### **Summary Record**

### of the Negotiations on Development Cooperation between the Royal Government of Cambodia and the Government of the Federal Republic of Germany held in Bonn on 17 and 18 October 2023

#### 1. Introduction

Negotiations on development cooperation between the Royal Government of Cambodia (RGC) and the Government of the Federal Republic of Germany were held in Bonn on 17<sup>th</sup> and 18<sup>th</sup> October 2023. The delegation of RGC was headed by Dr. Chhieng Yanara, Senior Minister in Charge of Special Missions and 2nd Vice-Chairman of the Council for the Development of Cambodia. The delegation of the Federal Republic of Germany was headed by Dr. Andreas Pfeil, Head of Division, Southeast Asia. Lists of the two delegations are attached as Annexes 2 and 3. The opening statements of the two delegations are attached as Annexes 4 and 5.

The negotiations took place in an open and cordial atmosphere of constructive cooperation. Based on the results of the Consultations held on 19<sup>th</sup> and 20<sup>th</sup> October 2022 the delegations reached an agreement on the allocation of the funds available.

The results of the negotiations are recorded below:

#### 1.1 General context for development cooperation and political dialogue

Both sides emphasised that the implementation of the 2030 Agenda for Sustainable Development plays a pivotal role in the development debate and was a priority for all countries. Reducing poverty and inequality and achieving sustainable development within planetary limits are fundamental challenges that need to be tackled jointly by all countries on the basis of the 2030 agenda. In this context Germany congratulated the Cambodian Government on its successful Voluntary National Review at the UN's High-level Political Forum (HLPF) earlier this year. It commends Cambodia for its impressive progress in alleviating poverty over the recent 20 years; for its achievements in building up universal health care for the poor; for having reduced illiteracy very significantly; for having introduced and implemented effective measures of social protection for the most vulnerable; for having led the country well through the

pandemic and for having protected peace, stability, security and safety which rightly remain priority for the new Cambodian Government.

The 2030 Agenda for Sustainable Development serves as guidance for Germany's development cooperation. The German side also drew attention to the need to successfully implement the 2030 Agenda within a new global partnership entailing responsibilities for all countries. The German side would welcome the continuation of a strategic dialogue and continued exchange on this topic.

At the same time both sides underlined the key importance of a rules-based international order and the fundamental principles of the United Nations Charter. The German Government commends the Royal Government of Cambodia to having co-sponsored UN-resolutions opposing Russia's invasion to the Ukraine. Both sides reaffirmed their commitment to working closely to promote the respect of the UN Charter. In this spirit, they recalled that sustainable social and economic development very much depends on all countries cooperating peacefully.

The German side condemned Russia's war of aggression against Ukraine. It reaffirmed the importance of UN Resolution A/ES-11/6 from 23.February 2023 being implemented swiftly.

They underlined the importance of international cooperation in order to lessen the impact of this war – in particular for developing countries and emerging economies – and jointly address the global challenges of the times. They agreed to continue their efforts to reduce the consequences of the war in Ukraine through their development cooperation activities in the fields of "Health, Social Protection and Population Policy"; "Sustainable Economic Development, Training and Decent Jobs"; "Climate, Energy Just Transition" as well as outside of these core areas: Good Governance (Decentralization), Peaceful and Inclusive Societies and Urban Development.

#### 1.1.1. Political and Civic Space

The German side would like to congratulate the RGC for its comprehensive and forwardlooking approach in the sub-national democratic development reform, which covers the essential building blocks of such a reform and defines sequential steps to achieve its goals. Germany appreciates the efforts of the RGC to synchronize and streamline the three core government reforms and continue regular coordination and exchange among key reform programs (Public Administration Reform, Sub-national Democratic Development and Public Finance Management Reform).

Both sides agreed that the maintenance of peace, stability and the strengthening of the rule of law, democracy and human rights are vital prerequisites for the development of Cambodia. The respect, protection and fulfilment of human rights and rule of law are integral parts of good

2

governance, and a precondition for effective poverty alleviation, sustainable development and social cohesion.

The German side reiterated that human rights are a guiding principle of German development policy. Both sides agreed that the progressive realization of human rights is a main objective of Cambodian-German development cooperation.

Both sides shared the views that a thriving political and civic landscape is conducive to both development and to peace and reconciliation, promoting innovation and investment. This includes credible opposition parties in a position to fully compete in future elections in Cambodia.

Both sides agreed that credible elections are not only a cornerstone of democracy, but also a guarantor of peace and stability.

The Federal Government of Germany attaches great importance to the principle of free, fair and inclusive elections as a basic prerequisite for any democratic society. Therefore, it encourages the newly elected members of parliament and the next Cambodian government to fully reinstate conditions for multi-party democracy and respect for human rights, as guaranteed by Cambodia's constitution and relevant laws, in line with Cambodia's commitments under the Paris Peace Agreements. The Cambodian Side emphasizes its commitment to continue upholding multi-party democracy and respect for human rights as guaranteed by Cambodia's constitution and relevant laws.

Both sides agreed that the draft law on the Access to Information is an important step towards strengthening transparency and providing a conducive environment for a free and independent media. In this light, the Cambodian side informed the German side that the right of access to information is guaranteed and protected in Cambodia through the development of legal frameworks and institutional mechanisms The Cambodian side provided an update that the draft law on the Access to Information has been completed and is now in the hand of Ministry of Justice to ensure its compliance with the Constitution and other important laws.

Both sides agreed that free, independent and critical media are a cornerstone for democracy. The German side expressed its concerns of reports that court cases against journalists have been handled under the criminal code instead of under the press law, although the cases have been related to journalistic work.

The Cambodian side emphasized that the press is a free profession, yet it must also be governed by and within the legal framework, including the law on media regimes and other relevant laws. This means that should a journalist commit an act of professional misconduct, he or she shall be held responsible under the law on media regimes. However, should a journalist commit a criminal offence, he or she shall be held responsible in accordance with the provisions of the criminal law.

Both sides agreed that civil society plays an integral part in finding better societal and development solutions ensuring social harmony and cohesion, conducive to stability.

The German side reiterated the importance of a swift conclusion of the amendment of the Cambodian Law on Associations and NGOs (LANGO) and referred to the 2020 government consultations in which the German side highlighted the Articles 8 and 30 (registration and deregistration), Article 24 (political neutrality) and Article 25 (reporting requirements), where changes would be advisable in line with the UNOHCHR human rights analysis from 2015.

The Cambodian side reaffirmed that inclusive and participatory consultation mechanism through its working group has been operational even during the COVID-19 pandemic with the objective to listen to comments and feedbacks for possible inclusion and/or revision to the LANGO. Up to now, 6 consultative forums have been convened with representatives of civil society organizations on the request to amend certain articles of the LANGO as proposed. The RGC's working groups have completed a review of all 14 articles of LANGO that were proposed for amendments in order to ensure that this law is consistent with Cambodian constitution and other organic laws to protect people and public interest, as well as to promote cooperation in partnership between associations and non-governmental organizations with public authorities.

The Cambodian side explained that on "political neutrality", the LANGO and the new Election Law stipulate that all associations and NGOs should be politically neutral, restricting them from favouring and/or providing supports to political parties. Having said this, NGOs or Associations that want to do politics could do so by registering at the Ministry of Interior as political parties.

### 1.2.Conducive investment climate in relation to ICT infrastructure

The German side understands that the RGC decided to postpone the implementation of the National Internet Gateway sub-decree. However, Germany is concerned that the sub-decree, if implemented, might cause negative impacts on the free flow and access to information. It might also cause negative impacts on German/international businesses in Cambodia, at least those businesses which require free and undelayed access to the internet in order to thrive.

The Cambodian side expressed the sincere thanks to the points raised by German side and stress that the Ministry of Post and Telecommunications has been organizing a comprehensive study on the National Internet Gateway because it is new and requires experienced technical people to handle it. The Ministry of Post and Telecommunications reiterates that the implementation of the Sub-Decree on the National Internet Gateway is based on four main principles such as 1) User's perspective: Minimizing negative impact on consumers such as the use of immoral language, cyber-bullying, 2) State's perspective: Enhancement of effectiveness and efficiency of the national revenue collection, 3) Operator's perspective: Promotion of equal

4

and fair competition, and 4) Technical perspective: Strengthening the stable peering of local and international network.

