIS)
5.2	Gross Enrolment Rate in Lower Secondary Education:								
5.2.1	*Total*	%	56.5	60.4	66.9	73.7	81.3	70.0	EMIS/GPCC (MOEYS/NIS)
5.2.2	*Urban areas*	%	78.4	80.7	84.8	88.2	92.3	75.0	EMIS/GPCC (MOEYS/NIS)
5.2.3	*Rural areas*	%	52.6	56.7	63.6	71.2	79.2	67.0	EMIS/GPCC (MOEYS/NIS)
5.3	Gender Parity Index of NER in Primary Education	%	1	0.99	0.99	0.99	0.99	1	EMIS (MOEYS)
5.4	Gender Parity Index of GER in Lower Secondary Education	%	0.97	0.97	0.96	0.96	0.97	1	EMIS (MOEYS)
5.5	Gender parity index of GER in Upper Secondary Education	%	0.86	0.89	0.91	0.90	0.86	0.96	EMIS (MOEYS)
5.6	Gender parity index of GER in Tertiary Education	%	0.72	0.73	0.75	0.77	0.78	0.80	EMIS (MOEYS)
	Repetition Rate								
5.7	*Primary education*	%	4	4	3	3	3	2	EMIS (MOEYS)

No	Indicators	Unit	2013	2014	2015	2016	2017	2018	Data Source
5.8	*Lower secondary education*	%	1.5	1.5	1.3	1.2	1	1	EMIS (MOEYS)
5.9	Proportion of pregnant women with 2 or more antenatal care services with trained health personnel	%	87	88	90	91	93	95	HMIS (MOH)
5.10	Proportion of women in the Senate	%	14.7	14.7	14.7	14.7	30	30	MAIS (MOWA)
5.11	Proportion of women in the National Assembly	%	20	20	20	20	20	30	MAIS (MOWA)
5.12	Proportion of women as members of the councils:								
5.12.1	*Capital/Province*	%	10	15	15	15	15	15	MAIS (MOWA)
5.12.2	*City/District/Khan Council*	%	12.6	15	15	15	15	15	MAIS (MOWA)
5.12.3	*Commune/Sangkat Council*	%	18	18	18	18	25	25	MAIS (MOWA)
5.13	Proportion of women and men who are secretary general or director general	%	11	12	13	14	15	15	MAIS (MOWA)
5.14	Proportion of women who are director of department	%	12	13	14	15	16	16	MAIS (MOWA)
5.15	Proportion of women who are the chief of provincial cabinet or director of provincial department	%	10	11	12	13	14	15	MAIS (MOWA)
5.16	Prevalence rate of domestic violence	Nos	12.8	12.8	11.5	11.5	11.5	11.5	CDB
5.17	Prevalence of women using modern birth-spacing methods	%	37	39	51	52	53	54	HMIS (MOH)

TABLE 6.4: SAMPLE LIST OF STUDIES FOR THREE SECTORS

AGRICULTURE:

1. Farm size and land/labour productivity, efficiency and profitability.
2. Fertiliser/irrigation response curves – incl. ecological impacts.
3. Water-logging and drainage.
4. Farm mechanisation studies (by type of mechanisation).
5. Earnings pattern studies.
6. Rural labour markets & wages.
7. Share-cropping/land-renting studies.
8. Studies on HYV or SRI adoption.
9. Marketing, contract farming, storage, wastages and prices.
10. Impact of credit (by type of credit) on the state of indebtedness.
11. Inter-linked markets & farmer incomes.
12. Crop-farming, fishing, livestock, cropping systems.
13. Roads, connectivity information and farm prices/profits.
14. Impact of IT on price information.
15. Command area studies: water-sharing, head-end versus tail-end water distribution, user fees, water-user societies.

RURAL DEVELOPMENT:

1. Knowledge, Attitudes and Practice studies with regards to using health, water, sanitation and hygiene, drinking water preservation and consumption, & child health.
2. Sanitation and child/overall health (these could be done by type of sanitation).
3. Impact of septic tanks and soak pits on health.
4. Impact of rural roads on education, health, others (gender-specific).
5. Cash transfers and their impact (intended and unintended).
6. Food/cash for work programs (intended and unintended).
7. Impact of nutrition schemes on health, schooling, women's status.
8. Impact of social land concessions on rural livelihoods.
9. Impact of skill impartation on livelihoods.

