

CAMBODIA

Medium Term Expenditure Framework: How to Ensure Budget-Policy Linkages

Second Cambodia Development Cooperation Forum

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1. Good Framework for Budget-Policy Linkages Has Been Established

National Strategy Development Plan/Rectangular Strategy
Growth, Employment, Equity, and Efficiency for Poverty reduction



Sectoral Development Plan

Socio-economic development priorities (Education, Health, Agriculture, Water resource, Rural development, and physical infrastructure)



Medium Term Expenditure Framework/Budget Strategy Plan

Multi-years budget plan



Annual Budget

Single year budgeting

2. Medium Term Expenditure Framework (MTEF)

- MTEF has been introduced since 2000 and it was first developed for only some key priority ministries.
- MTEF is a top down sectoral policy targets based on key macro indicator targets and is used to guide the annual budget plan.
- Process, accuracy, and usefulness of MTEF still need to be improved
 - MTEF preparation process and participants roles and responsibilities should be defined clearly
 - MTEF is suffered from inaccurate of macro indicators forecasting
 - MTEF is suffered from lack or weak of long term sectoral policy of some sectors
 - MTEF is only used as a reference document and has not become a guidelines

3. Budget Strategy Plan (BSP)

- BSP has been introduced in 2007 aims at improving budget integration and comprehensiveness as well as serving as a bottom up multi year budgeting.
- BSP is a 3 years rolling budgeting plan which requires all Line Ministries to present both recurrent and capital budget including all external financing from Development Partners.
- BSP is being used by Budget Department as an inputs in preparing budget circulars and developing budget envelop for Ministries.
- Good BSP will improve annual budgeting accuracy, effective and efficient budget allocation, and budget documents

4. MTEF and BSP

- MTEF need to improve for continue to serve better as a top down sectoral envelop targets based on macro indicator targets to guide the annual budgeting plan.
- BSP will continue to improve to serve as a bottom up multi years budget plan based on sectoral and ministerial strategy development plan and annual budget implementation.
- MTEF and BSP will be consolidated and integrated into the budget at the annual budgeting process.
- Good MTEF and BSP will improve budget policy linkages, annual budgeting accuracy, effective and efficient budget allocation, and budget documents.

NSDP Allocations and Annual Budget (million USD)

Sector	NSDP Allocations 2006- 2010	Budget 2006	Budget 2007	Budget 2008	Budget 2009
Social Sector	1, 390	277	353	446	435
• Education	670	163	175	216	211
• Health	720	114	178	230	224
Economic Sector	1, 090	135	148	189	131
• Agriculture	570	23	29	29	39
• Rural development	420	36	33	38	20
• Water resources		40	45	40	32
• Industry/Trade	100	36	41	82	40

NSDP Allocations and Annual Budget (million USD)

Sector	NSDP Allocations 2006-2010	Budget 2006	Budget 2007	Budget 2008	Budget 2009
Infrastructure	765	131	171	202	154
• Transportation	690	123	163	187	139
• Post/Telecom	75	8	8	15	15
Services	345	66	64	72	84
• Gender	40	9	8	13	15
• Tourism	45	6	7	6	9
• Environment	120	17	11	8	6
• Community/Social	100	29	34	39	47
• Culture and Arts	40	5	4	6	7



Thank You