

EXTRACT FROM WORLD BANK COUNTRY PROFILE

1. Partners have operational national development strategies

a. Coherent long-term vision with medium-term strategy derived from vision

1. The coalition Government formed in 2004 adopted a holistic Rectangular Strategy for Growth, Employment, Equity and Efficiency. It provides a clear and focused framework for the country's socio economic development and, at the same time, serves as the Economic Policy Agenda of the Political Platform of the Royal Government in its Third Legislature of the National Assembly, 2004-2008. Founded on good governance, peace, political stability, social order, macroeconomic stability, partnership, and economic integration, the Rectangular Strategy focuses on critical development issues such as the enhancement of the agricultural sector, rehabilitation and construction of physical infrastructure, private sector development and employment generation, and capacity building and human resource development.

2. The Government considers the National Strategic Development Plan (NSDP) as the single, overarching development strategy for pursuing prioritized goals and actions for the period 2006-10. The NSDP – which was framed as the operationalisation of the Rectangular Strategy, linking the vision in the Rectangular Strategy to concrete goals, targets and strategies—serves as a single medium term development strategy. Like Cambodia's PRS, it synthesizes goals and targets contained in the Second Five-Year Socio-Economic Development Plan for 2001-05 (SEDP 2), the National Poverty Reduction Strategy (NPRS) for 2003-05, and the Cambodia Millennium Development Goals.¹ Development partners also provided coordinated support to the Ministry of Planning for the formulation of the NSDP in 2005 based on the commitment made in the Declaration by the Royal Government of Cambodia and 12 development partners on aid effectiveness on December 2, 2004.

3. The NSDP highlights most essential strategies, targets and actions, but it leaves more details to be spelled out in sectoral and sub-national plans which will feed into the first annual review of the NSDP scheduled for March 2007. In June 2006, an interim or preliminary review is to take place and this has been done by the progress report already circulated to the high level steering committee. With the available technical expertise in the ministries and agencies, a number of sectoral strategies have been prepared. In the education sector, the Education Strategic Plan 2001-2005 has been updated annually. Moreover, the Education Strategic Plan 2006-2010 has been formulated by the Ministry of Education, Youth and Sport – in collaboration with the Ministry of Planning (MOP) and the Ministry of Economy and Finance (MEF) – and has informed the preparation of the NSDP. The Government has also adopted a National Strategic Plan for a Comprehensive Response to HIV/AIDS 2006-10 and is now reviewing its Health Sector Strategy Plan for 2003-07. In the agricultural sector, there has been no sector strategy as of 2005; however, the formulation of the Agriculture and Water Resource Strategy is being supported by the TWG-Agriculture & Water and will be completed by the end of 2006. A 15-year Cambodia Energy Strategy 2006-20 is under preparation. A Fisheries Development Plan 2005-2008 is in place as well as the Cambodia Nutrition Investment Plan 2003-2007 and National Policy on Water Resources Management. An Inter-Ministerial Council for Land Policy was

¹ The NSDP was finalized in January 2006. The NPRS, as Cambodia's first PRS, was completed in December 2002, and a Progress Report was finalized in August 2004. The SEDP 2 was completed in 2001.

established in 2000, and the first phase of the Government's 15-year Land Administration, Management and Distribution Programme (LAMDP) was approved in 2002 to improve land tenure security and promote the development of efficient land markets. To promote good governance, building on the first Governance Action Plan approved in 2001 a Governance Action Plan for 2005-08 (GAP II) has been approved by the Government in March 2006, which covers nine critical areas of governance that has direct impact on poverty reduction, with clear focus on short-term, medium-term and long-term objectives and goals. The National Program for Administrative Reform for 2005-08 has an objective to serve citizens better, focusing on improving public service delivery, remuneration and employment management, capacity development and promoting ICT. The implementation of the National Programme for Administration Reform is also underway. The Legal and Judicial Reform Strategy was adopted in 2003 and is now being implemented. In addition, the Government approved the Strategic Framework for Decentralization and Deconcentration in June 2005 which provides a framework for governance at the sub-national levels. To improve public financial management, a comprehensive 10 years PFM Reform Program has been formulated and is currently being implemented. The Government and development partners consider key sectoral plans should be well-placed with coordinated support to formulate and implement such plans. Joint Technical Working Group or other existing coordination mechanism can play the role to support the formulation of such plans.

