

**ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF PLANNING**

**NATIONAL STRATEGIC DEVELOPMENT PLAN (NSDP), 2006-2010
&
PUBLIC INVESTMENT PROGRAMME (PIP), 2006-2008**

**8th CG MEETING, PHNOM PENH, CAMBODIA
2-3 MARCH 2006**

*Samdech Prime Minister,
Excellencies, Deputy Prime Ministers, Senior Ministers, Ministers
Distinguished Delegates from our Development Partners,
Excellencies, Ladies, and Gentlemen*

1. It is my pleasure and honour to present the National Strategic Development Plan (NSDP), 2006-2010 and the Public Investment Programme (PIP), 2006-2008 on behalf of the Royal Government of Cambodia (RGC) and the Ministry of Planning (MOP) at this important meeting.

2. Since 1994, the Royal Government of Cambodia has prepared many plans to guide the rehabilitation and development of our social and economic infrastructure that was destroyed by three decades of internal strife and wars. We had prepared:

- In 1994, a National programme to Rehabilitate and Develop Cambodia (NPRD).
- In 1996, the first Socio-economic Development Plan (SEDP I) for 1996-2000.
- In 2000, we had prepared the second Socio-economic Development Plan (SEDP II) for 2001-2005 to implement Royal Government's Triangular Strategy for the second mandate of the Royal Government.

3. Over the last five years, in addition to the SEDP II the Royal Government has also prepared an Interim Poverty Reduction Strategy and a full National Poverty Reduction Strategy, established Cambodia Millennium Development Goals, and has prepared many sector strategies. Some of these documents were prepared to meet the conditionalities of some of our development partners. In recent years, the Royal government and some of our development cooperation partners became concerned about the multiple strategic development frameworks that make it difficult to align development cooperation programs and projects with our national development priorities. To respond to these concerns the Royal Government had decided to prepare a single National Strategic Development Plan for the next five years to implement the Rectangular Strategy of the Royal Government for its current mandate and to achieve Cambodia's Millennium Development Goals to reduce poverty.

4. We now have a single National Strategic Development Plan (NSDP) for 2006-2010. *The NSDP: 2006-2010, is the single, overarching document containing RGC's priority goals and strategies to reduce poverty rapidly, and to achieve other CMDGs and socio-economic development goals for the benefit of all Cambodians.* It operationalizes the Rectangular Strategy to achieve its intended goals. Also, a Public Investment Program for 2006-2008 has been prepared to support the implementation of the NSDP. Both of these documents were approved by the Royal Government at a Cabinet meeting on 27 January 2006.

5. These two documents have been formulated to guide our development cooperation partners to align and harmonize their efforts to improve aid-effectiveness and to secure a higher "net transfer of resources" than has been the case in the past. The Royal Government urges multilateral, international development cooperation partners, and NGOs to ensure that their country assistance strategies are aligned with the priorities outlined in the NSDP and their development programs and projects are aligned with the PIP.

Excellencies, Ladies and Gentlemen

6. The Royal Government is committed to monitoring the implementation of the NSDP and carrying out an annual review on the implementation of the NSDP priorities. Over the next few months a monitoring framework to carrying out this review will be formulated. We plan to complete work and to share with all stakeholders the results of the review on the implementation of the NSDP in 2006 by the end of March 2007. For the Royal Government the NSDP is a live document, which will be adjusted and updated annually based on the annual progress report that will be prepared using the agreed monitoring framework.

7. The responsible ministries and agencies will now be working on spelling out in more details the strategic goals, targets and actions outlined in the NSDP in their sector plans for national and sub-national levels.

8. The NSDP 2006-2010 has been prepared in a participatory and inclusive way. To ensure widest possible participation of all key stakeholders, the Royal Government organized consultations and workshops at various stages of its preparation focusing on "results". Through this participatory process a "results matrix" of priority goals and other key features of NSDP was formulated that involved the line ministries and agencies, external development partners, and members of civil society. Several drafts of the NSDP were reviewed and revised based on discussions with stakeholders between August and November, 2005. The final draft was reviewed by the inter-ministerial meetings at the Council of Ministers in December 2005 and January 2006. As I said earlier, the final draft was endorsed by the Council of Ministers on 27 January 2006.

