3RD CAMBODIA DEVELOPMENT COOPERATION FORUM

NATIONAL STRATEGIC DEVELOPMENT PLAN (NSDP) UPDATE 2009-2013

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BACKGROUND

- The Draft of National Strategic Development Plan (NSDP) Update, 2009–2013 was approved by National Assembly on 31 May 2010 and is awaiting the approval of the Senate and the signature of HM the King.
- Just a reminder – it is only since 1999 that the people of Cambodia have enjoyed an environment of peace, political stability, law and order, democracy, respect for human rights and economic stability.
- Since 1999 – in just over a decade – RGC has made tremendous progress in putting Cambodia on a path of peace, sustained high rates of economic growth and poverty reduction.
- Some important conditions for maintaining sustained high rates of economic growth have been achieved and benefits of maintaining macroeconomic stability have been successfully demonstrated.
- Significant reductions in poverty levels have been achieved at both the national and sub-national levels.

PROGRESS IN THE IMPLEMENATION OF NSDP 2006-2010

- Peace, political stability, security and social order have been further strengthened based on a firm foundation of the liberal multi-party democracy:
  - The second free and fair commune elections were held in 2007.
  - The 4th national General Elections were held in July 2008.
- Macro-economic stability has been ensured and the resilience of Cambodia's economy in facing the adverse effects of the global financial crisis and the economic downturn has been demonstrated.
- Budget credibility has been increased through the implementation of the *"Public Financial Management Reform Programme"*.

PROGRESS IN THE IMPLEMENATION OF NSDP 2006-2010 (con't)

- Significant reduction in poverty levels has been achieved both at the national and sub-national levels.
- Remarkable progress has been made in rebuilding our social services sectors (Education and Health Sectors).
- The private sector has emerged as the "true engine of economic growth", and made a very impressive contribution to socio-economic development in both the economic and the financial sectors.
- Partnership with all stakeholders especially private sector, development partners, and civil society has been strengthened.

PROGRESS IN THE IMPLEMENATION OF NSDP 2006-2010 (con't)

Progress in Reducing Poverty Levels

- Between 2004 and 2007, poverty headcount index declined by 4.6 percentage points representing a reduction of more than 1 percentage point per year.
- Significant growth in real per capita household consumption has been achieved.
- Significant welfare improvements amongst the bottom two quintiles have been achieved because of improvements in a wide range of variables related to services delivery and human development outcomes.

PROGRESS IN THE IMPLEMENTATION OF NSDP 2006-2010 (con't)

Progress in achieving CMDGs

- RGC is on track to achieve the CMDG targets set for 2015 for goals 4, 6, 8 and 9
- In spite of new challenges posed by the global financial crisis, the Royal Government remains committed to protecting the hard earned gains made so far in reducing poverty levels and staying on the path to work towards achieving the CMDG targets for 2015 for goals 1 and 2.
- In light of the magnitude of the task and the limited resources that have been available and are likely to be available in the near future as well as human resource constraints, the probability appears to be low of achieving CMDG targets set for 2015 for goals 2, 5 and 7.

RATIONALE FOR UPDATING NSDP 2006-2010

- First, to synchronize the time period covered by the *NSDP Update* with the term of the Fourth Legislature of the Royal Government in order to ensure that the actions, programs, and projects of all ministries and agencies are aligned to implement RGC's prioritized policies that are outlined in Rectangular Strategy Phase II.
- Second, to ensure that the roadmap to implement these prioritized policies by Ministries and Agencies has taken into account the potential impact of the global financial crisis and economic downturn on our economy.

METHODOLOGY FOR THE PREPARATION OF NSDP UPDATE 2009-2013

- NSDP Update 2009-2013 is the roadmap for the implementation of RGC's priority policies in the Fourth legislature that have been articulated in Rectangular Strategy II.
- Planning methodology has been further refined to document:
  - *who is* responsible for implementing the priority policy or policies in each area of the Rectangular Strategy II;
  - *what* specific actions the responsible institution(s) has/have planned to implement the priority policy(ies); and
  - *how* much it will cost to implement the planned actions during 2009-2013.
- The NSDP Update has been prepared based on inputs from each ministry and agency of the RGC.
- MOP took concrete measures to ensure that all relevant stakeholders had an opportunity to make their inputs to the concerned ministry/agency in the preparation of ministries and agencies submissions to the Ministry of Planning.