4. Provinces and districts are expected to adjust national goals and targets to their local conditions and circumstances and to develop detailed measurable goals and plans to address priority development needs in their respective areas in consultation and coordination with Commune Councils. The National Seila Program will help provincial authorities to prepare provincial plans through the established integrated planning process aligning commune identified priorities with NSDP strategies in order to achieve NSDP targets. The new sub-national integrated planning and budgeting process is developed under the framework of the Organic Law over the next few years, and NSDP priorities and targets are expected to be incorporated into the reformed system. Ministry of Interior (MOI) is to design the new sub-national planning process within the context of the reform (Organic Laws) over the next two years.

b. Country specific development targets with holistic, balanced, and well sequenced strategy

5. The NSDP incorporates the Cambodia Millennium Development Goals (CMDGs), formulated with UN support in 2003, updated in 2005 and published as the Cambodian Millennium Development Goals Report (CMDGR). The NSDP provides the framework and compass for growth, employment, equity, and efficiency to reach CMDGs. Each of the nine CMDGs has been disaggregated into several sub-CMDGs with 25 overall targets and 106 specific targets for 2005, 2010 and 2015. According to a study conducted in 2005, it will be possible to achieve some CMDGs by 2015. For example, the CMDG targets of reducing overall poverty and food poverty to 25 percent and 13 percent respectively in 2010 and to 19.5 percent and 10 percent in 2015 are considered within reach². Efforts to combat HIV/AIDS, malaria and other diseases are helping to exceed targets³. However, stronger

² Estimates for geographically narrow and comparable survey samples indicate a strong decline in Cambodia's poverty rate: from 39% in 1993/94 to 28% in 2004, a fall of 11 percentage points.

³ For HIV/AIDS, the prevalence rate among adults aged 15-49 has sharply declined from 3.0% in 1997 to 1.9% in 2005, surpassing the target of 2.3% set for the year. The number of malaria cases treated in the public health sector per 1,000 population declined from 11.4% to 7.3% between 2000 and 2005, thus surpassing the target of 9% set for the year.

efforts will be needed to achieve the intended targets of some other CMDGs, such as universal primary education and completing de-mining of contaminated areas. Other factors should also be considered that may impact reaching the CMDGs such as Avian Influenza influence on tourism, and the price of oil. Cambodia is a UN Millennium Project pilot country.

6. As earlier stated, the NSDP is the operationalisation of the Rectangular Strategy that links the vision in the Rectangular Strategy to concrete goals, targets and strategies. The highest priority of the NSDP is to reduce poverty and make progress towards achieving the CMDG targets by 2015. The NSDP – which includes focus on the CMDGs – is based on six pillars: 1) good governance; 2) environment for the implementation of the Rectangular Strategy; 3) enhancement of the agricultural sector; 4) continued rehabilitation and construction of physical infrastructure; 5) private sector growth and employment; and 6) capacity building and human resources development.

7. Cross-cutting issues like promoting gender equality and empowering women, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, tackling drug issues, and implementing an effective population policy are also addressed in the NSDP.

c. Capacity and resources for implementation

8. Aligning the annual budget, the Public Investment Program (PIP), and the Medium-Term Expenditure Framework (MTEF) to medium-term strategic priorities remains a key implementation challenge. The Government presented a three-year rolling PIP for 2006-08 at the March 2006 CG meeting, planning to ensure full synchronization among NSDP, a rolling MTEF, the PIP and annual budgets from mid-2006 onwards. NSDP secretariat intends to actively pursue with line ministries and agencies to conduct review of ongoing programmes to see their conformity with NSDP and for the preparation of the PIP for 2007-09. Results from the 2006 review of the NSDP will be expected to inform the 2007 budget, the 2007-09 PIP, as well as the 2007-09 MTEF. The Government has prepared sectoral MTEFs in health and education and is planning to prepare them in other sectors starting in 2006. The MEF plays a central role in monitoring budget execution and MTEF implementation. It produces monthly and aggregates annually execution reports. The coordination and management of PIP, MTEF preparation between key ministries remain a challenge. The TWG on Planning and Poverty Reduction is considering to strengthen capacity within MOP to develop its medium term operational plan and to meet its capacity development requirements for planning and monitoring NSDP.

9. Despite the difficulties encountered in aligning the budget with medium-term strategic priorities, the NPRS period did see a reallocation of resources from defence and security to priority areas such as education and health. Specifically, the share of the total recurrent budget devoted to education rose to 17.3 percent in 2005 from 13.9 percent in 2001. The establishment of Budget Management Centers starting in 2000 at the district and provincial level has helped decentralize financial management and reporting in the education sector.

