



**Australian Government**



## CAMBODIA COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia is working with Cambodia to address the social and economic impacts of the pandemic and support Cambodia's recovery and progress toward a more resilient and inclusive middle-income country.
- While so far avoiding the worst health impacts of COVID-19, Cambodia is experiencing significant demand shocks across key economic sectors: garments, tourism and construction. Australia will support greater economic diversification and promote an inclusive post-COVID economic recovery.
- Australia will build on our role as a leading public health development partner for Cambodia. We will improve access to public services and help build social protection systems, particularly for women and people with disabilities.

Australia and Cambodia have a long-standing partnership. Since helping to bring peace to the country in the early 1990s, Australia has provided over \$1.3 billion in development assistance.

### COVID-19 SITUATION ANALYSIS

Cambodia was spared the worst of the initial COVID-19 health crisis, with no evidence of widespread community transmission by mid-2020. In responding to the crisis, the Royal Government of Cambodia (RGC) took advantage of existing laboratory capacity, international support and response measures by neighbouring countries. However, with limited resources the health system would likely struggle if there was significant community transmission. Most Cambodians are unable to work remotely or forego paid employment, adding to broader vulnerabilities.

Cambodia's narrowly based and open economy is highly exposed to the pandemic. Cambodia is experiencing significant demand shocks across three key sectors: garments (exported mostly to Europe and the US); international tourism; and construction (driven largely by Chinese foreign direct investment). Before COVID-19, the World Bank estimated these sectors accounted for more than 70 per cent of GDP growth. Other serious impacts will be felt by the agriculture sector and informal workers. At least 13 per cent of all jobs (1.76 million) are at risk. In addition, the return of around 100,000 Cambodian migrant workers has reduced remittances.

Fiscal responses from RGC include new social protection measures and stimulus packages aimed at mitigating the impact of the crisis on Cambodians. For the first time, RGC has implemented large-scale cash transfers to the poorest households. It has also delivered wage subsidies, tax relief and concessionary finance for the private

sector. With limited fiscal space, RGC resources to support other social services have been reduced.

Cambodian policy-makers are increasingly focused on the need to diversify the economy beyond the current narrow set of sectors, investment sources and lending partners. Opportunities may exist as part of the recovery to transition to higher value-added manufacturing and to make Cambodia's digital economy more inclusive. While China will remain Cambodia's largest lender, Cambodia is borrowing from a range of multilateral and bilateral sources to support its pandemic response and recovery.

The pandemic is threatening to unwind Cambodia's impressive poverty reduction over the last two decades. Pre-pandemic, official figures showed around 10 per cent of Cambodians were below the poverty line and thirty per cent near poor. The pandemic could see many of these near poor fall back below the official poverty line. This risks entrenching intergenerational poverty given high rates of microfinance indebtedness. Routine services, including some essential services for women affected by gender-based violence (GBV) and persons with disabilities, have been disrupted. Pre-existing low levels of access to clean water and sanitation contribute to poor health outcomes and increase vulnerability to COVID-19.

The pandemic is also exacerbating pre-existing food security and nutrition issues. Rising food prices, supply chain disruption and loss of income for laid-off urban workers, returned migrants and the informal sector have reduced food consumption for many Cambodian households. Environmental challenges such as drought are compounding these risks and highlighting the importance of climate-resilient recovery efforts.



Cambodian women are disproportionately impacted by COVID-19. CARE estimates that women represent 83 per cent of garment workers and a large proportion of tourism and entertainment industry workers. With jobs lost, women are at increased risk of GBV and exploitation. In the face of ongoing school closures, women are more likely to undertake unpaid caring responsibilities, potentially leaving paid employment.

People with disabilities are among the most vulnerable in Cambodia and experience challenges accessing basic services and employment. They are at higher risk of contracting COVID-19 due to barriers to accessing preventative information and hygiene, and reliance on physical contact with the environment and caregivers. Disruptions to services, challenges to accessing assistance, higher poverty rates and vulnerability to economic shock predispose Cambodians with disabilities to being further left behind.

Strong economic growth has been crucial to maintaining political stability in Cambodia given the wide ranging challenges the country faces. Momentum is now growing for measures that deepen public trust and community cohesion, including stronger social protection systems, more accessible and higher quality public services, improved public financial management and community participation in local decision-making. Cambodian policy-makers are looking for fresh ideas on how to develop and implement reforms.