Cybercrime has become transnational and warrants regional and international cooperation. Effective measures to fight cybercrime are indispensable. The challenge is certainly to find the right balance on how to deal with cybercrime legally. The German Government reiterates its position in this matter as expressed during the negotiations in 2021:

- 1. Limiting the scope of the law to the territory of the Kingdom of Cambodia and to crime types which are not covered by other existing laws like the criminal code;
- 2. Removing ambiguities in the crime definitions and deleting Article 45 on disinformation;
- Securing data protection by limiting the type of data to be stored to meta data (e.g. time and IP number only);
- 4. Increasing safeguards of judicial oversight.

Germany encourages the RGC to continue to hold inclusive and conducive consultations with stakeholders including the public and CSOs for their crucial inputs on this draft law.

The Cambodian side, while acknowledging the German concerns on key articles of the draft law on cybercrime, emphasized that the draft law is aimed at ensuring the national security and public order as well as protection of individual rights affected by cybercrime. The RGC will continue to pursue the drafting process by organizing consultative workshops to obtain additional comments or inputs from all relevant stakeholders, including representatives of CSOs, Internet-Service-Providers and relevant ministries and institutions aiming to further enhance the draft in order to maintain security, social safety and ensuring a better environment for e-commerce industry.

# 1.3.The COVID-19 pandemic and its implications for German development cooperation

Both sides recalled the challenges posed by the Covid-19 pandemic to all countries, including Germany and the Kingdom of Cambodia. The German side congratulated the Royal Government of Cambodia on the determination and swift response to the COVID-19 pandemic and post-pandemic recovery, which includes the priority of the provision of social protection measurements for ID-Poor. These efforts have proven to be successful to contribute to the economic recovery of Cambodia. As social protection can serve to enhance social peace and cohesion, reduce poverty and inequity, to improve living standards and to provide a better and safer future for Cambodian citizens, this has set out an impressive and outstanding example in the international context as well.

# 1.4. Responsible finance and client protection standards in the microfinance sector

In 2022, a study financed by BMZ and conducted by the University of Duisburg-Essen - Institute for Development and Peace (INEF) was published. Its results and recommendations were discussed on various occasions with representatives of banks, microfinance institutions and NGOs, as well as with the Cambodian Central Bank and the Cambodian Microfinance Institutions Association (CMA). The German Government decided in 2022 to start phasing out its remaining engagement in the Cambodian microfinance sector in a responsible manner. The German side has noted that the reform efforts of the Cambodian microfinance and banking sector have substantially addressed a number of issues raised in the INEF study. However, the German side saw the need for further improvements, be it the further development of effective complaint mechanisms, the promotion of savings as a basis for loans or the use of credit histories as collateral for smaller loans or stricter capital requirements for banks and micro-finance-institutions in order to prevent an unsustainable growth of private debt.

The German Government encourages the Royal Government of Cambodia to continue promoting responsible finance and client protection standards to the international standards and best practices to create an environment where the enforcement of such standards can be improved. Germany will remain available for discussions on best practice approaches regarding these standards.

The Cambodian side recognized the usefulness of the findings and recommendations as inputs for policy makers and practitioners to effectively promote responsible finance and client protection, and enhance financial inclusion and financial literacy, as well as the indication of the fast-growing and resilient development in Cambodia's banking sector. As the microfinance sector moves forward, the National Bank of Cambodia has paid close attention on consumer protection, as well as the welfare of consumers. In this regard, various regulations, policies and tools have been issued as well as, various public awareness and financial literacy campaigns have been taken place, to enhance microfinance to be resilient, inclusive, and sustainable.

#### 1.5 Team Europe (in the context of the European Union)

6

The German side underlined that Germany is part of Team Europe in the Kingdom of Cambodia. The European Union (EU), its member states, its national development banks and implementing organizations, the European Investment Bank (EIB) together form Team Europe. The members of Team Europe coordinate their efforts as closely as possible in order to enhance the efficiency of their development cooperation and to support the Kingdom of Cambodia in a common effort.

Team Europe, based on the best possible coordination with the Royal Government of Cambodia, pursues its activities on the basis of a common European approach. The main objectives of the Team Europe Joint Strategy (Joint European Strategy - JES) for 2021 to 2027 are: to work with Cambodia for an inclusive, sustainable and climate neutral socio-economic recovery and development, support acceleration of reforms in line with Cambodia's national development agenda, as well as norms across a range of policy areas, in convergence with European global strategic priorities and values. It will foster connectivity and integration of Cambodia in ASEAN and the Greater Mekong Sub-region, and maximize the potential for connecting Cambodia to European expertise and standards. The JES will also establish closer collaboration with civil society, the private sector and education institutions.

Under the JES, Germany supports the Team Europe Initiatives (TEI) "Sustainable Landscape, Forrest and Agriculture" and "Green Energy and Industrial Value Chains". Both TEI will be presented to the Royal Government by the EU and its Member States later this year.

The Cambodian side highly valued the establishment of the Team Europe Initiatives as a coordinated and harmonized mechanism to ensure the efficiency of their development cooperation. They commended the European Joint Strategy, which represent the response of all European partners to Cambodia's development priorities, assure a greater aligned and harmonized approach that promotes individual as well as collective effectiveness, high level of transparency to programme resources and accountability for greatest impact and results.

#### 1.6. Global Value Chains

Both sides agree to strive to make globalization and global trade relations fair and sustainable. Global value chains must be made sustainable not just in economic but also in social and ecological terms. The ILO core labour standards, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, among others, are essential sources of guidance for this work.

Germany's new Supply Chain Due Diligence Act requires companies headquartered or active in Germany with over 3,000 employees to establish risk management systems across their global supply chains. Companies must take concrete action, including ceasing impacts, providing transparency through public reporting, and actively monitoring suppliers.

The Cambodian side emphasized the importance of norms and standards related to labour, business and human right, social and environment to maintain and expand its markets. While acknowledging and appreciating the German support, the RGC is looking forward to work closely with all development partners including Germany to secure continued access to global market including European market.

7

# 1.7. Role of the private sector and framework for sustainable economic development

The private sector is the driving force for sustainable development. Enterprises create jobs and incomes. Through their tax payments, they help to enable the government discharging its functions.

Both sides agree that the economic development and modernization anticipated by the Royal Government of Cambodia needs a conducive environment for private sector development and inclusive growth. This requires a legal and regulatory framework in which adequate labour, social and environmental standards can be established and in which government institutions, the private sector and civil society – especially in the form of free trade unions – can operate independently of each other in conformity with the existing rules and regulations.

The German side is willing to support the Royal Government of Cambodia in its efforts to foster economic transformation, and to help reconcile economic, environmental and social needs, as envisaged in the 2030 Agenda. This includes continued support for SME development.

#### 1.8. Education and Training

Both sides perceive education and training, and access to these opportunities, to be vital to a country's economic, environmental and social sustainable development and to a peaceful society. Investment in education and skills development is critical to building a highly skilled workforce and essential in enabling people to find jobs and earn a living in a rapidly changing work environment. Cambodia is encouraged to improve the quality of its education system, promote technical and vocational education and training, and create lifelong learning opportunities. By developing a skilled workforce, the country can attract higher-value industries and foster innovation.

#### 1.9. Gender equality and women's rights

The German side emphasized that gender equality and the realization of women's rights are explicit goals of German development cooperation and of great importance for all countries. Gender equality and the strengthening of women's rights are a key factor in achieving the entire 2030 Agenda. It is only through the equal participation of women and girls in the development process that a fair and inclusive society can develop.

Both sides agree that gender equality, the realization of women's rights and the prevention of all forms of violence against women and girls are important prerequisites for the economically, environmentally and socially sustainable development of a country and for a peaceful society. Ways in which gender and human rights issues can be systematically addressed in all sectors will be discussed in a dialogue between the two sides.

8

# 1.10 Overall strategic orientation of German development cooperation in Cambodia

The priorities of the recently published Cambodia's Pentagonal Strategy - Phase I for Growth, Employment, Equity, Efficiency, and Sustainability (and Cambodia Vision 2050) will provide further guidance for bilateral development cooperation between Cambodia and Germany in the future.

In addition, the BMZ has adopted the goals of the 2021 - 2027 Joint European Strategy for Cambodia (JES) as binding requirements for its bilateral development cooperation with Cambodia. The JES thus replaces the BMZ's Country Strategy. It is guided by Cambodia's development priorities own strategies and programs, in particular the Rectangular Strategy - Phase IV and the Pentagonal Strategy – Phase I.

