

10th High-level Consultations on Development Cooperation Between Cambodia and Australia

Summary of Discussion

1. The Royal Government of Cambodia and the Government of Australia held the 10th High-Level Consultations on Development Cooperation in Phnom Penh on 17 September 2014. The two governments discussed Cambodia's economic and social development, reviewed past development cooperation and agreed on principles to guide future Australian support to Cambodia.
2. Australia values its close and cooperative relationship with Cambodia and is committed to supporting Cambodia to achieve its development objectives.
3. Cambodia gratefully acknowledges the long-standing partnership with Australia, one of its largest development partners, and the support that has been provided. Australia's commitment to further assist Cambodia's priority areas as outlined in the Rectangular Strategy - Phase III and the National Strategic Development Plan 2014-2018 is highly appreciated.

Cambodia's Economic Outlook and Development Priorities

4. Cambodia outlined its achievements in ensuring an average annual economic growth of 7% and reducing poverty rate of more than 1% point per annum over the past decade. In 2014, GDP growth is expected to be around 7%, increasing per capita incomes to more than USD1, 000. The combined impact of this economic growth and reduced poverty has been the significant achievement in moving towards many of the Cambodia Millennium Development Goals (CMDGs) and is shifting to a Lower-Middle Income Country status. Nevertheless, Cambodia is facing some important challenges including capacities and resilience to mitigate the impact of regional and global economic shocks; issues of inequality – in particular the rural-urban divide – and social inclusion and environmental sustainability; quality of public and legal services; limited public infrastructure and high cost to support livelihoods and well-being; and development of human resources to promote economic competitiveness and to provide opportunities for Cambodian youth.
5. To ensure that these challenges are addressed, the Royal Government has developed the Rectangular Strategy – Phase III which outlined its development priorities that include human resource development; promotion of agriculture and rural development; provision of physical infrastructure; private sector development and employment; and strengthening governance and public services. Both governments agreed that Australia's aid to Cambodia should be aligned with these priorities.

6. Australia noted Cambodia's rapid economic growth and large decrease in poverty over the past decade. Despite these impressive achievements, Australia agreed much remains to be done. Continued growth and poverty reduction will require improvements in infrastructure, health and education, as well as higher agricultural productivity and improved governance. Australia welcomed Cambodia's stated commitment to reform, especially in key sectors such as education, and recent progress in political reconciliation.

Overview of Australia's new aid policy

7. Australia provided an overview of its new aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. The policy has an increased focus on supporting economic growth, working with the private sector and encouraging women's economic empowerment. The policy commits to consolidating Australia's aid portfolio, including in Cambodia, by focusing on fewer, larger aid investments. It also places an emphasis on accountability, results and value for money.

Australia's development assistance to Cambodia

8. Australia provided an update on the major achievements of its development assistance in Cambodia over the past two years. In the health sector Australia has helped provide access to essential health services for 2.5 million of the poorest Cambodians. In agriculture Australia has worked alongside the private sector to improve the incomes of over ten thousand farmers. Through support for infrastructure Australia has helped build roads and railways, including completing work on the Southern Coastal Corridor. Australia has also helped ensure that all Cambodians enjoy the benefits of growth, by working to reduce violence against women and support people with disability.

9. Both sides agreed that substantive progress has been recorded in the Cambodia-Australia Joint Aid Strategy 2010-2015 through impressive achievements in numerous projects in the four focus sectors of agriculture, infrastructure, health and law and justice.

10. Cambodia valued highly the Government of Australia's commitment in providing development assistance to Cambodia. Australia is among the largest development partners disbursing approximately AUD75 million per year. Australia is now the 2nd largest partner in providing grant assistance to Cambodia. Cambodia noted the support has contributed to Cambodia's impressive achievements to date including the realisation of most Cambodia Millennium Development Goals (CMDGs).

11. Taking into account the priorities of both governments, and subject to final agreement, Australia's aid to Cambodia over the period 2015-2018 will focus on four key pillars - agriculture, infrastructure, human capital and inclusive development. Australian support will be aligned to the National Strategic Development Plan (NSDP) 2014-2018 and Australia's new aid policy. Cambodia highly appreciates the efforts of Australia to synchronise its plan cycle with the Royal Government of the Fifth Legislature of the National Assembly.

12. Australia will continue to support the health sector, work with the private sector in agriculture, and on gender based violence and disability. As agreed during the 9th High-Level Consultations in 2012, Australia will conclude its investment in the Cambodia Community Justice Assistance Partnership by 2016 and shift the focus of its infrastructure investments towards smaller scale infrastructure. In order to consolidate Australia's development assistance and maximise the impact of larger activities, it was agreed that funding for a number of smaller/lapsing programs would cease in the coming years.

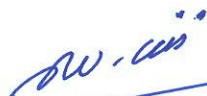
13. Cambodia and Australia agreed to continue strengthening links in education by looking for opportunities to better align the Australia Awards Scholarship program with Cambodia's priorities in the higher education sector. Cambodia welcomed the New Colombo Plan which, from 2015, will support Australian students to study in Cambodia.

14. Both governments agreed to uphold the principles of aid/development effectiveness. Australia reaffirmed its commitment to applying safeguard policies, including child protection, to ensure that its investments do not cause unacceptable adverse impacts to people and their environment. Australia also committed to maintaining an untied aid program. Cambodia reaffirmed its commitment to achieving the objectives outlined in the National Strategic Development Plan. Both sides agreed that a selection of these objectives should be included as mutual obligations in Australia's Aid Investment Plan 2015-18.

15. It was decided that the principles agreed at these High-Level Consultations would underpin Australia's Aid Investment Plan 2015-2018. Australia committed to providing a draft of the plan to Cambodia for consultations before it is finalised in mid-2015.

16. Both governments agreed that the next High-Level Consultations would be hosted by the Australian Government in 2016.

Signed on 17 September 2014 in Phnom Penh, Cambodia.



Chhieng Yanara
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Rehabilitation and Development Board



Alison Burrows
Australian Ambassador to the
Kingdom of Cambodia