## AUSTRALIA'S RESPONSE

We will harness new and existing partnerships in Cambodia with the goal of protecting citizens from the negative social and economic impacts of the pandemic and supporting Cambodia's recovery toward a more resilient and inclusive middle-income country.

### *Health Security*

Australia is a leading public health partner in Cambodia and played an important role helping contain COVID-19 in the first half of 2020. This included supporting contact tracing efforts and the procurement of emergency medical equipment identified in the Cambodian COVID-19 Master Action Plan.

Recognising the need to build Cambodia's capacity to respond to potential future outbreaks, Australia's Indo-Pacific Centre for Health Security (CHS) will train volunteers and engage communities in outbreak surveillance and response. CHS will support laboratory capacity building, biosecurity training and twinning in partnership with CSIRO's Australian Centre for Disease Preparedness. It will also provide field epidemiology placements with the Pasteur Institute of Cambodia

through the ASEAN-Australia Health Security Fellowship program, delivered by the Australian National University.

Australia will strengthen and support the sustainability of Cambodia's national vaccination system through our \$300 million global contribution to GAVI, the Vaccine Alliance, over the next five years. Cambodia will remain a major recipient of GAVI investments delivered through RGC, the World Health Organization and UNICEF. We will support equitable access to safe and effective COVID-19 vaccines in Southeast Asia through multilateral and regional initiatives (including the COVAX Advance Market Commitment) to finance, assess, deliver, and monitor COVID-19 vaccines.

Through Australia's pledge of \$242 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria, we will also support Cambodian Government and civil society partners —including representatives of marginalised groups—to combat these diseases.

With the support of the Australian Centre for International Agricultural Research (ACIAR), Australia will bring together Australian and Cambodian scientists and researchers to address health issues at the critical interface between people, animals and the environment.

Australia will help Cambodia maintain public health services during COVID-19 recovery through the multi-donor Health Equity and Quality Improvement Project (H-EQIP), to which Australia is contributing \$50 million from 2016-22. By reimbursing hospitals and clinics for services delivered to the poorest and most marginalised Cambodians, H-EQIP keeps services accessible and works toward Cambodia's long-term objective of universal health coverage (2.9 million of these free healthcare visits took place in 2019).

Australia will also continue enhancing the quality of public health services through H-EQIP. Cambodia's Ministry of Economy and Finance considers the project's results-based payment systems and other H-EQIP financing and governance innovations as a model for broader reforms in public service delivery. Australia will look to support a successor program to H-EQIP that has a strong focus on gender and the COVID-19 recovery.

Australia also plans to commence support for Cambodia's Social Accountability Framework, through which communities, including vulnerable groups, are able to provide feedback to local authorities on the quality of health and other services.

Frequent handwashing is a key way to prevent the spread of COVID-19 and other illnesses. Australia's \$49 million Investing in Infrastructure (3i) program will make it possible for one million Cambodians to connect to



clean piped water. Australia's Water for Women program will complement this through improvements to accessible and inclusive water, sanitation and hygiene services for a further 650,000 of the most vulnerable Cambodian women, children and men. Australia will further boost the health of these groups through our contributions to the Cambodia Nutrition Project. This response to Cambodia's high rates of maternal undernutrition and child stunting is even more critical amid the COVID-19 pandemic, given its impact on poverty and food security. The Mekong Women's Empowerment Project will improve access to family planning by empowering entrepreneurial female service providers, improving sexual and reproductive health for Cambodian women and their partners.

### **Stability**

By providing targeted support for social protection system development, Australia will help to ensure all poor Cambodians, including those who have recently fallen into poverty due to COVID-19, can access public services and social protection schemes, thereby underpinning social stability. Australia will support the RGC as it continues using the IDPoor registry (for which Australia provided \$14 million) to determine eligibility for COVID-19 relief payments, which cover more than half a million households. This stimulus is supporting economic and social stability while channelling support to vulnerable Cambodians. We will look for opportunities to expand our work beyond IDPoor to support gender and disability inclusive social protection systems and policy.

Maintaining food security is a priority for Cambodia. Building on our long-standing agricultural engagement, Australia will support research collaboration and technical assistance on issues like resolving supply chain issues, increasing access to finance, and meeting quality standards, so that food security is strengthened.

