

**Ninth High-Level Consultations  
on Development Cooperation  
Government of Australia and Royal Government of Cambodia  
Canberra  
6-7 June 2012**

**Summary of Discussion**

Overview

The Government of Australia and the Royal Government of Cambodia held High-Level Consultations (HLCs) on their development cooperation in Canberra from 6-7 June 2012. The Cambodian delegation was led by Mr Chhieng Yanara, Minister attached to the Prime Minister, Secretary General, Cambodian Rehabilitation and Development Board/Council for the Development of Cambodia (CDC). The Australian delegation was led by Ms Margaret McKinnon, Acting Deputy Director General, Country Programs Group, Australian Agency for International Development (AusAID). A list of participants is at Annex 1.

Exchanges were substantive, reflecting shared interests established over a long history of development cooperation between the two countries. Discussion focussed on Cambodia's economic development perspective; progress against the Cambodia-Australia Joint Aid Program Strategy 2010-15; aid effectiveness priorities; and regional priorities. Senior representation from Cambodian line ministries enabled detailed exchanges on progress and challenges in priority sector areas (health, agriculture and rural development, infrastructure, and law and justice). Issues of interest for both parties, which generated significant discussion, were those of coordination and aid effectiveness.

Ms McKinnon opened the meeting, by stating that Australia valued its close and cooperative relationship with the Cambodian Government and is committed to supporting Cambodia strive to meet the Millennium Development Goals (MDGs) and achieve equitable and sustainable development. This is why Australia is committing to providing an estimated \$94.7 million in aid to Cambodia in 2012-13, of which \$61.5 million will come from the bilateral country program. Ms McKinnon stated that these consultations will provide an opportunity for strategic dialogue on the approach and focus of Australian aid, and a review of progress on mutually agreed areas of focus under the joint country strategy.

In his opening remarks, Mr Chhieng Yanara acknowledged Cambodia's strong and important partnership with Australia and the quality of Australian assistance, particularly in terms of bringing new ideas to the table and transferring knowledge to counterparts. Mr Yanara acknowledged the role Australia has played in Cambodia's path from war to peace, by contributing to the peace process. Mr Yanara said that Australia is now the largest provider of grant finance to Cambodia and the third largest bilateral development partner. Mr Yanara said that these consultations provide an opportunity to not only cover technical and operational issues, but also engage in policy dialogue on key issues of strategic importance, based on principles of partnership and mutual understanding that already exist between Australia and Cambodia.

Session 1: Cambodia's economic development perspective

Cambodia outlined the current state of its economy, and stated that its rate of poverty has declined from 34.7 per cent in 2004 to an estimated 26.1 per cent in 2010. Cambodia is committed to achieving poverty reduction by over one per cent each year and to improving key

indicators related to education, health and gender equity. Cambodia outlined current reforms to its public financial management systems, which aim to reach international standards by 2015.

Cambodia presented the aims of its fiscal policy and the main objectives of its 2012 budget (which included improving the quality of service delivery in education and health). Cambodia outlined its efforts towards achieving its nine MDG indicators. While remarkable progress has been made on MDGs 1, 2, 4, and 5, (with the targets either achieved or likely to be achieved by 2015), and good progress has been made on the other MDGs, more still needs to be done to ensure all targets are met by 2015. Cambodia noted that 21 out of 24 Ministries now have gender action plans. Australia recognised Cambodia's leadership and impressive gains on MDG targets (particularly those related to maternal and child health and poverty alleviation).

### Session 2: Cambodia – Australia Joint Aid Program Strategy 2010 – 2015

Australia provided an overview of the *Independent Review of Aid Effectiveness* and the Australian Government's response to the review, *An Effective Aid Program for Australia: Making a real difference—Delivering real results*. Australia's new aid policy, *Effective Aid*, promotes increased transparency, accountability and strengthened partnerships, and focuses on results and delivering value for money. *The Comprehensive Aid Policy Framework*, which gives effect to the new policy, provides indicative four-year budgets for the East Asia region. Australia confirmed a country-specific breakdown of the four-year budget for East Asia would be made available in the coming months.

Cambodia stated that Australia is the lead donor in Cambodia with regard to implementing aid effectiveness principles, including the principles of true partnership, transparency and accountability. Cambodia conveyed its appreciation to Australia for regularly sharing monitoring reports. Australia emphasised that its obligations under its new Transparency Charter will result in more information about its aid program being published on the AusAID website. Cambodia noted that *Effective Aid* includes the principle of inclusive partnership, which also emerged at the *Busan High-Level Forum on Aid Effectiveness*.