Excellencies, Ladies and Gentlemen

9. With peace, internal stability and robust economic growth over the past few years, Cambodia is now at a critical threshold to realize its opportunities to achieve faster economic growth and the CMDGs. In line with the Government's development vision, the NSDP priorities over the next five years emphasize several overarching aspects across all its programs. These are:

- i. poverty reduction and gender concerns;
- ii. credible reforms in all sectors;
- iii. robust, equitable, spatially and sectorally well-spread economic growth;
- iv. significant increase in real investment in productive sectors and human development;
- v. targeted efforts to most needy and least served people and areas;
- vi. (vi) focus on well-tried, cost-effective activities with quick and high returns at grassroots level;
- vii. optimize factor productivity;
- viii. enhance household incomes by relying more on human labour in construction and similar activities especially in rural areas; and
- ix. stress on institutional and human capacity building in all sectors.

10. In terms of sector priorities:

The priorities to foster “*Good Governance*” are to: reinforce and fast track a multi-pronged attack on corruption; carry out specific legal and judicial reforms; speed up and pursue Public Administration Reform; and add to and strengthen measures to make decentralization and de-concentration (D&D) more effective.

To create an *enabling environment for Good Governance* the Royal Government priorities are to: vigilantly safeguard and continuously enhance the hard-earned peace, political stability and social order, so essential for any progress; further broaden and deepen integration of Cambodia into the region and the world and attract investment to achieve pro-poor economic progress; and continue to deepen and strengthen partnership with civil society, private sector and external development partners.

In the *agriculture* sector, the priorities are to intensify and diversify crop production, improve fisheries management, ensure sustainable management of forestry through reforms, environmental conservation and carry out land reforms particularly to ensure land tenure to the poor.

To further advance *rural development* along with Decentralization and De-concentration, priorities are to build rural infrastructure and enhance access to affordable rural credit.

Priorities in *rehabilitation of physical infrastructure* are on developing transport and communication networks with maximum attention to attracting private sector to undertake work on a BOT basis wherever possible. Necessary infrastructure will be put in place to optimize use of valuable offshore oil and gas resources.

Attracting *private sector*, both domestic and foreign, is of utmost importance. The priority is to improve the overall climate through various governance reforms. SMEs will receive special attention, including better and easier access to long and medium term finance. Reforms to enhance private sector participation will address issues relating to trade as well.

Education is a priority area in human development and capacity building. Apart from providing universal basic education, attention will be given to other levels including vocational training and higher education to build a critical mass of skilled and capable people to serve the development needs in various spheres.

Health sector priorities cover accelerated reforms in all areas, expanded availability of health care facilities and better access to the poor and special attention to curtail spread of HIV/AIDS especially to families.

Gender equity issues permeate all activities and the priority is to address them in all sectors particularly in agriculture, health and education. Gender mainstreaming in all aspects of governance and society will be further strengthened.

Excellencies, Ladies and Gentlemen

11. The sector allocation of development resources in the NSDP is based on four elements:

- i. Expected availability for public sector investments.
- ii. Need to ensure judicious resource use for only those sectors and purposes not likely to be served by private investments.
- iii. Focus on rural areas.
- iv. Focus on sectors likely to have high poverty reduction impact.

12. Based on projections of economic growth and gross investments needed in the public sector, US\$ 3,500 million will be required in the public sector during 2006-2010 to achieve the targets of NSDP. Within the resource envelope, priority

attention will be given to ensuring a rural focus and allocations for activities which will benefit rural areas directly.

13. The resources are expected to come from:
 - i. surplus in the current account of the national budget;
 - ii. grant aid from traditional development partners;
 - iii. concessional loans from multilateral financial institutions (MFIs);
 - iv. resources from non traditional partners; *and*
 - v. funds that could become available from possible debt relief.
14. A high priority of NSDP is to direct resources to meaningful “real investments”. The financial allocations to different sectors are presented in Table 5.2 of the NSDP document. Of the total amount, nearly 33% will be spent in social sectors, 22% in economic sectors and 25% in infrastructure. Services and cross-sector programs will receive 14% of the total that includes separate allocations for gender mainstreaming as well.

Excellencies, Ladies and Gentlemen

15. As I mentioned earlier, the NSDP will be implemented and operationalized through the rolling, three-year Public Investment Program (PIP). The programs and projects that constitute the public investment program will be financed both from the National Budget and with assistance from development cooperation partners. From now on, the National Budget will be aligned to support the implementation of NSDP through financing of the PIP. The PIP is comprised of Government's priority programs that are being implemented and/or are planned to be implemented in various sectors and constitute the basic information for the allocation of national budget resources as well as for the mobilization of development cooperation resources.