To maintain its recent graduation to a lower middle-income country, and to then transition to upper-middle income status, Cambodia will need policies and services underpinned by effective and inclusive governance. This includes promoting women's leadership and participation at all levels. Australia will support several interrelated initiatives to promote more transparent and responsive governance, deepening civil society engagement with a focus on initiatives that help protect and promote the human rights of Cambodian citizens.

In partnership with the World Bank, we plan to support Phase 2 of the Implementation of the Social Accountability Framework project, which empowers new community leaders and creates democratic feedback loops between citizens and state institutions. Australia

will maintain a strong focus on human rights and women's participation, and will aim to support new services that directly benefit women and girls. We will continue supporting the Public Financial Management Reform Program, which strengthens RGC capacity to deliver services efficiently and effectively.

Australia will work with The Asia Foundation, civil society and independent think tanks to generate ideas to refine and reform public policies and services. This new knowledge will help refine COVID-19 recovery pathways, strengthen human rights, deepen relationships between civil society, think tanks and governments, and increase public policy dialogue. Australia Awards Scholarships and short courses will support human resource development and strengthen policymaking in Cambodia in response to the pandemic, underpinned by exposure to Australian values and peer-to-peer relationships. Gender equality and women's empowerment will be integral throughout every stage of the Awards program.

Australia and Cambodia are partnering to enhance regional security amid COVID-19. The Australian Federal Police and Department of Home Affairs will continue to work with Cambodian border and law enforcement agencies to combat transnational crime. COVID-19 has exposed vulnerabilities in international borders and trade, providing opportunities for organised crime. The Australian Defence Force will support Cambodia's Defence White Paper, which will now include pandemic response. Australia is also supporting hygiene measures at selected Cambodian military bases.

We will seek to extend the Australia-Cambodia Cooperation for Equitable Sustainable Services (ACCESS) program by two years (total \$25 million by 2023) to improve services for vulnerable groups amid the pandemic. Rather than providing services directly, ACCESS works with government agencies, the UN and NGOs on systemic changes that will benefit Cambodians in the long-term. This work is complemented in Cambodia by the UN Trust Fund to End Violence Against Women and the UN Essential Services Package for Women and Girls Subject to Violence, to which Australia contributes.

Our support through the Global Partnership for Education is helping Cambodia strengthen its education system and improve learning outcomes for children.

We will also use Australian Volunteers (once travel resumes) and the Australian NGO Cooperation Program (ANCP) to promote human rights and social inclusion in Cambodia. ANCP will continue to invest in the capacity development of partners, enabling locally-led delivery of critical development activities that address the needs of





women, children, people with disabilities and ethnic minorities during the pandemic.

### **Economic Recovery**

Australia will provide technical advice and support for RGC to implement economic stimulus measures and other policies that will support economic recovery. We will deliver this assistance through Australia's bilateral agriculture and infrastructure programs, our partnerships with multilateral agencies in Cambodia and the Australian Competition and Consumer Commission (ACCC). We will design a new bilateral economic governance and infrastructure policy program to support Cambodia with structural reforms to enable a strong and inclusive recovery.

The \$9.5 million Australia-UNDP Resilience Fund ('the Fund') for Cambodia is supporting economic modelling of COVID-19 impacts on growth, employment and poverty, and helping RGC assess policy responses. Through the Fund, the ACCC will support Cambodia's Ministry of Commerce to implement the new Consumer Protection Law, protecting consumers from unfair or misleading trade practices, on the rise since COVID-19. The Fund will also boost the uptake of e-commerce, with a focus on female-run businesses. It will help to establish hygiene protocols at Cambodia's border crossings, to reduce disruptions to regional trade.

Australia will support construction safety standards, following several high profile building collapses. We will assist Cambodia to develop and implement building codes that save lives, improve disability access, and adhere to regional standards.

Australia Awards will convene a short course for emerging Cambodian leaders on attracting and risk managing foreign direct investment post-COVID-19.

The Cambodia-Australia Agricultural Value Chain Program Phase 2 (CAVAC) (\$84 million by December 2021), will scale up efforts to boost agricultural production, diversify crops and increase value addition. With other key sectors slumping, this is a critical backstop for millions of Cambodians. The program will keep working with partners to improve irrigation infrastructure. It will support RGC to attract private sector investment, identify new high value crops and kick-start the agro-processing sector to support a resilient post-pandemic recovery.

