

Development Partner Response Statement

National Strategic Development Plan
delivered by Annette Dixon, World Bank Country Director
at the
19th Meeting of
The Government-Development Partner Coordination Committee
Phnom Penh, 26 September, 2012

Excellency Keat Chhon, Deputy Prime Minister and Minister of Economy and Finance,

Excellencies, Ladies and Gentlemen,

The Development Partners (DPs) would like to congratulate the Royal Government of Cambodia (RGC) on the implementation of the National Strategic Development Plan (NSDP) 2009-2013. The country successfully overcame both the 2009 global downturn and the 2011 flood and has managed to sustain high economic growth, reduce poverty and improve critical health and education indicators. The RGC now aims to build the necessary foundations of a middle income country. Its vision is that of a prosperous society with a strong economy that is diversified, dynamic, and resilient, and where there is an equitable distribution of opportunities. The new NSDP will play a key role in building the foundations to meet such a commendable vision and the DPs stand ready to support the RGC.

Reaching middle income country status is a challenging goal that will require adapting the NSDP to increase synergies to enhance development impact, speed up reforms to provide quality public services, promote sustainable and inclusive growth, enhance implementation and increase efficiency. We provide five suggestions for the RGC's consideration.

- 1. The first is to develop the NSDP with a participatory approach to increase synergies between the different ministries and development actors and increase impact**
 - The NSDP should have the commitment of all ministries. **We suggest RGC sets out a clear roadmap for the development of the NSDP that actively involves the whole of Government and other development actors.**
- 2. The second suggestion is to increase the speed of reforms to provide citizens high quality public services**
 - Cambodia is on track to meet most of the Cambodia MDGs. The RGC has been very successful with first-order reforms in health and education that have increased access to these services, and contributed to significant reductions in maternal and child mortality, and increased enrolment rates in primary schools. But infant mortality and high school drop-out rates remain high, which implies that quality of services remains an issue. **The key challenge now is to implement second-order reforms that improve the quality of services. This requires strengthening monitoring and accountability in public and private sectors to ensure quality of services.** Another important indicator that is off track is reducing malnutrition. **We suggest the RGC enhances multisectoral action-planning and coordination and identifies sector-specific targets to improve nutrition and sanitation.**
 - As noted in the NSDP Update (p.24), despite progress in alignment and harmonization, the implementation of the Decentralization and Deconcentration (D&D) reform still faces a number of challenges. **We would like to underline the importance of line ministries becoming more**

involved in the D&D reform, and of the inter-linkages with PFM and PAR. It is also important that NCDD/MOI enhances efforts toward citizen engagement as a critical aspect of any decentralization process.

- Public Administration Reform and Judiciary Reform are two key reforms where progress has been more limited, as noted in the NSDP Update. We therefore suggest **implementing key components of the National Public Administration Reform strategy especially issues around public administration/compensation reform, and pushing forward the reform of the judiciary.**
3. **The third suggestion is to promote inclusive and sustainable growth to ensure the benefits of development are shared with all the population and future generations**
 - The key challenge for Cambodia as it moves toward middle income country status is to make growth more diversified, inclusive and sustainable. To that end, we recommend that RGC **improve the enabling environment to strengthen agricultural processing capability and foster growth in manufacturing by improving the business environment, developing skills of the workforce, and enhancing trade logistics. It is also important to ensure regular and efficient communication between private sector and policy makers.**
 - The promotion of a more inclusive and sustainable development also requires **strengthening policies for land development, state land management, registration, resettlement, and urban planning, and to take into account disability, gender, labor regulations, and social protection. This will call for greater inter-ministerial coordination and enforcement. It is also important to ensure the sustainable use of national and regional natural resources and to put in place policies that stimulate private and public investments towards a “green growth” development path.**
 4. **The fourth suggestion is to strengthen Monitoring and Evaluation building on the good work so far to enhance implementation**
 - One of the strongest features of the NSDP are the core development indicators and their expanded set that allows the RGC to track progress. **The DPs hope that the M&E framework will continue to be an area of strength for the new NSDP. We suggest that the RGC develops NSDP results indicators and links them to JMIs to enhance implementation and monitoring. As governance indicators are notoriously difficult to identify and measure, development partners offer their support to help RGC develop them.**
 5. **The last suggestion is to link the NSDP to ministries’ programs and budgets to increase efficiency**
 - For the NSDP objectives to be accomplished **it is paramount to have a clear and direct link between activities described in the NSDP and the priorities set forward in the ministries programs and their budgets.**

Let me conclude by commending the Authorities for their progress so far and encouraging them to consider these suggestions in the NSDP preparation. In summary, we suggest that the RGC adopt a whole of government approach, strengthen consultation, increase the speed of reforms, promote inclusive and sustainable growth, strengthen monitoring, and align ministries’ programs and budgets with the NSDP to increase development effectiveness and impact. This will soundly position Cambodia to achieve middle income status.