10. In December 2004, the MEF launched a 10 year Public Financial Management Reform Program, endorsed by the Prime Minister, which aims to make the budget credible as a policy instrument. Specifically, the Program focuses on delivering resources predictably and reliably to budget managers – which are made accountable through improved internal control – improving the linkage between policy priorities, budget planning and implementation; and integrating accountability and review processes for both

finance and performance, thus resulting in greater external transparency. The Program also aims at improving the pay and management of the civil service. Initiatives for performance budgeting and management are mainly confined to the education and health sectors. Significant impact has been made over the first year of the reform program. Specifically, substantial progress has been made in change management, capacity development, macro-fiscal forecast and management, budget formulation and execution, procurement procedures, internal audit, cash management, and a significant improvement in both tax and non-tax revenue collection leading to future budget allocation.

d. Participation of national stakeholders in strategy formulation and implementation

11. NSDP preparation began in December 2004 and was led by the General Directorate of Planning of the MOP. In March 2005 the Government created an Inter-Agency Technical Working Group on NSDP Formulation – composed of 29 Ministries/agencies – whose day-to-day work was managed by a Secretariat chaired by the MOP. The NSDP was approved by the Council of Ministers in January 2006; by the National Assembly in May; by the Senate in June; and promulgated by the King in early July 2006.

12. Action has been taken towards securing wide ranging involvement of stakeholders—Government ministries and agencies, donors and civil society organizations, in the formulation of the NSDP. National-level consultations were extensively held to elicit comments and agree upon the overall goals and objectives of the NSDP. In mid-2005 a Technical Working Group on Planning and Poverty Reduction (TWG-PPR) was established to be a mechanism by which stakeholder inputs could be incorporated in the NSDP formulation process. Suggestions from stakeholders had been incorporated in the draft NSDP, which was subsequently discussed openly in a national workshop held on November 24, 2005.

13. Civil society has been involved in NSDP formulation, although in a more narrowly-defined and less intensive manner than was the case during NPRS formulation and implementation. Representatives of the NGO community and external partners met on November 21, 2005 to discuss and agree on a set of comments on the first draft of the NSDP. NGOs participate in 12 of 18 Joint Technical Working Groups and are involved in the Technical Working Group on Planning and Poverty Reduction that supports NSDP implementation and monitoring. NGOs also attend the annual CG meetings where they present detailed statements on various issues including progress in achieving the targets of the agreed Joint Monitoring Indicators (JMIs). Furthermore, NGOs have been invited to attend the Government-Donor Coordination Committee (GDCC) meetings, which have been held quarterly to assess progress in implementing Technical Working Group action plans and JMIs agreed at the last CG meeting. A NSDP monitoring framework was approved and announced at the GDCC meeting on 14 June. It was welcomed by the WB on behalf of the development partners.

14. As with civil society, private sector participation in NSDP formulation was limited. In order to attempt to strengthen cooperation with the private sector, the Government set up a “Government – Private Sector Forum” which has met regularly since December 1999, supported by seven Business-Government Sectoral Working Groups. In August 2004 the Government set up a high-level Steering Committee for Private Sector Development. This committee handles specific responsibilities, including proposing and implementing measures to improve the investment climate, trade facilitation and small and medium enterprise development.

15. Parliament was involved in NSDP and NPRS formulation, although it has not had a strong role in monitoring. Despite no constitutional requirement for the legislature to approve a national development plan, the National Assembly approved the NSDP in May 2006. It had also approved the Rectangular Strategy, the Triangle Strategy, the SEDP, the SEDP 2 and the NPRS. The National Assembly has authority to invite ministries to report on progress. For example, they had the MOEYS present their Annual Education Sector Performance Report.

2. Results oriented frameworks

a. Quality of development information

16. Action is being taken to strengthen data analysis capacity. In 2005 the National Institute of Statistics completed a Statistical Master Plan for 2005-15 which outlines both specific systems for the collection and use of socioeconomic data, and capacity-building improvements required for sustaining this work. The Statistical Master Plan provides for the systematic undertaking of Annual Tracking Surveys specifically aimed at monitoring the NSDP and it focuses on improving the quality and timeliness of existing statistics. It recognizes the importance of large surveys which provide the basis for most of the economic, social and demographic information available. Some of these surveys include a Cambodian Socio-Economic Survey 2003-04 conducted by the National Institute of Statistics with assistance from the World Bank and UNDP, a 2004 Inter-Censal Population Survey, and a Demographic and Health Survey 2005 conducted with the support of numerous development partners. The National Institute of Statistics of MOP is also planning a population census for 2008. It has developed a database – CamInfo – to support monitoring and dissemination of key indicators related to global, regional and national goals in the NSDP, including the CMDGs and other monitoring frameworks such as the Education Sector Support Program, Health Sector Strategic Plan and Cambodia Nutrition Investment Plan. At present, line ministries maintain their own databases and statistical information and there needs to be further coordination. A Statistic Master Plan (SMP) will be developed as an integrated management system.