For Germany's bilateral official development cooperation, the relevant political priorities of the BMZ (within the BMZ 2030 Agenda model), along with its action plans, strategies for core areas and initiative areas, and quality criteria strategies also apply. They are dovetailed with the JES.

As already discussed during the governmental consultations 2022, there has been a need for further focus on core areas of cooperation respectively on areas of intervention within the BMZ 2030 Agenda model. To meet the strategic requirements of that model, with a maximum of three areas of intervention in three core areas, further thematic reorientation was necessary. Both sides agreed that the Cambodian-German development cooperation shall focus on the following areas of cooperation:

<u>Social protection and health</u>: Supporting the implementation of the National Social Protection Policy Framework 2016 – 2025 and improving the quality of the health system. In the BMZ 2030's category the cooperation in this area is part of the core area of "Health, Social Protection and Population policy" with the areas of intervention "Health, pandemic response and the One Health approach" and "Social Protection".

<u>Sustainable economic development</u>: Supporting Cambodia's Industrial Development Policy 2015-2025 and The Pentagonal Strategy Phase I by increasing national competitiveness, digitalization, private sector development, regional and international integration into sustainable value chains and the improvement of the transport network, especially along the industrial and agribusiness corridors and value-chains. In the BMZ 2030's category this area of cooperation is called "Sustainable Economic Development, Training and decent jobs" (core area) with the areas of intervention "private sector and financial sector development" and "socio-ecological supply chains, trade and economic infrastructure".

9

<u>Climate and Energy</u>: In 2013 the Royal Government of Cambodia launched the Cambodia Climate Change Strategic Plan 2014-2023 (CCCSP). Cambodia's Power Development Master Plan 2020 - 2040 provides orientation in the field of energy efficiency. In the BMZ 2030's category cooperation on climate change and energy efficiency belong to the core area "Climate, Energy, Just Transition", with the areas of intervention ("Climate Protection and Adaptation to Climate Change" and "Renewable energy and energy efficiency".

<u>Circular Economy</u>: The "National Circular Economy Strategy and Action Plan (2021-2025)" was adopted in 2021 to enable the promotion of sustainable consumption and production from the use of natural resources until disposal and renewable energies within production phases and recycling promotion for waste generation. BMZ is pleased to inform the Cambodian Side, that it will therefore - as requested by the Cambodian side - provide support on sustainable waste management and waste recycling in the area of intervention of "urban development".

However, as in the BMZ 2030's category "urban development" also belongs to the core area "Climate, Energy, Just Transition", in the future both sides have to discuss which two out of the three areas of intervention (Climate Protection and Adaptation to Climate Change, Renewable energy and energy efficiency, Urban Development) are to be continued.

<u>Decentralization</u>: Supporting the Sub-National Democratic Development Reform, especially the implementation of the Second National Program on Sub-National Democratic Development (2021-2030). In the BMZ 2030's logic this area of cooperation will continue within the area of intervention "Good Governance" outside of the core areas.

# 2. Dialogue on priority areas (core areas/areas of intervention) of bilateral development cooperation; commitments

The core areas, based on the reformed BMZ 2030 Agenda model, are currently:

Health, Social Protection and Population Policy

Area of intervention:

- Health, pandemic response and the One Health approach
- Social Protection
- Sustainable economic development, Training and decent jobs

Areas of intervention:

- Private sector and financial sector development
- Socio-ecological supply chains, Trade and economic infrastructure
- Climate, Energy, Just Transition

Areas of intervention:

- Climate Protection and Adaption to Climate change
- Renewable energy and energy efficiency
- Cooperation outside the core and initiative areas

Areas of intervention:

- Urban Development
- Good Governance (Decentralization)

#### 2.1. Financial commitments

Since cooperation began in 1960, the total volume of bilateral Technical and Financial Cooperation amounts to 614,635,639.17  $\in$ . The Government of the Federal Republic of Germany undertakes to provide the Royal Government of Cambodia with a total new amount of 63,000,000.00  $\in$  for bilateral Technical and Financial Cooperation for the period of 2023/2024. This comprises 34,000,000.00  $\in$  for Financial Cooperation projects and 29,000,000.00  $\in$  for Technical Cooperation projects. A table showing the commitments is attached as Annex 1.

#### 2.2. Priority area (core area) Health, social Protection and Population Policy

The German side congratulated the RGC for the progress in the social protection system, the effective policy making at the National Social Protection Council (NSPC) and the impressive implementation of the National Social Protection Policy Framework (NSPPF) so far. Recognizing the critical role, social protection can play in enhancing social cohesion, reducing poverty and inequity, improving living standards and providing a better and safer future for Cambodian citizens, the German side applauded the Cambodian side for making social protection and Universal Health Coverage policy priorities of the new government.

The governance through the NSPC and the effective disbursement of direct payments to mitigate the economic impact of the COVID-19 pandemic and inflation have been credited as major successes for the country in a mid-term evaluation of the NSPPF. The establishment of new institutions and implementation elements also attests to the increasing maturity of the social security system. These include the Social Security Regulatory (SSR) with financial control of deposits and a legal aid and appeals system; the National Social Assistance Fund (NSAF) which brings all social assistance programs under one umbrella to harmonize eligibility criteria and make disbursement more efficient and the National Payment Certification Agency (NPCA)that acquires new responsibility for processing NSSF claims, in addition to processing

HEF settlements, and can thus support strategic purchasing of health services in the future and potentially demand quality standards.

Institutional capacity for social protection policy making and scheme/program implementation, system effectiveness and efficiency, and continuous improvement of the national social protection system are all areas with commendable progress but where the continuous efforts of the RGC are still needed. A smart combination of social assistance programs and social security schemes, coupled with the provision of people-oriented, efficient and effective public services providing for health, education, nutrition, water, sanitation and shelter, shall ensure that no one is left behind and that all citizens can enjoy a life in dignity.

The RGC successfully applied social protection schemes/programs as tools to react to the social-economic impact of the COVID-19 pandemic and provided substantial own resources for both the COVID-19 cash transfer program and H-EQIP. This path with regard to level of coverage and benefits should be pursued. For instance, the Family Package is intended to cover life risks such as disability or childhood poverty.

Germany encouraged the Cambodian partners to continue its efforts to strengthen the social protection system in anticipation of forecasted shocks, resulting from climate change and socio-economic headwinds. This includes the launch and implementation of the shock-responsive social protection framework and extending the coverage of the IDPoor registry so that shock responses can reach additional vulnerable groups.

Germany congratulated the RGC on its achievement to extend identification of at-risk households who are near the poverty line by approx. 500.000 households in 2022. This paves the way to build a comprehensive social registry and allows for better social protection policies by catering social protection measures to actual needs, as well as monitoring the provision of social services and their impact on poverty. Based on the recent experience of global crises of different kind, Germany encouraged Cambodia to allocate reserve funding which can be activated in times of shock.

As social health protection is expanded by including additional population groups under the NSSF and HEF coverage, it is essential to design an effective and efficient system. Germany pointed out that maintaining separate funds or pools for different population groups (civil servants, private sector, poor, etc.) undermines the principle of solidarity and the long-term sustainability of the schemes. Despite the expansion of both HEF and NSSF, private out-of-pocket payments and catastrophic expenditure remain comparatively high. Therefore, the German side highlighted that improving the quality of health services and the availability of medicines predominantly in the public sector or strengthen the regulation and quality-controlled service delivery of the private sector is crucial to reach effective coverage.

Cambodia has made significant progress in improving health outcomes. The Cambodia Demographic and Health Survey (2021-2022) shows declining maternal, newborn, infant, and

child mortality rates, and improved family planning and child nutrition. However, there is still room for improvement. The current projects, Health Equity Quality Improvement (HEQIP), Cambodian Nutrition Program (CNP I and CNP II), and the Pre-service Training for Health Workers Project (PST) are important initiatives to help the government achieve its goal of improving the quality of health services.

Germany congratulated the Cambodian Ministry of Health for approving the new Core Competency Framework for all health professionals. This will guide future generations of graduates to respond to the needs of citizens. The Ministry of Health is working on the new Health Workforce Strategic Plan for 2023-2033, which includes a key strategic objective "an appropriately sized and mixed, competent, motivated, well-regulated and equitably distributed health workforce to provide quality people-centred care for all Cambodians". To reach the goal and to strengthen competency-based pre-service education systems and institutions, the Ministry of Health will need implement priority actions for gradually transformation.