Australia will champion alternative financial services tailored for women in rural areas. Through the Women's World Banking initiative, Australia will help Cambodia broaden reach of available financial tools like digitised

savings, payments and insurance. Australia will also support rural development through ongoing investments in land-mine clearance (a multi-donor partnership managed through UNDP and the Cambodian Mine Action and Victim Assistance Authority). Clearing mines does more than save lives; it is providing ongoing employment during the crisis and releasing land for productive use.

ACIAR will continue its research partnership with RGC, focused on sustainable intensification and diversification of agriculture, livestock and freshwater aquaculture. The regional Grow Asia initiative will link smallholder farmers to markets, increasing profits and productivity while improving environmental sustainability.

The 3i infrastructure program will create public-private partnerships with small and medium-sized businesses to make new infrastructure schemes possible. The program will deliver critical household-level water and electricity infrastructure. 3i will also provide policy support to strengthen planning, delivery and management of sustainable infrastructure. This includes contributing to the National Renewable Energy Strategic Plan and developing Provincial Water Investment Plans.

We will support the Australian Water Association to build its partnership with the Cambodian Water Supply Association, promoting improved household and industrial water management. This will complement funding for Australian NGOs to support RGC's implementation of a national Water, Sanitation and Hygiene Strategy, which is critical in helping prevent the spread of COVID-19. This includes leveraging Australia's Water for Women program, which will reach a further 650,000 Cambodians with benefits including clean water and latrines, and the Mekong-Australia Program for Water & Renewable Energy. Australia's new Southeast Asia Economic Governance and Infrastructure Facility will provide technical support with the potential to improve the quality of larger sums of infrastructure investment.

### **HOW WE WILL WORK**

We will focus on supporting recovery initiatives in support of Cambodia's transition toward a more resilient and inclusive middle-income country. We will continue to pivot, expand and implement pre-existing programs highly relevant to Cambodia's COVID-19 response and recovery, while also investing in new initiatives. Australia will broker dialogue and cooperation between different actors in Cambodia, including government, civil society and the private sector, to protect citizens from the negative social and economic impacts of the pandemic. We will maintain a strong focus on human rights, including gender equality and disability inclusion