b. Stakeholder access to development information

17. Some elements exist for increasing stakeholder access to development information. The NSDP, which was originally prepared in English, is being translated into Khmer. The Government is planning to widely disseminate the Strategy in the provinces in August 2006.

18. Many useful documents can be found on the Government's website. This includes the NPRS Progress Report and the 2005-07 MTEF can be found on MEF website, and the English version of the NPRS has a website that is specifically devoted to it. Furthermore, the website of the Cambodia Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) contains useful information on CG meetings, including the report on enhancing development cooperation effectiveness to implement the NSDP in English and in Khmer; and on the Government-Donor Coordination Committee, as well as the Strategic Framework for the Development Cooperation Management. In addition, CRDB/CDC has developed and operationalized an ODA Disbursements website. The website has been designed to enable development partners to report their ODA disbursements data directly to the website, and provide access on ODA disbursements information to the general public. The website of the National Institute of Statistics contains

useful information on CamInfo, as well as data from censuses and surveys like the Cambodia Socio-Economic Survey 2003-04 and the Inter-Censal Population Survey 2004.⁴

c. Coordinated country-level monitoring and evaluation

19. As earlier stated, the Government has recently completed the design of the NSDP monitoring framework and has presented it at the last GDCC meeting in June 2006. The NSDP monitoring framework was designed by a core group of the Technical Working Group on Planning and Poverty Reduction (TWG-PPR). Consisting of the MOP, MEF and the Council for the Development of Cambodia, this core group represents the Government institutions charged with developing and implementing the NSDP monitoring framework, as well as preparing Annual Progress Reviews (APRs) of NSDP implementation. Key line ministries along with concerned TWGs will also be working closely with the NSDP Secretariat to ensure the effectiveness of NSDP implementation. 43 core indicators (including 28 CMDGs indicators) for monitoring the NSDP have already been identified in the NSDP and have been included in a Results Matrix of the monitoring framework. Data on input and output indicators will be mostly collected through administrative systems, while policy/program evaluation will be based on relevant periodic surveys. Data to monitor the core indicators will also be collected through the Annual Household Survey conducted by the National Institute of Statistics under its Statistical Master Plan.

20. Other form of coordinated country-level monitoring and evaluation is seen in the Joint Government-Donor TWGs and GDCC mechanism. The formation of the GDCC has enabled both the Government and the development partners to jointly review progress on a quarterly basis and to take corrective actions to achieve the targets of the Joint Monitoring Indicators. This Joint TWGs and GDCC mechanism represents a fundamental change in the institutional set up for planning, managing and monitoring progress on the implementation of development assistance to improve ODA effectiveness.

21. Joint Monitoring Indicators are agreed upon at each CG meeting by the Government and its external partners to monitor progress on key institutional and policy reforms and they are action-oriented in order to enable the achievement of the NSDP. Joint Monitoring Indicators discussed at the March 2006 CG meeting are aligned with NSDP reform priorities and includes the continuation of public administration reform focusing on the civil service; public financial management reform; further work on decentralization and deconcentration reform; efforts to improve service delivery, human development and anti-corruption measures; legal and judicial reform; natural resource management; and private sector development. The 2006 annual NSDP progress review (APR) will take into account all ongoing efforts including the CG Joint Monitoring Indicators, and the annual NSDP progress reports. However, it should be noted that some JMIs are highly ambitious. It is important to make future JMI targets more realistic with consideration of timeframe and capacity development issues. It will be presented as the Government's report to the CG meeting. Such reports would be finalized by March of every year in order to guide the next PIP and annual budget.

⁴<http://www.mef.gov.kh/SpeechDr.Naron/nprs.htm>
<http://www.mef.gov.kh/SpeechDr.Naron/2004/mtef1.htm>
<http://www.nprs.gov.kh/default.aspx?IDPage=100&IDPageCat=100>
<http://www.cdc-crdb.gov.kh/>
<http://www.nis.gov.kh/>