Australia outlined how the focus of its aid program in Cambodia, in the health, law and justice, infrastructure and agriculture sectors corresponds with four of the five core strategic goals of the Australian aid program articulated in *Effective Aid*. Australia outlined progress of its program in Cambodia against the goals of the draft country strategy in detail, including successes, challenges and actions required under each strategy objective. The meeting discussed the mid-term review of the country strategy, which will take place in 2013. Both parties agreed that the mid-term review would take place in late 2013, to take account of any changes to Cambodia's development policy following the Cambodian National Assembly Election. The meeting then discussed issues of fiscal decentralisation in Cambodia, ending violence against women initiatives and the broad issue of measuring development results.

Australia noted the importance of data to track progress and the value of a prevalence study of rates of violence against women to ensure resources are well targeted to need; and to provide a baseline to measure program impact over the next five years and advised that it would support the development of a new National Action Plan on Violence Against Women (NAPVAW).

The meeting discussed the current re-drafting and approval process of the Cambodia country strategy, which will result in the publication of the *Australia – Cambodia Joint Aid Program Strategy 2010 – 2015*. Cambodia confirmed they are satisfied with the current draft of the document at the policy level, and that it is clear and of a high quality. Both parties agreed to finalise the document in the coming weeks.

The meeting discussed the challenge of coordination and collaboration between the Royal Government of Cambodia and donors, and across government ministries and different tiers of government administration. Australia agreed to provide a multi-year contribution to donor coordination efforts and expressed its desire for Cambodia to continue to engage in regular senior level donor dialogues, using forums such as the Government-Donor Coordination Committee and the Cambodia Development Cooperation Forum

### Session 3: Aid effectiveness priorities

Cambodia presented the country's aid effectiveness priorities in implementing the Busan Partnership for Effective Development Cooperation. These priorities are to focus on results frameworks, use program-based approaches, implement major reforms, strengthen country systems and common approaches, and improve dialogue arrangements and partnerships. Australia responded by assuring Cambodia that it will aim to, in every case possible, work with Cambodia's systems, and help to strengthen the Cambodian Government's own monitoring systems, within priority portfolio areas, where appropriate. The Australian Government noted its \$1 million contribution to Cambodia's first agricultural census.

The meeting had a substantial discussion on donor coordination and encouraging the involvement of non-OECD donors in coordination and policy dialogues.

### Session 4: Discussion on selected projects and programs in priority sector areas: progress and challenges

*a) Health:* Australia has learnt many lessons from its engagement in this sector, and Cambodia reaching its MDGs 4 and 5 targets is a commendable success story. There is still a lot to be done. Australia anticipates remaining in this sector for a long period (and into the next strategy period). Support for this sector will make a difference to people's lives and improve access to health services for the poorest people. Australia would like to move to one plan, one budget for the health sector by 2014, to improve efficiency and transparency in health expenditures. Cambodia acknowledged that one plan/one budget is a tool to improve public financial management in the sector but can be constrained by a lack of predictability of funding from donors and by poor donor coordination. Cambodia outlined the two current models of channeling funds through the different modalities and the choices offered to donors and the government thought both pooled and non-pooled funding mechanisms. Cambodia highlighted that certain challenges existed for both the government and donors in terms of how such choices affected visibility and the ability to utilise government systems, while urging that all partners should work to reduce the complexity of procedures. Australia acknowledged these challenges and noted that budget transparency was important for both government and donors (at both national and sub-national level) to maximize the effectiveness of spending.

*b) Agriculture:* Australia outlined the achievements under its flagship agriculture initiative, the Cambodia Agricultural Value Chain program (CAVAC), and stated that the mid-term review found that the program is exceeding expectations. Given these results, Australia is considering extending the program by 18 months in order to allow time to design the next phase of assistance. Cambodia agreed with the mid-term review findings, and encouraged Australia to consider expanding the program's coverage (to more provinces) and scope (to other crops beyond rice). Cambodia sees CAVAC as a model of public private sector partnerships. Australia expressed strong interest in remaining engaged in the agriculture sector through the next iteration of the Australia Cambodia joint aid strategy.