CHILD/EDUCATION

1. Nutritional and malnutrition, BMI indicators and their cause.
2. Child-protection and child rights, child labour.
3. Special-educational needs.
4. Children's school (non) attendance, children lagging behind.
5. Key issues in teaching quality, teacher attendance.
6. Special needs and problems of girl adolescents.
7. Training need and employability.

TABLE 6.5: SELECT MONITORING INDICATORS AT SUB-NATIONAL LEVELS

	EDUCATION		WATER &SANITATION		LIVING STANDARDS		HEALTH	
	Completion Rate Primary (2012-2013) (%)	Completion Rate Lr. Sec. (2012-2013) (%)	% Population getting Safe Water (CDB) 2011	% Population accessing Hygienic Latrines 2011	Poverty rate 2011 (%)	Paddy yield rate 2011 (tons/ha)	IMR 2010 (per 1,000 live births)	% Attended births 2012
Banteay Meanchey	90.8	32.1	15.93	40.89	21.3	1.93	61	67
Battambang	86.5	32.9	27.81	47.82	20.1	1.68	45	62
Kampong Cham	92.8	36.5	44.48	31.91	19.0	2.14	54	65
Kampong Chhnang	92	38.6	37.26	29.33	20.1	1.97	78	64
Kampong Speu	92.7	33.3	63.01	28.43	17.5	1.77	65	57
Kampong Thom	86.4	34.9	34.04	37.88	22.9	1.58	57	45
Kampot	94.2	44.8	23.11	29.04	20.3	2.5	60	67
Kandal	100	51.3	42.57	51.59	15.0	2.65	61	56
Koh Kong	75	37.3	38.27	44.91	22.7	2.07	50	50
Kratie	72.5	32.5	35.95	29.11	22.9	2.1	76	45
Mondul Kiri	57	25.8	35.09	27.56	26.1	2.37	82	42
Phnom Penh	84.6	54.9	74.92	93.39	3.1	2.29	13	45
Preah Vihear	81	37.2	60.28	18.73	25.2	1.7	95	62
Prey Veng	93.6	40.1	88.21	24.34	16.6	2.04	64	70
Pursat	81.2	32.2	34.26	28.21	22.3	2.28	50	71
Rattanak Kiri	59.9	24	19.09	23.17	28.6	1.96	82	50
Siem Reap	88.4	37	33.85	32	21.3	1.66	50	79
Preah Sihanouk	73.3	33.6	74.84	56.6	11.9	2.1	50	61
Stung Treng	60.1	30.8	33.93	30.96	24.8	1.95	95	48
Svay Reing	100	45	76.3	36.72	14.3	1.57	78	90
Takeo	100	54.7	24.69	35.55	16.2	2.45	68	76
Oddar Meanchey	80.3	25.9	34.99	30.99	27.9	1.42	42	78
Kep	82.4	41.2	14.75	40.53	17.4	2.24	60	67
Pailin	65.2	31.3	58.28	40.87	17.7	2.02	45	74

Sources: Education: EMIS; Water/sanitation: CDB; Poverty rate: CSES/CDB; Paddy yield rate: CDB; IMR: CDHS; Attended births: HMINote: Targets are not set yet. They will have to be fixed in consultation with sub-national authorities and the concerned ministries.

CHAPTER VII
CONCLUSION

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CONCLUSION

7.1 Through planning and investment in physical structures, human capital, and institutional capacity, Cambodia has transformed itself from a war-torn country into a vibrant economy and a desired destination for investments. Entrepreneurship and private investment have materialised, resulting in a healthy GDP growth of 6-7% on long-term average; capita GDP in 2013 exceeding USD 1,000; and halving of the poverty rate over the last 10 to 12 years. Private investment has currently a much larger share in total investments than public investment. Within less than a decade, Cambodia has also emerged as one of the 10 largest rice-exporting nations and among 15 largest producers in the world, ceasing to be a net rice importer. In addition, it is now an important garment producer and exporter, a notable tourist destination and a full member of the ASEAN, WTO and several regional and international communities. Cambodia also boasts some 7,000 primary schools and over 100 tertiary institutions.