16. The sector distribution of planned expenditure under PIP 2006-2008 is in line with planned sector allocations in NSDP. I would like to highlight a few key features of the PIP for 2006-2008. First, over 80 percent of the Royal Government's committed resources are allocated for the social sector. Second, nearly 82 percent of the resources will be needed to support the on-going and committed programs and projects and only just over 18 percent will be available for new high priority pipeline development programs and projects. Third new resources to be mobilized over the next three years will need to focus on reducing the technical assistance component to less than 15 percent of total new resources to be mobilized. Fourth, nearly 98 percent of resources allocated to the social sector will be used by ongoing and committed programs and projects.

Excellencies, Ladies and Gentlemen

17. To conclude, I would like to emphasize that the efforts of the Royal Government to implement the NSDP will be coordinated to ensure that the resources allocated for development activities reflect the priorities of the NSDP. The Ministry of Planning, the Council for the Development of Cambodia, the Ministry of Economy and Finance, and the Supreme National Economic Council (SNEC) will be working together to ensure that:

- the National Budget is aligned to support the implementation of the NSDP through financing of the PIP;
- the preparation of the rolling three year PIP by the MOP will be done in close collaboration with CDC, MEF and SNEC to ensure that it is completed in time to be taken into account in the processes of preparation of the annual national budget;
- the mobilization of development cooperation resource is aligned with the PIP;
- our development cooperation partners' country assistance strategies are aligned with the priorities outlined in the NSDP and their development programs and projects are aligned with the PIP.

Thank you.

**National Strategic Development Plan
(NSDP), 2006-2010
&
Public Investment Program
(PIP), 2006-2008**

**Royal Government of Cambodia
Ministry of Planning**

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Planned Development Efforts

- ❑ Concerns over multiple strategic development frameworks
- ❑ RGC decision to prepare a single NSDP to implement Rectangular Strategy and achieve CMDGs
- ❑ NSDP 2006-2010 overarching document giving RGC's priority goals and strategies
- ❑ NSDP operationalizes Rectangular Strategy to achieve CMDGs and other priority goals
- ❑ A PIP 2006-2008 prepared to support NSDP implementation
- ❑ Both approved by RGC on 27 January 2006

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Planned Development Efforts

- ❑ Since 1994, many plans to guide rehabilitation and development:
 - ❑ NPRD in 1994
 - ❑ SEDP I, 1996-2000 in 1996
 - ❑ SEDP II, 2001-2005 in 2000 to implement Triangular Strategy
- ❑ Over last five years, other attempts:
 - ❑ I-PRS, NPRS, CMDGs, many sector strategies

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NSDP and PIP

- ❑ NSDP and PIP 2006-2008 to guide EDPs to align and harmonize their efforts to improve aid-effectiveness and secure higher "net transfer of resources"
- ❑ RGC urges all EDPs to align their country assistance strategies with NSDP and programs/projects with PIP

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NSDP Implementation Strategy

- RGC committed to NSDP implementation monitoring and carrying out annual review
- A monitoring framework to be formulated in next few months
- NSDP implementation review 2006 to be shared by end-March 2007
- NSDP is a “live” document to be adjusted and updated annually using agreed monitoring framework
- Responsible ministries/agencies to work out detailed goals, targets, actions in sector plans for national and sub-national levels

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NSDP Overarching Priorities

- Cambodia at a critical threshold now to realize its opportunities.
- In line with RGC’s development vision, NSDP priorities emphasize nine overarching aspects across all its programs:
 - i. Poverty reduction and gender concerns
 - ii. Credible reforms in all sectors
 - iii. Robust, equitable, spatially and sectorally well-spread economic growth
 - iv. Significant increase in real investment in productive sectors and human development
 - v. Targeted efforts to most needy and least served people, and areas

NSDP Preparation Process

- Prepared in a participatory and inclusive way
- Consultations and workshops at various stages focusing on “results”
- “Results matrix” of priority goals and other key features agreed by line ministries/agencies, EDPs, members of civil society
- Several drafts reviewed and revised between August and November 2005
- Final draft reviewed by inter-ministerial meetings at COM in December 2005 and January 2006
- Endorsed by COM on 27 January 2006

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NSDP Overarching Priorities (contd.)

- vi. Focus on well-trying, cost-effective activities with quick and high returns at grassroots level
- vii. Optimize factor productivity
- viii. Enhance household incomes by relying more on human labor in construction and similar activities especially in rural areas
- ix. Stress on institutional and human capacity building in all sectors

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NSDP Sector Priorities

- ❑ *Foster good governance*
 - ❑ Reinforce and fast track a multi-pronged attack on corruption
 - ❑ Carry out specific legal and judicial reforms
 - ❑ Speed up and pursue public administration reform
 - ❑ Add to and strengthen measures to make decentralization and de-concentration (D&D) more effective

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NSDP Sector Priorities (contd.)