Germany congratulated the Royal Government of Cambodia on its progress towards their goal to further control rabies by drafting new national guidance documents and extending its surveillance activities. On the human health side, Germany encouraged Cambodia to expand access to post-exposure prophylaxis to all provincial referral hospitals. On the animal health side, budget allocation for government-led mass dog vaccination campaigns would be the key step to advance towards elimination. The joint work of human and animal health actors at subnational level in this context can be exemplary for the application of the One Health approach and be expanded to other health threats.

Germany applauded the remarkable efforts made, and milestones achieved by the RGC with regards to reducing malnutrition in the country. Significant progress in fighting stunting rates in children has been achieved, yet undernutrition – and in particular wasting rates – remain unwaveringly high, with every tenth child classified as wasted. It will be critical to not rest on past success but to keep up the efforts in order to achieve the Cambodian SDG 2 of under 5% wasting in children until 2025. Extensive capacity building and continued efforts to sustainably implement policies and national guidelines remain a priority.

Germany commended the efforts put into the extension of maternity leave regulations which would enable mothers and fathers to tend to their children in their most important first 1000 Days of Life to ensure healthy nutrition and child development and increased mother and child health.

Germany encouraged to continue efforts to strengthen the subnational, decentralized working groups for nutrition and investing at least 10% of commune budgets to improving food security and nutrition.

Agricultural extension services which offer technical advice on nutrition-sensitive and climateresilient agriculture to farmers will strengthen Food Security and Nutrition in the country in the face of climate change and extreme weather events and support smallholder farmers by supplying them with the necessary inputs and services. Germany therefore congratulates that MAFF has decided to boost their extension services. With respect, Germany recognizes the challenges MAFF faces in training and institutionalizing around 1600 extension facilitators on commune level in the coming years (until 2025).

The German side emphasized that addressing the following issues will positively impact Cambodia's path towards making social protection schemes/programs and quality health services available to all its citizens:

- Unique identification of individuals across the system remains a pressing issue. The existing provision that other government agencies may access the Khmer ID database (e.g. Ministry of Planning to cross-link with IDPoor households) should be operationalised in practice. It is suggested that the RGC significantly invests into the civil registration and vital statistics (CRVS) system so that on the one hand existing birth certificates and other records are digitised on a large scale, and, on the other, that new records are issued with digital database entry by default nationwide. Ensuring that all component databases use a secure and standardised data exchange protocol (e.g. CamDX) is crucial for a successful social registry.
- The funding to social protection should be maintained at the current rate (2.5% of GDP) and investments are needed to reach more population groups, especially vulnerable and historically excluded ones as well as adapt the social protection system to be more resilient and responsive to climate change-induced shocks. This will require more defined interlinkages to disaster risk management and response as well as taking anticipatory actions to mitigate impacts before natural disasters take place.
- The RGC's priorities are to further formalise the economy. This allows to adopt
  policies which formalise employment arrangements to bring more people under the
  contributory schemes and thereby raise the proportion of health expenditures covered
  by the schemes.
- Both population and service coverage of NSSF and HEF need to be improved to make the usage of public facilities attractive. The RGC should consider empanelling more private facilities, with regulatory oversight. Currently, coverage of medicines is limited and not well defined under the existing benefit packages. Private expenditures on medicines make up the largest share of out-of-pocket payments and is well above other countries in the region. Furthermore, the RGC states that the HEF benefits and service coverage should be gradually expanded in order to make sure that beneficiaries are not deprioritized and access to treatment of chronic diseases is improved.

14

- With regard to ensuring the quality of health care services, the adoption of the Law on Management of Health Services, and thus the establishment of an accreditation authority, remains pending.
- Strengthening administrative and financial capacities of the various agencies involved in the implementation of PST, CNP or HEQIP as well as improved coordination will support the timely implementation of these projects.
- Strengthening local administrations in promoting public health and other social services is pivotal to be more accountable to the need of citizens. Following the Government administrative reform agenda these efforts need further implementation. This will require guidance from different stakeholders, including line ministries, to implement the reform at provincial, district and commune level so that management and service provision remain equitable accessible to all citizen.
- There is a delay of more than a year in the drafting of new competency-based standard curricula. Technical assistance for their implementation can thus not be based on the standards but is reorienting towards general criteria of competency-based learning and teaching. The Cambodian side explained that the pre-service training project (PST) was set to start in June 2020 and closing is scheduled for June 2026. The project management team was set up in July 2020. However, due to COVID-19 pandemic, most of the project activities could not be carried out till May 2022. As of September 15, 2023 two curricula (Associate degree for nursing and Bachelor of Nursing) were developed and approved by the Ministry of Health. Four more curricula are expected to be finished by the end of 2023 and submitted to the Ministry of Health for approval. Technical Assistance is needed to provide input and recommendation on the draft curricula).
- In order to move towards Universal Health Coverage and increase the quality of health services, training of health professionals is key. Faculty development, internal quality improvement and future accreditation of health professional training institutions as well as the linkage between health training institutions and clinical practice at hospitals are key to improve competence-based education.
- Great efforts have been invested into assessing the actual costs of delivering health services at different levels of health facilities. These costing data are important to inform future decision making on reimbursement rates or provincial health budgets.
- In order to further improve capacities for pandemic preparedness and in particular to strengthen surveillance capacities in the health sector, the laboratory system needs to be further strengthened and developed into functioning and well governed network. This includes digitizing work processes and reporting in one integrated laboratory information system.

15

- To foster efficiency and effectiveness of One Health initiatives there is a need for a formal institutional framework to facilitate coordination and collaboration across multiple sectors and ministries. In this context, the German side congratulated the Ministry of Health for setting up the Inter-Ministerial Coordination Committee (IMCC) under its leadership. The IMCC-OH has been signed by the Prime Minister in August 2023, and serves as a critical mechanism to operationalize the One Health approach in Cambodia. Strengthening this platform will be important, to ensure adequate and sustained participation from all relevant ministries as well as development partners.
- There are three Technical Working Groups (TWGs) that support cross-sectoral efforts in One Health in Cambodia including the Antimicrobial resistance-TWG, Food Safety TWG, and the Zoonotic TWG. These platforms can provide essential support in developing national policies, guidelines, and approaches to addressing cross sectoral challenges using a one health approach. The German side encouraged the RGC to continue strengthening those TWGs to achieve full cross-sectoral participation and routine meetings. With the development of the IMCC-OH, there is a unique window to revitalize and re-engage these important working groups.
- Data sharing remains one of the most critical aspects to operationalizing One Health. The German side encourages RGC to ensure systematic and effective exchange of data on all One Health related topics between the concerned ministries at national and sub-national level and to put the necessary respective regulations in place.
- To succeed in eliminating rabies in Cambodia the permanent takeover and financing and expansion of the activities to further provinces by the RGC is required.

#### **New Commitment:**

### One Health for Cambodia (One Health 4 Cam) (Financial cooperation), 2023.6809.0, 34,000,000.00 €

The health sector has been plagued by a lack of available routine data, for example on the prevalence of pathogens or outbreak events. Advancing interoperable digital information systems are essential to make gains in system reforms (e.g. access to HMIS data, quality scores etc.), advancing population health and pandemic preparedness and AMR response.

Data sharing would also greatly benefit the coordination among human and animal health, including laboratories, in order to better prepare for pandemics.

The aim of the new project (06/24-06/28) is to serve as a regional role model on how to improve pandemic preparedness and AMR through a cross-sectoral One Health approach. Germany and its public health institutes, such as Robert Koch-Institute or Friedrich-Löffler-Institute, as well as academic institutions can offer substantial experience and knowledge transfer, and FC 16

will offer investments into cutting edge (digital) infrastructures resulting in improved identification of and responses to infectious disease threats including AMR.

To ensure complementarity and to avoid duplication there is a need for close coordination with other activities in the One Health approach such as envisaged under the Pandemic Fund application. A feasibility study is currently being prepared in close cooperation with all relevant partners and stakeholders to design the details of the new project.

It is the understanding of the German side that RGC will in the medium term cover the operating expenses of the One Health physical and digital infrastructure the project is aiming to put in place.

### Improving Social Protection and Health (Technical Cooperation), 2023.2151.1, 9,700,000.00 €

The follow-up project (10/2024 – 09/2027) will support the efforts of the RGC to strengthen the social protection and health system and its institutions related to its (climate) shock-responsiveness, gender-equality and effectiveness. It builds on the approaches, good cooperation and achievements from the predecessor projects Improving Social Protection and Health (2021.2118.4), Social Health Protection (2017.2006.9) and Identification of Poor Households – IDPoor V (2015.2093.1).