7.2 As the nation embarks upon the next phase of its development (National Strategic Development Plan "NSDP" 2014-2018), the RGC will carrying forward the achievements of the past and also gearing up to face emerging challenges and complete the unfinished tasks. The key challenges stem from Cambodia's full integration into the ASEAN and the reduction in external concessional assistance. In the next cycle of planning, the 3 main processes that will need promoting are:

1. Raising budget revenues collection from both taxes and non-tax sources significantly and sustainably beyond present levels.
2. Scaling-up the quality of human capital both for industrialisation and human wellbeing, and both within and outside the government.
3. Improving capacities within the government (both at the national and sub-national levels) to deliver quality services through better inter-ministry/agency communication and sharing of information, improved (vertical) integration between the sub-national levels and the apex ministries/agencies, and promoting e-governance.

7.3 The **NSDP 2014-2018** presents a roadmap for the implementation of the RGC's priority policies of the Fifth Legislature as articulated in the **Rectangular Strategy Phase III**. The NSDP's purpose is to ensure that the actions, programs and projects of all ministries, agencies and sub-national authorities are aligned to implement the prioritised policies of the RGC outlined in the Rectangular Strategy. While doing so, the plan aims to ensure that the strategies to implement these prioritised policies (by the ministries, agencies and sub-national authorities) take into account the potential impact of Cambodia graduating from its LDC Status and the perspective of reduced grants and assistance. Additionally, the plan aims to ensure

that the policies are geared to manage for a closer economic integration with the ASEAN. Finally, the RGC is taking systematic and sequenced measures to mitigate the adverse impacts of the continued slowdown in advanced economies and many other emerging economies on Cambodia's financial and economic system and to protect its hard-earned achievements. In terms of macro-economic indicator, the **NSDP 2014-2018** aims to achieve at least 7% growth in GDP and reduce the poverty rate by at least one percentage point each year.

7.4 This plan proposes for a large quantum of external funding; higher than expected in the past NSDP. But this time the appeal is to '**have a big-push to step up investments, activities, capacities and institutional structures, so as to gradually taper off external financing**'. This step is essential since the country has yet to develop some critical capacities and institutional flexibilities especially within the government.

7.5 The process of formulating this NSDP brings in some innovations such as compiling factual information through a bottom-up process to address issues of *who* is responsible, *what* actions will be taken, and *how* much it will cost to implement the proposed actions as well as a top-down perspective, obtained through a quantitative analysis of the current economic trends. Additionally, the **Ministry of Planning (MOP)** has taken concrete steps to ensure active participation from the line ministries and agencies as well as sub-national authorities in the planning process. At the same time MOP has also ensured that development partners, NGOs, and other civil society stakeholders are provided opportunities to actively participate in defining the results (i.e. the impact) in the process of preparation of inputs and targets.

7.6 The M&E Process in this plan proposes a Results Framework, so that the inputs are *a priority* matched with activities/outputs then outcomes, and finally impacts. To refine the core monitoring indicators/targets for reporting the progress on the implementation of **NSDP 2014-2018**, **MOP has established a National Working Group on Monitoring and Evaluation (NWGM&E), chaired by MOP**. As mentioned in Chapter VI, the NWGM&E has worked diligently to complete the task of standardising the definitions of variables/indicators and defining new indicators to enable ~~a~~ better monitoring of the outcomes of plan expenditures. The NWGM&E is a standing committee and it will therefore continuously review the progress on M&E throughout the plan's period. Its terms of reference also include improving the M&E process mid-way if deemed necessary. There is thus a great deal of in-built flexibility in the M&E Framework. The NWGM&E has developed a hierarchy of indicators, arranged from the highest (i.e. economy-level, inter-sectoral – e.g. GDP growth rate), to the next level (sectoral outcomes/outputs), then sub-sectoral outputs, and finally inputs. For the first time, sub-national indicators have been added in the plan to monitor geographical inequalities.