- ❑ *In agriculture sector, priorities are to:*
 - ❑ Intensify and diversify crop production
 - ❑ Improve fisheries management
 - ❑ Sustainable management of forestry through reforms
 - ❑ Environment conservation
 - ❑ Carry out land reforms particularly to ensure land tenure to the poor

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NSDP Sector Priorities (contd.)

- ❑ *Create an enabling environment for good governance*
 - ❑ Safeguard and enhance peace, political stability and social order
 - ❑ Broaden and deepen integration of Cambodia into the region and the world and attract investment
 - ❑ Deepen and strengthen partnerships with civil society, private sector and external development partners

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NSDP Sector Priorities (contd.)

- ❑ To further advance *Rural Development*,
 - ❑ Along with D & D, build rural infrastructure
 - ❑ Enhance access to affordable rural credit
- ❑ Priorities in *rehabilitation of physical infrastructure*
 - ❑ Develop transport and communication networks with maximum attention to attracting private sector to work on a BOT basis wherever possible

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NSDP Sector Priorities (contd.)

- In energy sector,
 - Put in place necessary infrastructure to optimize use of valuable offshore oil and gas resources
- For attracting private sector, both domestic and foreign,
 - Improve overall climate through various governance reforms
 - Special attention to SMEs, including better and easier access to long and medium term finance
- Reforms to enhance private sector participation will address issues relating to trade as well

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NSDP Sector Priorities (contd.)

- Gender equity issues permeate all activities:
 - Priority to address in all sectors, particularly in agriculture, health, education
 - Further strengthening of gender mainstreaming in all aspects of governance and society.

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NSDP Sector Priorities (contd.)

- Education is a priority area in human development and capacity building.
 - *Apart from providing universal basic education, attention to other levels including vocational training and higher education to build a critical mass of skilled and capable people to serve development needs in various spheres.*
- Health Sector priorities include:
 - Accelerated reforms in all areas
 - Expand availability of health care facilities and better access to poor
 - Special attention to curtail spread of HIV/AIDS especially to families

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NSDP Sector Allocations

- Based on four elements:
 - i. Expected availability of public sector investments
 - ii. Ensure judicious resource use in sectors and purposes not likely to be served by private investments
 - iii. Focus on rural areas
 - iv. Focus on sectors with high poverty reduction impact

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NSDP Sector Allocations (contd.)

- ❑ Total requirement of US\$ 3,500 million in public sector during 2006-2010
- ❑ Resources are expected from:
 - i. Current account surplus of national budget
 - ii. Grant aid from traditional development partners
 - iii. Concessional loans from MFIs
 - iv. Resources from non-traditional partners
 - v. Funds from possible debt relief

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Public Investment Program (PIP)

- ❑ NSDP to be implemented and operationalized through rolling three-year PIP
- ❑ PIP will be financed both from national budget and assistance from EDPs
- ❑ From now on, national budget will be accordingly aligned
- ❑ PIP gives priority programs being implemented and/or planned for implementation in various sectors

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NSDP Sector Allocations (contd.)

- ❑ Financial allocations to different sectors given in Table 5.2 of NSDP document
- ❑ Of the total, nearly 33% will be spent in social sectors, 22% in economic sectors, and 25% in infrastructure
- ❑ Services and cross-sector programs to receive 14% with separate allocations for gender mainstreaming

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Public Investment Program (contd.)

- ❑ PIP 2006-2008 is in line with planned sector allocations in NSDP
- ❑ Some key features:
 - i. Over 80% of Royal Government's committed resources for social sectors
 - ii. Nearly 82% of resources needed for on-going and committed programs and only 18% available for new high priority programs
 - iii. Newly mobilized resources for next three years need to reduce TA component to less than 15%
 - iv. Nearly 98% allocated social sector resources will be used in on-going and committed programs

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Conclusion

- Coordinated efforts will be given by RGC to ensure allocation of resources reflecting NSDP priorities
- MOP, CDC, MEF and SNEC will work together to:
 - i. Align national budget to support NSDP implementation through financing PIP
 - ii. Prepare rolling PIP by MOP in close collaboration with CDC, MEF and SNEC and complete in time to take into account in preparing national budget
 - iii. Align mobilization of development cooperation resources with PIP
 - iv. Align EDPs' country assistance strategies with NSDP priorities and their development programs and projects with PIP.

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Thank you for your kind attention.

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