#### Ongoing projects of financial cooperation

German Contribution to the Health Equity and Quality Improvement Programme (H-EQIP) III, 2021.6779.9, 16,000,000.00 €

Accompanying Measures for the German Contribution to the Cambodian Health Equity and Quality Improvement Programme (H-EQIP) - 2, 2015.7010.0, 2,000,000.00 €

German contribution to the Cambodia Pre-Service Training for Health Workers Project I, 2021.6778.1, 10,000,000.00 €

#### Ongoing projects of technical cooperation:

Improving Social Protection and Health (ISPH), 2021.2118.4, 15,707,000.00 €, including DFAT-co-financing 1,707,000.00 €

17

## 2.3. Priority area (core area) Sustainable economic development, Training and decent jobs

Germany's support for private sector development, represented by the core area Sustainable Economic Development, Training, and Decent Jobs, aligns well with Cambodia's current economic policy aimed at fostering a modern, diversified, and industrialized economy. Currently, programs from the core area assist to improve the economic policy and regulatory framework for the private sector, foster in-country value creation, enhance efficiency (especially through energy-efficient and climate-neutral technologies), bolster professional competencies, and promote digital skills. Additionally, a wide range of initiatives is being implemented to empower women entrepreneurs as well as female professionals and employees across various sectors. Notably, with the support of the ICONE program the Cambodian Women Entrepreneurs Association (CWEA) in Siem Reap has experienced remarkable growth, with its membership increasing from 120 in early 2022 to 206 by August 2023. Also, a "Business Clinic" was set-up, offering eight new business services to CWEA members.

The German side was pleased to note that the implementation of all core area programs is proceeding as planned, and preparations for new programs are well underway. Germany remains committed to supporting Cambodia's Garment, Footwear, and Travel Goods sector, as it plays a crucial role in generating income and employment opportunities. Already, the FABRIC program is providing innovative support mainly for female employees in the textile industry through its WE HOUSE initiative and contributes significantly to Cambodia's alignment with due diligence requirements of Germany and the EU (i.e., German Supply Chain Due Diligence Act (GSCA).

To further strengthen the successful partnership in the garment sector, the German Government looks forward to the planned signing of the implementation agreement with the Cambodian Ministry of Economy and Finance (MEF) which will formalize our established partnership with this ministry.

Recognizing Cambodia's imminent graduation from the Least Developed Country (LDC) status in 2027, the German Government expressed its commitment to the priorities set by the new Royal Government of Cambodia. These priorities include promoting value-added manufacturing industries, boosting competitiveness, increasing productivity and resource efficiency, enhancing the export capabilities of Cambodian companies (covering agricultural

products, food, industrial products, clothing, and footwear), attracting foreign direct investment, particularly in the electronics and automotive sectors, and implementing internationally recognized sustainability and quality standards. Additionally, there is a focus on promoting digitalization at the operational level and building of human capital.

Against this background the German government emphasized two issues that it sees instrumental to succeed with the intended economic transformation:

- The German side encouraged the Royal Government of Cambodia to further enabling the small and medium enterprise segment of the private sector to drive economic transformation and modernization. To that end, the state should provide a reliable and transparent regulatory and legal framework for companies of all sizes and from all sectors and locations. Red tape and unnecessary interventions by the state, for example in the area of licensing and permissions, needs to be further reduced.
- The German government encouraged the Cambodian government to expand the approach of special economic zones (SEZs) and industrial parks towards a broader cluster-based approach as it is, for example, used by the European Union. This will put the capacity building of domestic (supporting) industries into a broader context and will allow for the development of vertical and horizontal linkages that will increase the value-added, efficiency, productivity, and competitiveness, by improving the efficiency of input supplies for production processes, reducing costs of production, promoting technology transfers, and the sharing of information in regard to production factors.

With RID4CAM/ the Rural Infrastructure Programs Germany also promoting sustainable economic development through the rehabilitation of roads. The German delegation took note of an unregulated and increasing number of heavy trucks on rural roads in Cambodia. From its own national experience Germany knows that this kind of traffic has significant implications on the condition of roads and aggravates the maintenance and sustainability especially of laterite roads. The German delegation encouraged the Cambodian side to take measures like traffic controls and imposing sanctions in cases of exceed permitted truck weights.

#### New Commitment:

Sustainable trade integration Cambodia (GATE) (Technical Cooperation), 2023.2149.5, 3,000,000.00 €

Activities of the project are capacity building for the formulation and implementation of laws, policies, and strategies supportive of inclusive and sustainable trade; improving the effectiveness and transparency of Cambodia's trade facilitation infrastructure; design and piloting of an inclusive exports' support services' system with an approach of sustainable value chains. The project is planned as an EU-co-financed project.

### Sustainable textile industry in Cambodia (Technical Cooperation), 2023.2152.9, 4,000,000.00 €

This project follows the successful implementation of the ongoing project with the same title (2021.2119.2) and is planned to run from November 2024 to October 2027. It shall build on the progress achieved and partnerships formed so far with respect to social and environmental sustainability in the garment sector. The proposed project will continue working towards empowering female garment workers, promoting decent work and addressing selected environmental issues such as the management of textile waste. It aims to further enhance social and environmental standards to ensure the competitiveness of this vital industry as Cambodia graduates from LDC status. The German Government greatly appreciated the Cambodian Government's forward-looking "Garment, Footwear and Travel Goods (GFT) Strategy", which provides an ambitious framework for a sustainable transformation of the sector. The German side was looking forward to the continued close cooperation with the Cambodian Government and other national stakeholders in the sector.

#### Ongoing projects of financial cooperation:

Rural Infrastructure Programme VII (RIP VII), 2017.6700.3, 7,100,000.00 €

Rural Infrastructure Programme VIII, 2019.6766.0, 30,000,000.00 €

#### Ongoing projects of technical cooperation:

Sustainable ASEAN-Trade Integration with Focus on Production Systems in Rural Areas, 2017.2030.9, 2,000,000.00 € with EU-co-financing of 7,350,000.00€

Improved Competitiveness of local Enterprises in Cambodia, 2019.2130.3, 10,000,000.00 €

Sustainable textile industry, 2021.2119.2, 5,000,000.00 €

#### Strengthening Quality Infrastructure in Cambodia II, 2021.2117.6, 1,000,000.00 €

The implementation agreement between PTB and the Cambodian Ministry of Industry, Science, Technology and Innovation has been signed.

#### 2.4. Priority area (core area) Climate and Energy, Just Transition

Climate change is one of the biggest challenges the world is facing and limiting its extent requires a massive concerted effort on the part of the global community. Given that, historically, industrialized countries are the main contributors to climate change and still have high per capita emissions, they bear special responsibility when it comes to protecting the world's climate. Nevertheless, the temperature goals set in the Paris Agreement cannot be met without decisive action in emerging economies. Tackling climate change is a task for the whole humanity. In the Paris Agreement the international community agreed to hold the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius. To meet those temperature goals, we need to work together to achieve climate neutrality by mid-century and rapidly reduce emissions on the way to achieving that goal.

The German side expresses its appreciation to the Royal Government of Cambodia for what has already been achieved in the energy sector, as the Royal Government of Cambodia has succeeded in expanding the power supply at a remarkable speed over the past 20 years. From a fragmented power supply system in the early 2000s it has gradually become one closed and interconnected grid. The Cambodian side has managed connect approximately 98% of the municipalities and 86% of the households to the grid in a volatile environment with high economic growth, strong urbanization and increasing electricity demand. Despite the successes in energy supply and expansion toward an interconnected grid, there are major challenges for the energy sector. In order to be able to implement its 2020 updated NDC, a resolute energy transition needs to be initiated in order to be able to achieve the target of saving a total of 13.7 Mt CO2 in the energy sector. To this end, targets include a 25% share of renewables in the capacity mix in 2030 and greater promotion of demand-side energy efficiency. Grid expansion and grid modernization must be planned and implemented as part of this.

The core problem in the energy sector is to serve the growing demand for electricity and the inadequate supply in rural areas with the heavily loaded grid capacities at the transmission level or, in the case of high grid losses, at the distribution level in a climate and environmentally compatible manner and to integrate more renewable energy (RE; also variable renewable energy, vRE) into the grid. With the Cambodia Power Development Plan (PDP) 2021-2040, the Royal Government of Cambodia has presented a key planning document that is

fundamental to the transformation of the energy sector. The PDP aims to expand the highvoltage grid, promote renewable energy sources to reduce CO2 emissions; minimize environmental impacts while providing affordable and reliable energy to all sectors and target groups, with electricity imports continuing to play an important role.