HARMONIZATION OF PLANNING, PUBLIC INVESTMENT EXPENDITURES AND COOPERATION FINANCING PROCESSES

- The Royal Government has established a Task Force, Chaired by the Ministry of Planning, to manage the processes to further strengthen the harmonization of planning, public investment expenditures, and resources from all sources that will be available to implement RGC's public investment program.
- As part of this effort, the MOP, MEF,SNEC, CRDB/CDC are working closely with the LMs/Las to ensure that the process of identifying the public investment projects by the ministries and agencies is closely linked to the formulation of the Budget Strategic Framework for the concerned ministry/agency.

NSDP UPDATE 2009-2013 MONITORING INDICATORS

- A Sub-Group of the TWG-PPR was established to develop a potential list of core monitoring indicators for NSDP 2009-2013.
- The proposed core monitoring indicators/targets for NSDP Update 2009-2013 must meet two important criteria:
  - That **each** proposed indicator/target is measurable and that data to monitor the indicator/target is readily available or can be collected within acceptable time frame.
  - A RGC institution has been identified and that it has agreed to monitor and evaluate progress on the proposed indicator/target.
- The Sub-Group is continuing its work and is planned to complete this important task by June 2011.

PUBLIC INVESTMENT REQUIREMENTS: 2009-2013

- Royal Government has set a target of 25,740.6 billion CR (US$ 6,278.1 million) for public sector investments to implement RGC's prioritized policies for the Fourth Legislature.
- The sectoral allocations for 2009-2013 are as follows:
  - 32 percent of the targeted investments -- 8,237 billion CR (2,009 million US$) for social sectors;
  - 24 percent - 6,177.7 billion CR (1,506.7 million US$) for economic sectors.
  - 21 percent - 5,405.5 billion CR (1,318.4 million US$) for infrastructure.
  - 21 percent - 5,405.5 billion CR (1,318.4 million US$) for services and cross sectoral programs.
- Within the MTEF, the RGC has allocated 4,126.7 billion CR (just over 1 billion US$) for 2009-2013.
- RGC needs an additional 4,321 billion CR (just over one billion US dollars) per year to meet the target public investment requirements.

OPPORTUNITIES AND CHALLENGES

In his address at the 2009 Cambodia Outlook Conference on "Cambodia and the Global Economic Crisis: Impact, Policy Responses and Actions", Samdech Prime Minister highlighted that:

"*these challenges will require not only a more effective and dynamic cooperation between the government, its development partners and the private sector but also more effective coordination and collaboration within and across government ministries, and the development community. In key areas such as agriculture and rural development, and associated infrastructure development, irrigation and water resource management, and trade facilitation, I will be requiring much greater communication, coordination and cooperation between relevant ministries/institutions, especially their leaders and senior officials to ensure that development programmes are more speedily and effectively designed and implemented, and that the supporting resources provided by our development partners can be more speedily and effectively disbursed for implementation. This is no easy task but the nature of this crisis means that there has never been a greater need for us all to work together to improve our performance on this issue*".

OPPORTUNITIES AND CHALLENGES

Moving forward the Royal Government will take steps to:

- Ensure that there is a greater net transfer of development cooperation grant resources targeted at the vulnerable and the poor in rural communities, especially remote rural communities.
- Significantly increase the proportion of development cooperation grant resources that are allocated and delivered to the vulnerable and the poor.
- Aggressively moving towards the development of sector-wide strategies and sector-wide support programs to implement the strategies by RGC institutions with support from the development cooperation partners.

OPPORTUNITIES AND CHALLENGES (con't)

The RGC/MOP remains fully committed to continue to pursue a participatory approach in the preparation of NSDP as well as in the monitoring of the implementation of the NSDP. On the Government side, we are working to further:

- Strengthen the linkages between the processes of planning and the preparation of the public investment program, the preparation of the Budget Strategic Frameworks for line ministries and agencies, and the mobilization of external resources.
- Develop and implement methodologies that will strengthen linkages between national and sub-national planning within the sector ministries and agencies as well as the RGC initiatives under the D&D reforms.

OPPORTUNITIES AND CHALLENGES (con't)

- To conclude, I sincerely hope that this Forum will foster the use of development cooperation resources for the implementation of prioritised actions outlined in the NSDP Update 2009-2013 for the benefit of socio-economic development and poverty reduction in Cambodia.

Thank you !