*c) Law and Justice:* Australia outlined its assistance to the law and justice sector since 1997, and the notable achievements which have been made. Australia emphasised the genuine partnership which has now been built with the Royal Government of Cambodia through the several phases of the Cambodia Criminal Justice Assistance Project (CCJAP), and the genuine capacity development of both public and private sector human resources. Cambodia expressed its appreciation for Australian support to the law and justice sector over the last 15 years, including its contribution to capacity development of judicial bodies. Cambodia outlined its priorities within the sector. Australia emphasised that the time is now right for Australia to begin phasing out its support as Cambodian institutions assumed the capacity to deliver policies and services piloted by CCJAP. The next phase of the CCJAP (Cambodia Community Justice Assistance Partnership) to 2015-16 will focus on where Australia can have the greatest impact at the community level and build on existing efforts (especially in crime prevention and community safety, and addressing prison overcrowding). Australia will commit to significant and deep engagement on the issue of ending violence against women.

*d) Infrastructure:* Cambodia expressed appreciation for Australia's continued support to infrastructure development. Australia conveyed that future investments in this sector will likely focus on rural infrastructure (which is in line with increasing agricultural productivity and improving the lives of rural poor, including through the CAVAC program and access to health services for the rural poor. Cambodia acknowledged that engaging in rural infrastructure will provide a more integrated approach to existing efforts in health and rural development, and will provide links between production and the market. Australia acknowledged the complex challenges faced by the Railway Rehabilitation Project and that Australia remains committed to this project. Both countries agreed on the economic benefits of this project. The Royal Government of Cambodia reiterated its commitment to fully implement agreed social safeguard policies, including to ensure that any resettlement is completed in a timely, fair and transparent manner.

*e) Gender and disability:* Australia noted the importance of furthering gender equity in all of its programs and mentioned efforts to ensure accessibility for people with a disability so that they (and their carers) could engage productively in society. Australia acknowledged the progress in Cambodian Ministries in developing gender action plans and noted that they would develop a gender action plan to link Australia's existing support in priority sectors to ensure it is well coordinated. Australia is considering funding two studies on gender and disability as requested by Cambodia.

#### Session 5: Regional priorities (including ASEAN)

Australia outlined its regional programs in East Asia, which cover transboundary issues related to human security, health and economic integration, with engagement focusing on ASEAN, the East Asia Summit (EAS) and APEC. Australia plans to use the Cambodian-hosted ASEAN and EAS processes this year to raise awareness and encourage dialogue on drug resistant malaria as an emerging health issue for the region which warrants attention. Cambodia urged that Australia's regional programs continue to complement the bilateral program, and that they remain relevant to the Cambodian context.

SIGNED ON 7 JUNE 2012 IN CANBERRA, AUSTRALIA

ON BEHALF OF THE ROYAL  
GOVERNMENT OF CAMBODIA



MR CHHIENG YANARA  
MINISTER ATTACHED TO THE PRIME MINISTER  
SECRETARY GENERAL CRDB/CDC

ON BEHALF OF THE  
GOVERNMENT OF AUSTRALIA



MR CHRIS ELSTOFT  
ACTING FIRST ASSISTANT  
DIRECTOR GENERAL AUSAID

## **Annex 1**

### Cambodian Delegation

**Mr Chhieng Yanara**

Minister attached to the Prime Minister, Secretary General CRDB/CDC

**Mr Chum Sounry**

Cambodian Ambassador to Australia, Ministry of Foreign Affairs and International Cooperation

**Mr Prum Sokha**

Secretary of State, Ministry of Interior

**Mr Chan Tong Yves**

Secretary of State, Ministry of Agriculture, Forestry and Fisheries

**Mr Tuon Thavrak**

Director General of Planning, Ministry of Planning

**Ms Khieu Serey Vuthea**

Director General in charge of Social Development, Ministry of Women Affairs

**Ms Heng Sokun**

Deputy Secretary General, CRDB/CDC

**Mr Lo Veasnakiry**

Director of Planning and Information Department, Ministry of Health

**Mr Youk Bunna**

Director of Personnel Department and Deputy Manager of PFM Steering Committee Secretariat, Ministry of Economy and Finance

**Mr Im Sethyra**

Director of Department of Resettlement, Ministry of Economy and Finance

**Mr Chou Heng**

Senior Policy Staff, CRDB/CDC

**Mr Prum Somany**

Deputy Director of International Cooperation Department, Ministry of Agriculture, Forestry and Fisheries

### Australian Delegation

**Ms Margaret McKinnon**

Acting Deputy Director General – Country Programs Group

**Mr Chris Elstoft**

Acting First Assistant Director General – East Asia Division

**Mr Michael Wilson**

Minister-Counsellor – Mekong and Regional (Hanoi)

**Ms Megan Anderson**

Counsellor – Development Cooperation (Phnom Penh)

**Mr Dominique Vigie**

Acting Director – Mekong Section

**Mr Nicholas Wolf**

Second Secretary (designate) – Development Cooperation (Phnom Penh)