The German side welcomes the Cambodian PDP, which once again underlines the ambitious level of the Cambodian NDCs as well as the willingness to achieve them. The expansion of low and medium voltage grid is one focal point of the PDP, investments for this will be made by Electricite du Cambodge (EDC) (approx. 40%) as well as by other licensed regional power distributors (approx. 60%). The German side takes note that a high level of investment is needed to achieve the PDP.

While Germany welcomed Cambodia's commitment during the COP 26 to achieve carbon neutrality by 2050, Germany expresses its concerns about the Cambodian side's coal expansion plan. According to the current PDP version, Cambodia plans to further invest into coal-fired power plants until 2025.

Germany noted that for tackling Cambodia's just energy transition, significant investment needs in transmission and distribution grids as well as intelligent grid applications and storage systems remain. These investments serve as a prerequisite to connect and better integrate RE into the national grid. The German side also noted that investments in the grid require an ambitious climate change strategy and a reliable pathway to reducing dependency on coal-fired power plants.

#### **New Commitment:**

### Cambodia Partnership for Sustainable Agriculture and Food Systems (CAPSAFE), 2023.2186.7, 7,300,000.00 € (Technical Cooperation)

The project aims to improve the competitiveness of selected value chains in Cambodia. To achieve this, the project will strengthen the climate resilience of smallholder farmers, increase local value addition and export to the ASEAN and EU markets. The project is planned as an EU co-financed project.

#### Ongoing projects of financial cooperation:

Energy Efficiency in Rural Power Supply, 2018.6820.7, 30,000,000.00 €

Energy Efficiency in Rural Power Supply - Accompanying Measure, 2018.7049.2, 2,000,000.00 €

22

#### 2.5. Cooperation outside the core and initiative areas

2.5.1. Area of intervention: Developing Peace and Crisis Prevention
Ongoing projects of financial cooperation:

ISAF II: Contribution to World Bank multi-donor trust fund to support the Implementation Plan for the Social Accountability Framework, 2019.6842.9, 5,000,000.00 €

-

#### Ongoing projects of technical cooperation:

#### Improved Service Delivery for Citizens in Cambodia (ISD), 2021.2197.8, 6,000,000.00 €

Germany is very pleased to see that cooperation within the framework of the program Decentralisation and Administrative Reform Program, PN 2017.2004.4, which was completed in 04/2022, continues to show good results, which is reflected e.g in the decision to transfer education functions to all SNAs based on the piloting in Battambang. The new project "Improved Service Delivery for Citizens in Cambodia" (PN 21.2197.8, 03/2022-12/2025, total contract value EUR 10,727,272), co-financed by the Swiss Agency for Development and Cooperation (SDC) with 4.727.272,00 €, focuses on the implementation of the decentralization reform and advises national and sub-national partners on the improvement of selected public services, the empowerment of women in sub-national administrations and councils and the ombuds mechanism. The lead executing agency is the NCDDS. The partner provinces are Battambang, Siem Reap and Banteay Meanchey. Specifically, the module works on developing and implementing waste and water management plans on district and municipality level, advising on the decentralization of health functions, rolling out of education functions and the improvement of administrative services via One Window Service Offices (OWSO) to the needs of all citizens (according to the principle of leave no one behind). The module also looks into particular issues, within the framework of the National Program on Sub-National Democratic Development, phase 2 (NP-2), addressing the future vision of the SNDD reform with a view to establishing a unified administration at the capital and provincial administration. This task requires a collective effort of all key government actors and stakeholders ranging from the national to sub-national levels with technical support and facilitation by the module. While NP-2 mentioned the need for further improvement of SNA council support mechanisms, including council committees in order to effectively fulfill their role as representatives of the citizens in their jurisdiction, it has been agreed that ISD supports also the capacity development

of councilors, with a special focus to female councilors. With regard to a gender transformative approach, Germany is looking forward to see the "National Strategy to increase the number of

23

women in sub-national administrations" soon to be endorsed by NCDDS, so that it can show its results after implementation.

Since January 2023, additional funds (CHF 1 million, EUR 909,000) made available by the SDC will be used to improve local finances and fiscal decentralization in districts and municipalities (DM). One of the key weaknesses of the sub-national administrations (SNAs) has been the lack of fiscal autonomy: existing arrangements of own source revenue assignment favor the national level, and the current inter-governmental fiscal transfers provide only limited funds beside the financing of the administrative set-up and salary and less for development and social services. Germany is pleased to hear, that MEF recently increased the percentage of the DM-fund and introduced a compulsory social & environmental sanitation component which gives more decision-making power to the local councils to act on citizens' needs in their jurisdiction. It will be key to increase the fiscal space for the sub-national levels in terms of tax and non-tax revenues by opening for own-source revenues on DM-level, more transparency and equity of inter-governmental transfer on DM level and implement "Finance follows functions", referring to the newly transferred 55 functions.

While ISD focuses on the supply side of governance, it is also important to parallelly strengthen the demand side by informing and involving civil society and citizens in decision-making processes. In addition to strengthening the ombuds mechanism and transparent communication of the services, e.g. via digital tools, this is also done at ISD via –subcommittees, which were formed to develop district/municipal waste and water management plans formed by civil society and business as well as- district and municipal administrations representatives and local councilors. As ISAF expanded its activities from Commune/Sankat level-to the district and municipality levels, there are more opportunities for cooperation that will be explored in the coming months.

The German side took note of the request of Mol to support a Smart Cities Roadmap. Partly it is already addressed in the present portfolio (e.g. smart waste solutions in Siem Reap municipality, technical digital service delivery solutions and the sharing of experiences on smart city strategies from other countries). The German side will consider further integration and mobilize support through the running programs. The German Side expresses appreciation for the leading efforts of Mol as a core ministry in digitalizing administrative services, coordination with sector ministries and streamline digital solutions for a transparent and citizen-friendly, digital service delivery; however, the German Side encourages Mol to further improve coordination with other sector ministries in order to avoid digital silo-solutions and an "app jungle".

#### 2.5.2. Area of intervention: Urban development

#### **New Commitment:**

### Green Growth Initiative for Circular Economy (Technical Cooperation), 2023.2148.7, 3,000,000.00 €

A very important concern of the Cambodian government is the sustainable design of the waste management sector with the necessary technical, administrative, and human resources. The enhancement of sustainable city development and planning is found emerged through key government's strategic plans, introduced respectively in 2019 and 2021 for Phnom Penh Sustainable City Plan 2018-2030, and Sustainable Cities Strategic Plan for Seven Secondary Cities. Urban waste management is importantly discussed and prioritized as the key sectors to be achieved for all target cities, where the plastic use reduction are included. To this end, the "National Circular Economy Strategy and Action Plan (2021-2025)" was adopted in 2021 to enable the promotion of sustainable consumption and production from the use of natural resources and renewable energies within production phases and recycling promotion for waste generation. The Cambodian government is currently working on translating the National Strategy for the Circular Economy into national legislation and is orienting itself, among other things, on the action plan for the circular economy of the European Union ("Circular Economy Action Plan" (CEAP)).

The new TC module "Green Growth Initiative for Circular Economy in Cambodia" with a term of three years (currently planned 10/2024 to 09/2027) will support the establishment of sustainable waste management as a basic requirement for the change in the economic system from a linear to a circular system. Reusable materials should be extracted more effectively from the waste stream and the conditions for circular waste management and recycling should be improved. With a view to introducing sustainable solutions for municipal waste management, the module places a focus on the development and implementation of concrete solutions for the separation and recycling of recyclable materials, involving public and private sectors.

#### 2.5.3. Studies and Experts Fund

#### New Commitment to the Studies and Experts Fund 2015.3504.6, 2,000,000.00 €

#### Studies and Experts Fund 2015.3504.6 total commitment: € 9,242 million - ongoing

The Fund is to be used for the preparation of future Technical Cooperation projects and for other short-term expert services. In addition, development advisors and integrated experts who are not directly working in programmes are being financed through the SEF.