ANNEXES

ANNEX I

ABBREVIATIONS & ACRONYMS

ACU	Anti-Corruption Unit
AIDS	Acquired Immune Deficiency Syndrome
ASEAN	Association of South-East Asian Nations
ASEM	Asia-Europe Meeting
ASYCUDA	Automated System for Customs Data
BSST	Basic Social Services Training
BLO's	Border Liaison Offices
BLS	Baseline Survey
BLO	Border Liaison Offices
CAR	Council for Administrative Reform
CARD	Council for Agricultural and Rural Development
CARDI	Cambodia Agricultural Research and Development Institute
CBDRM	Community Based Disaster Risk Management
CCCSP	Cambodia Climate Change Strategic Plan
CDB	Commune Database
CDC	Council for the Development of Cambodia
CDCF	Cambodia Development Cooperation Forum
CDHS	Cambodia Demographic Health Survey
CDHS	Cambodia Demographic and Health Survey
CDM	Clean Development Mechanism (Forestry)
CDRI	Cambodia Development Research Institute
CEDAW	Convention on Elimination of all forms of Discrimination Against Women
CF	Community Forestry (Forests)
CHDR	Cambodia Human Development Report
CIB	Cambodia Investment Board
CIPS	Cambodia Inter-Censal Population Survey
CLJR	Council for Legal and Judicial Reform
CMAA	Cambodia Mine Action and Victim Assistant Authority
CMDGs	Cambodia Millennium Development Goals
CNM	Cambodia National Malaria Centre
CNMC	Cambodia National Mekong Committee
COJ	Council of Jurists
COM	Council of Minister
CPA	Complementary Package of Activities (Health)
CR	Cambodian Riel (Currency)
CSES	Cambodian Socio-Economic Survey
CRDB	Cambodia Rehabilitation and Development Board
CSF	Commune/Sangkat Fund
DOD	Department of Development
D & D	Decentralisation and De-concentration
DPs	Development Partners (internal and external, including NGOs)
Decr.	Decrease
DM	District/Municipality
EBA	Everything But Arms
EMIS	Education Management Information System
ERW	Explosive Remnants of War
ESP	Education Sector Plan
FDI	Foreign Direct Investment
FWUC	Farmer Water Users Communities
GDP	Gross Domestic Product
GER	Gross Enrolment Rate

GMS	Greater Mekong Sub-Region
GSP	Generalised System of Preferences
GPCC	General Population Census of Cambodia
GWH	Giga Watt Hour
Ha	Hectare(s)
HIS	Health Information System
HIV	Human Immunodeficiency Virus
HSP	Health Sector Strategic Plan
HSS	HIV Sentinel Surveillance
IPM	Integrated Pest Management
ICT	Information Communication Technology
IDP	Industrial Communication Technology
IMR	Infant Mortality Rate
IP	Implementation Plan
IAIS	International Association of Insurance Supervisors
IWRM	Integrated Water Resources Management
KWH	Kilo Watt Hour
M	Metre
M2	Money Supply
MAFF	Ministry of Agriculture, Forestry and Fisheries
MCS	Ministry of Civil Service
MCFA	Ministry of Culture and Fine Arts
MEF	Ministry of Economy and Finance
METF	Medium-Term Expenditure Framework
MOLVT	Ministry of Labour and Vocational Training
MIC	Middle Income Country
MLMPUC	Ministry of Land Management, Urban Planning and Construction
MMR	Maternal Mortality Ratio
MND	Ministry of National Defence
MOC	Ministry of Commerce
MOEYS	Ministry of Education, Youth and Sports
MOH	Ministry of Health
MOI	Ministry of Interior
MOIn	Ministry of Information
MOJ	Ministry of Justice
MOP	Ministry of Planning
MOSVY	Ministry of Social Affair, Veterans, and Youth Rehabilitation
MOT	Ministry of Tourism
MOE	Ministry of Environment
MOME	Ministry of Mines and Energy
MOWA	Ministry of Women's Affairs
MPA	Minimum Package of Activities (in health sector)
MRD	Ministry of Rural Development
MSM	Men who has Sex with Men
MTR	Mid-Term Review
NACD	National Authority for Combating Drugs
NBC	National Bank of Cambodia
NCDD	National Committee for Democratic Development at Sub-National Level
NCPD	National Committee for Population and Development
NER	Net Enrolment Rate (schools)
NGO	Non-Government Organisation
NSDP	National Strategic Development Plan
NSPS	National Social Protection Strategy
NSSF	National Social Security Fund
ODA	Official Development Assistance