Table 1: COVID-19 Response Plan Performance Framework

	Health Security	Stability	Economic Recovery
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- Cambodian capacity to manage health security threats is enhanced (SDG 3)</li> <li>- The Cambodian public health system is responding to Coronavirus and non-Coronavirus needs, with free services provided for poor Cambodians (SDG 3, 16)</li> <li>- Health, nutrition and access to clean water is improved for Cambodian women, children and families (SDG 3, 5, 6)</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthened government systems deliver social assistance and increased food security during the pandemic, helping to put in place social protection systems to respond to future shocks (SDGs 1, 2, 10)</li> <li>- Public policy and governance processes are more accountable, informed by evidence and responding to people's needs (SDG 16)</li> <li>- Vulnerable groups can access the services they need during and after the pandemic (SDGs 5, 16)</li> </ul>	<ul style="list-style-type: none"> <li>- Cambodia's governance systems are supporting economic response, recovery and resilience (SDG 1, 8)</li> <li>- A more productive and diversified agriculture sector supports Cambodia through the pandemic and beyond (SDGs 1, 2, 8)</li> <li>- Strengthened planning, delivery and management of sustainable infrastructure, with a focus on water, energy and food security (SDGs 2, 6, 7)</li> </ul>
<b>Key Results</b>	<ul style="list-style-type: none"> <li>- Number of outpatient services (episodes) covered by the Health Equity Fund is maintained (2.9 million visits in 2019)</li> <li>- Evidence of enhanced laboratory capacity</li> <li>- Number of boys and girls immunised with Australian support (from the GAVI Annual Progress Report)</li> <li>- New equipment provided for 45 Health Centres, 15 maternity wards, and 2 provincial hospitals</li> <li>- New World Bank Partnership in place that includes measures to 1) strengthen the health system and 2) improve accountability of local healthcare service providers</li> </ul>	<ul style="list-style-type: none"> <li>- Number of people reached with new Cambodian Government cash transfers using IDPoor as the targeting mechanism (baseline: 0)</li> <li>- Number of women survivors of violence receiving services such as counselling with Australian support increases (143 women in 2019)</li> <li>- Four research studies conducted on the social or economic impacts of COVID-19 in Cambodia</li> <li>- Postgraduate scholarships provided in areas that build Cambodia's long-term resilience</li> <li>- Milestones of the Cambodian Government PFM Reform Program are achieved</li> <li>- Evidence that national disability and Ending Violence Against Women policies are being implemented</li> <li>- Evidence of technical and policy advice on building capacity for food security</li> <li>- Implementation milestones for regional investments on anti-trafficking and countering transnational crime are achieved in Cambodia</li> </ul>	<ul style="list-style-type: none"> <li>- Examples of Australian-funded technical advice in stimulus measures and longer term economic recovery policy</li> <li>- Evidence of infrastructure policy support, in areas such as water, energy and construction sectoral policies and standards</li> <li>- CAVAC's irrigation management system is applied across schemes constructed by others</li> <li>- Examples of partnering with the private sector and other partners to ensure supply lines are open and access to utilities is increased</li> <li>- A new DFAT economic governance program is designed that supports COVID-19 economic recovery and women's economic empowerment</li> <li>- Cambodian-led landmine clearing services release land for productive use (targets: 2020: 7.46km<sup>2</sup>; 2021: 10.35km<sup>2</sup>)</li> <li>- Cross-cutting: Two or more examples of significant policy change from across the portfolio (such as health, social protection, infrastructure, agriculture, or economic policy)</li> </ul>
<b>Supporting Investments</b>	<ul style="list-style-type: none"> <li>- Health Equity and Quality Improvement Project and successor (World Bank Partnership)</li> <li>- Identification of Poor Households (IDPoor)</li> <li>- Social Accountability and Service Delivery Trust Fund (World Bank Partnership)</li> <li>- Cambodia Nutrition Project</li> <li>- Mekong Women's Empowerment Project</li> <li>- Centre for Health Security grants to the Mérieux Foundation and Population Services International</li> <li>- GAVI, The Vaccine Alliance</li> <li>- The Global Fund to Fight AIDS, Tuberculosis and Malaria</li> <li>- Investing in Infrastructure and Water for Women</li> <li>- Health-sector human resource development (e.g., ASEAN-Australia Health Security Fellows, Australia Awards scholarships)</li> </ul>	<ul style="list-style-type: none"> <li>- Australia-Cambodia Cooperation for Equitable Sustainable Services</li> <li>- Australia Awards</li> <li>- Ponlok Chomnes: Data and Dialogue for Development</li> <li>- World Bank Country Partnership (health system and social accountability investments)</li> <li>- Identification of Poor Households</li> <li>- Cambodia Multi-donor Trust Fund for Public Finance Management and Service Delivery</li> <li>- Investing in Infrastructure</li> <li>- Cambodia-Australia Agricultural Value Chain Program Phase II</li> <li>- Australia-Asia Program to Combat Trafficking in Persons</li> <li>- Mekong-Australia Program: Transnational Crime</li> <li>- Australian Federal Police engagement</li> <li>- Home Affairs: Anti-Money Laundering Assistance Team and International Capacity Building program</li> <li>- Defence Cooperation Program</li> <li>- Australian Volunteers and the Australian NGO Cooperation Program</li> <li>- UN Essential Services Package for Women and Girls Subject to Violence</li> <li>- UN Trust Fund to End Violence Against Women</li> </ul>	<ul style="list-style-type: none"> <li>- Investing in Infrastructure</li> <li>- Cambodia-Australia Agricultural Value Chain Program Phase II</li> <li>- Southeast Asia Economic Governance and Infrastructure Facility</li> <li>- Australia-UNDP Resilience Fund for Cambodia, incl. Clearing for Results Phase 4</li> <li>- Mekong Women's Empowerment Project (Marie Stopes Int. Aust.)</li> <li>- New economic governance and infrastructure policy investment</li> <li>- Australia Awards short courses on foreign policy and foreign direct investment management in a post-COVID world</li> <li>- Cambodia-Australia Consumer Protection Partnership (ACCC)</li> <li>- GROW Asia and the Cambodia Partnership for Sustainable Agriculture</li> <li>- International Labour Organization (ILO) Better Work Programme</li> <li>- Mekong-Australia Program for Water &amp; Renewable Energy</li> </ul>