) 25

#### 2.6.4. Digitalization as a cross-cutting topic

Digitalization is having a profound impact on various aspects of cooperation between Germany and Cambodia, and it plays a pivotal role in driving overall economic growth. Various activities underscore the significant potential of digitalization in the realm of development cooperation, such as but not limited to the IDPoor program, digital training programs for entrepreneurs within the private sector development program undertaken by ICONE, the provision of digitalized services for citizens by ISD, or the creation of apps for nutritional and health programs by the MUSEFO program.

In today's interconnected world, digitalization is a cornerstone of economic transformation. It transcends borders and industries, offering multiple opportunities for growth and development. As businesses, the Cambodian government with its institutions, and individuals increasingly rely on digital technologies, its relevance cannot be overstated. Digitalization fosters economic transformation through better efficiency and productivity, it improves innovation and competitiveness, provides better access to markets, allows for better service quality, and enables a data-driven decision-making process. Recognizing the cross-sectoral importance of digital transformation, the Digital Transformation Center Cambodia (DTC Cambodia) was established in May 2023 as part of the BMZ global program:

<u>Digital Transformation, 2018.2251.9</u> with a contribution of 1.400.000.00 € and a 2-year project duration. The project shall provide assistance to other GIZ programs within the country as well as to various Cambodian partner organizations in implementing their digital agenda. Global experiences and solutions shall be made available for Cambodia while scaling up Cambodian solutions across the global network of Digital Transformation Centers. DTC Cambodia will focus on the three main areas Digitalization of Government Services, Digitalization of the Private Sector Economy and Women in Tech, working with the government, enterprises and academia in an integrated digital ecosystem approach.

On behalf of the Royal Government of Cambodia, the Ministry of Post and Telecommunication expressed the sincere appreciation to the Government of the Federal Republic of Germany for supporting development projects in Cambodia in particular the project related to the Ministry of Post and Telecommunication such as ICONE, and the establishment of Digital Transformation Center Project has been recently signed between the Ministry of Post and Telecommunication and GIZ. MPTC requested the German government to support the following topics:

- 1. Scholarship programs for post graduate study on digital technology in Germany
- 2. Exchange programs related to digital research and innovation
- 3. Development of tech start-up

26

 Technical assistances on digital skills (e.g. experts in law, policy and digital technology)

# 3. Other instruments and contributions available as part of German development cooperation

#### 3.1.Khmer Rouge Tribunal

Advancing justice and the rule of law is a priority for German development policy. Germany has supported the ECCC from the very beginning. In order to support the national reconciliation process in Cambodia, and to ensure that the ECCC's political and historic heritage is well kept for future generations to learn from the past, Germany supports the Residual Phase of the Extraordinary Chamber at the Courts of Cambodia (ECCC) in it's Residual phase 2023-2025 with an amount up to  $\notin$  750,000. The German Contribution to *United Nations Assistance to the Khmer Rouge Trials (UNAKRT)* is earmarked for financing the activities regarding the dissemination of information on the ECCC. This includes among other things the dissemination of information and to the public, the production of a factual guide on the ECCC's inception and operations and the organization of public exhibitions.

#### 3.2. Mekong River Development

In accordance with the 1995 Mekong Agreement, Germany and Cambodia continue to believe that close cooperation is needed to ensure the sustainable development and management of water resources for the benefit of all inhabitants in the Lower Mekong Basin.

Within the framework of its cooperation with the Mekong River Commission (MRC), Germany is supporting the strengthening of transboundary water cooperation in the areas of sustainable hydropower development, climate change adaption and wetland management. The MRC focuses on the improvement of the Mekong River basin monitoring, building up on the joint environmental monitoring of the mainstream dams and including the new topic of plastic monitoring. Another focus of the project is the ongoing joint management of flood and droughts in the border area between Cambodia (Banteay Meanchey, Pailin and Battambang provinces) and Thailand, which led to the endorsement of a Joint Flood and Drought Masterplan for the sub-basin focusing on investments in ecosystem-based adaptation and early warning systems. This successful transboundary cooperation will be extended to another sub-basin of the Mekong, the 3S Rivers (Sekong, Sesan and Sre Pok), which is shared by Cambodia (Stung Treng, Rattanakiri and Mondulkiri provinces), Laos and Viet Nam.

Germany is also supporting the protection and sustainable use of wetlands in Ramsar Site Prek Toal (PTRS), through a regional project on Wetland Management and Conversation in the Lower Mekong Basin (2012.6597.4). Whilst improvements in terms of counterpart contributions could be noted, the German side encouraged the RGC, represented by its Ministry of Environment to pay continuous attention to the timely allocation of counterpart

27

contributions, adequate staffing for project management capacities, and need for an adequate benefit retention and sharing scheme for the revenues generated through ecotourism (which is not yet in place), as a precondition for providing project support to tourism-related infrastructure in PTRS.

#### Other Regional Programs

An overview of regional projects active in Cambodia, supported by the German side, is attached in Annex 6. The German side drew particular attention to the following project:

Promotion of sustainability in the textile and garment industry in Asia – PN: 2018.2056.2  $6,000,000.00 \in (Technical cooperation)$ 

Germany is supporting the regional programme "Promotion of Sustainability in the Garment and Textile Sector in Asia" (formerly "Social and Labour Standards in the Textile and Garment Sector in Asia", 2014.2279.9), which is operating in Bangladesh, Cambodia, China, Myanmar, Pakistan and Viet Nam. The program started its work in Cambodia in May 2015. The activities focus on fostering the regional knowledge exchange between garment producing countries. The openness of the Cambodian Government to regional and international cooperation is highly appreciated and Germany highly supports continued exchange with other government representatives and other relevant actors in the region, in order to achieve higher social standards in the garment sector in Asia. The agreed period for the regional programme in its current phase is until March 2025.

#### 3.3. Global Programmes

An overview of global projects active in Cambodia, supported by the German side, is also attached in Annex 6

#### Pandemic prevention and One Health

A growing world population, the encroachment of humans on previously untouched habitats, industrialized agriculture and livestock farming and climate change are all factors that increase the likelihood of infectious diseases and antimicrobial resistance being transmitted between animals and humans and spreading quickly. The One Health approach takes a holistic, interdisciplinary view of the interactions between humans, animals and the environment, with a view to reducing health risks, strengthening human and veterinary health systems, improving early warning systems and thus contributing towards the prevention of epidemics and pandemics. The BMZ supports this approach in its cooperation under the new "One Health 4 Cam" Financial Cooperation project that will pick up approaches and experiences from Technical Cooperation, where considered appropriate. For Technical Cooperation, BMZ has commissioned GIZ with implementing the Global Programme for "Pandemic Prevention and

Response, One Health" in 2021 amongst others to support capacities of partner institutions and intersectoral cooperation in seven countries/ regions worldwide in order to improve pandemic prevention and response as well as One Health collaboration. Cambodia is one of these countries where such a country package committed 1,000,000.00  $\in$  for the period November 2021 to March 2024. The current cooperation on One Health focusses on combatting zoonoses (such as rabies) and strengthening the national veterinary reference laboratory (NAHPRI). Based on additional partner needs, BMZ has recently (in August 2023) increased the above-mentioned amount to 1,600,000.00  $\in$  and extended the duration until end of August 2024 for the benefit of the Cambodian people. The additional funds will mainly be dedicated to integrating rabies postexposure prophylaxis services at the provincial hospital level and implementing a mass dog vaccination campaign against rabies, both using the existing governmental structures.

#### Business Scouts Network for Development, 2020.1007.2

The German government underlines the importance of involving the private sector in development cooperation in Cambodia in order to reach the Sustainable Development Goals (SDG) set forth by the United Nations. By advising companies on long-term commitment in Cambodia, the "Business Scouts Network for Development" promotes mutually beneficial cooperation between the private sector, development cooperation, and business associations such as the European Chamber of Commerce Cambodia, where the program has established a Business & Cooperation Desk. It provides interested Cambodian and German/European companies with information on business opportunities, supporting services/instruments of development cooperation, and can initiate specific cooperation projects in selected focus sectors that support the German Government's development policy objectives.

#### 3.4. Legacy Landscapes Fund

The Legacy Landscapes Fund (LLF) is a new Conservation Trust Fund which was legally established as an independent charitable foundation by BMZ and KfW in December 2020. The objective of the LLF is to provide critical funding to globally outstanding large-scale biodiversity areas (protected areas and respective buffer zones) - so called Legacy Landscapes. For that purpose, the LLF mobilises public and private financial contributions.