OVOP	One Village One Product
PFMRP	Public Finance Management Reform Programme
PIP	Public Investment Programme
RGC	Royal Government of Cambodia
RS	Rectangular Strategy
SEZ	Special Economic Zone
SFFSN	Strategic Framework for Food Security and Nutrition
SME	Small and Medium Enterprise
SNA	Sub-national Administration
SNIF	Sub-national Investment Facility
SNEC	Supreme National Economic Council
SOA	Special Operating Agency
SSCA	State Secretariat of Civil Aviation
SY	School Year
UNDP	United Nations Development Programme
USD	US Dollar
VDC	Village Development Committee
WTO	World Trade Organisation

ANNEX II

Royal Government of Cambodia
Websites of Ministries and Agencies

Short Title	Full Title of Ministry/Organisation	Website (www)
CARD	Council for Agricultural and Rural Development	card.gov.kh
CRDB/CDC	Cambodia Rehabilitation and Development Board	cdc-crdb.gov.kh
CIB/CDC	Cambodia Investment Board	cib-cdc.gov.kh
CMAA	Cambodia Mine Action and Victim Assistance Authority	cmaa.or.kh
CNM	National Malaria Centre	cnm.gov.kh
CNMC	Cambodia National Mekong Committee	cnmc.gov.kh
OCM	Office of Council of Ministers	pressocm.gov.kh
MAFF	Ministry of Agriculture, Forestry and Fisheries	maff.gov.kh
MCFA	Ministry of Culture and Fine Art	mcfa.gov.kh
MOCAR	Ministry of Cult and Religion	mocar.gov.kh
MEF	Ministry of Economy and Finance	mef.gov.kh
MOIn	Ministry of Information	information.gov.kh
MIE	Ministry of Industry and Energy	
MLMUPC	Ministry of Land Management, Urban Planning & Construction	mlmupc.gov.kh
MLVT	Ministry of Labour and Vocational Training	novctf.gov.kh
MOC	Ministry of Commerce	moc.gov.kh
MND	Ministry of National Defence	mod.gov.kh
MOE	Ministry of Environment	moe.gov.kh
MOEYS	Ministry of Education, Youth and Sports	moeys.gov.kh
MOFA & IC	Ministry of Foreign Affairs & International Cooperation	mfaic.gov.kh
MOH	Ministry of Health	moh.gov.kh
MOI	Ministry of Interior	moi.gov.kh
MOJ	Ministry of Justice	moj.gov.kh
MOP	Ministry of Planning	mop.gov.kh
MOSVY	Ministry of Social Affairs, Veterans and Youth Rehabilitation	mosvy.gov.kh
MOT	Ministry of Tourism	mot.gov.kh
MOWA	Ministry of Women's Affairs	mowa.gov.kh
MPAI	Ministry of Parliament Affairs and Inspection	monasri.gov.kh
MPT	Ministry of Post and Telecommunication	mptc.gov.kh
MPWT	Ministry of Public Works and Transport	mpwt.gov.kh
MCR	Ministry of Cult and Religion	mocar.gov.kh
MRD	Ministry of Rural Development	mrd.gov.kh
MWRM	Ministry of Water Resources & Meteorology	mowram.gov.kh
NAA	National AIDS Authority of Cambodia	naa.org.kh
NACD	National Authority for Combating Drugs	nacd.gov.kh
NBC	National Bank of Cambodia	nbc.org.kh
NCDD	National Council for Decentralisation and De-concentration	ncdd.gov.kh
NCDM	National Committee for Disaster Management	ncdm.gov.kh
NIS	National Institute of Statistics (MOP)	nis.gov.kh
SSCA	State Secretariat of Civil Aviation	civilaviation.gov.kh
SNEC	Supreme National Economic Council	snec.gov.kh