According to co-funding agreements with several private foundations, the LLF starts with providing long-term core financing of 1 million USD annually for a period of at least 15 years per selected Legacy Landscape, so that professional partnerships between experienced NGOs and protected area authorities as well as indigenous and local communities can manage the selected landscapes effectively and sustainably; a long-term perspective for more than 15

years is envisaged ("in perpetuity"). With a target volume of 1 billion USD for 30 Legacy Landscapes the LLF seeks to become one of the biggest Conservation Trust Funds worldwide. Germany informed that Central Cardamom Mountains National Park has been included in a list of seven potential pilot landscapes to be financed by the LLF and a private entity for at least 15 years. The LLF Supervisory Board approved the Programme Proposal submitted by Conservation International (CI), with the understanding that this is coordinated with and consented by the RGC. Based on the conclusion of the respective ADA (Agency for Delegation of Authority) agreement, the agreement with the co-funding private funder was signed in August 2023.

#### 3.5.Blue Action Fund

The Blue Action Fund (BAF), established by BMZ/ KfW in 2016, supports worldwide NGOs in cooperation with national and local governments to initiate or better manage marine protected areas, and coastal conservation areas. In Cambodia, the Blue Action Fund is supporting the NGO Fauna & Flora International's work in five marine protected areas in Northern Koh Kong (Peam Krasop Wildlife Sanctuary and Koh Kapik RAMSAR site); Koh Sdach Area, Koh Rong, Kep & Kampot. The five-year project (2020-25) is funded with 4.6 million Euro (3 million Euro funding by Blue Action Fund; EUR 1.6 million co-funding).

The project components significantly contribute to strengthening the coastal communities as well as to the achievement of the conservation goals (e.g., establishment of a new Marine National Park in the in Northern Koh Kong Area). It therewith supports to balance tourism infrastructure investment with conservation goals, incl. the provincial plans to establish a Marine Fisheries Management Area (MFMA) in Koh Sdach Area and Kampot as well as improvement of the management of the Marine National Park in Koh Rong.

#### 3.6.Civil Peace Service

The Civil Peace Service, supported by the BMZ, is active in Cambodia, working to support the inner Cambodian processes of dealing with the past and thereby contribute to an inclusive society. It is implemented through GIZ and the German NGOs -forumZFD and Bread for the World.

The German NGO forumZFD aims at strengthening partner organizations in Cambodia to undertake peace-related activities such as civil conflict transformation, dealing with the past and peace education. It is currently searching its re-registration. After the Ministry of Cults and Religion informed the German side on 22nd December 2020 that it is not the competent Ministry for the work of this NGO, forumZFD signed a partnership agreement with the 30

Provincial Department of Education, Youth and Sport of Battambang province and is currently exploring the possibility of cooperation with the Ministry of Education, Youth and Sport. The German side expressed its hope that the Ministry of Education, Youth and Sport will be ready to act as partner ministry and issue a supporting letter for forumZFD, which is required for its re-registration with the Ministry of Foreign Affairs and International Cooperation.

GIZ Civil Peace Service "Southeast Asian university partnership for peacebuilding and conflict transformation" SAUP is a regional program providing technical and personnel support to its partner universities in Timor-Leste, the Philippines and Cambodia to build their capacities in the conceptualization and contextualization of curricula through the integration of best practices in non-violent conflict transformation to ensure context appropriate approaches to promote sustainable peace. By anchoring and integrating the outcomes of peace into the relevant studies research and by connecting the universities with civil society organizations working on social cohesion and sustainable peace, the knowledge of past peace practices is preserved and made available for future generations. In Cambodia SAUP cooperates with the Faculty of Sociology and Community Development (FSCD) at the National University of Battambang (NUBB), a public university in the country's northwest, by supporting the development of an undergraduate program in Peace and Sustainable Development. The program will integrate good practices in peacebuilding, transitional justice and sustainable development from civil society organizations in Cambodia and will make them accessible to students. Recently SAUP signed a joint cooperation agreement with its newest partner organization, the ECCC (the Extraordinary Chambers in the Courts of Cambodia) and the NUBB, on the integration of the courts legacy into the curriculum of higher education in Cambodia.

Since 2007, the GIZ-CPS Cambodia program supported all stages of the Transitional Justice process in the context of the ECCC. With the completion of the residual functions, the GIZ-CPS Cambodia program will end its work in Cambodia and phase-out by the end of 2026. In addition to the program phase-out, the final program phase (2024-2026) will focus on the promotion of victim- and youth-centered measures in the context of the residual phase. Thus, building on the previous work of the CPS and addressing the legacy of the ECCC.

#### 3.7. Deutsche Welle (DW) Akademie

DW Akademie, Germany's leading media development organization, focuses on facilitating access to information for people in Cambodia - especially for the country's young population. Together with the Ministry of Education, Youth and Sport as well as several NGOs, DW

Akademie is working to further develop and institutionalize media and information literacy programs for young people. These projects aim to help them maneuver the world of digital communication safely and responsibly. DW Akademie is currently implementing its program for 2021-2023 in Cambodia by consolidating the framework and structures that have been created with its partners in previous program cycles.

### 4. Any Other Business

Food systems transformation and climate change are two major issues that Cambodia joining with Germany and other countries is addressing to provide food security, nutrition, and healthy diets for all people, to protect the environment, mitigate climate change and promote green growth.

As the Lead of Donor Network of Scaling Up Nutrition Movement and the Lead of Development Partners of the Technical Working Group for Food Security and Nutrition, Germany has played a key role in strengthening food systems, food safety, food security and nutrition governance in Cambodia in both national and subnational level. The Provincial Working Group for Food Security and Nutrition established by MUSEFO project in Kampot and Kampong Thom province are widely used as the model for scaling up to other provinces, nationwide. Cambodia appreciates the support provided by Germany. Cambodia is nowadays able to share its experiences and best practices on Food Systems and Nutrition Governance locally and internationally. Cambodia is proud of the international recognition for our work and commitment to food systems – among other things, Cambodia will be one of the founding members of the Alliance of Champions for Food Systems Transformation (AFC). In this regard, Cambodia is seeking to further strengthen the cooperation and jointly advocate for the benefit of common goods like food systems, nutrition, and climate.

Cambodia seeks further support on this mutual endeavor in reaching sustainably SDG 2, in the given complexity of increasing global challenges. Thus, the project idea presented on Climate Change Adaptative Food Systems (CAFS) by the Council for Agricultural and Rural Development (CARD) would be a step to further strengthen our collaboration on that matter. Cambodian side would like to have a dialogue on this issue and to elaborate jointly on future support.

### 5. Declarations and final clauses

#### 5.1. Provisons for project implementation

Both sides agree that all the contributions envisaged by the German side and recorded in the present document can only be made when

present doci ) 32

- the Government of the Federal Republic of Germany has taken a positive decision once project appraisals have been carried out by KfW, GIZ and/or any other organisation commissioned with implementing the project,
- > overall financing for the project has been secured,
- the grant and loan agreements to be concluded with KfW and the implementation agreements to be concluded with GIZ and, if applicable, any other implementing organisations have entered into force. Both sides agree that they will carry out all necessary processes without delay,

Both sides agree to waive the need for agreements under international law for Financial Cooperation projects.

Further details, in particular details regarding any necessary state guarantees, are regulated by the grant or loan agreements with KfW, which are subject to the laws and regulations applicable in the Federal Republic of Germany.

Both sides agree to waive the need for agreements under international law for Technical Cooperation projects.

The provisions of the Agreement on Technical Cooperation dated 23<sup>rd</sup> September 1996 shall apply directly for Technical Cooperation projects.

The Royal Government of Cambodia will ensure that the necessary counterpart contributions for the implementation of these projects are made.

#### 5.2. Terms for Financial Cooperation

New Financial Cooperation commitments will be made available in the form of grants amounting to up to 34,000,000.00 € for the project mentioned in para/paras 2.3 - 2.9.

#### 5.3. Preparation of Financial Cooperation projects and programmes

Both sides agree that in order to prepare and support the Financial Cooperation projects agreed upon during the present government negotiations, they shall conduct studies, produce expert opinions and deploy experts as the need arises. Such activities shall be coordinated between KfW and the relevant line authority. The funds for such efforts shall be made available by the Government of the Federal Republic of Germany in addition to the bilateral Financial Cooperation commitments mentioned. Both sides shall report on the implementation and outcome of such activities at the next government consultations and/or negotiations.

#### 5.4. Sunset clause

34

The German side draws particular attention to the fact that the commitments made under Financial Cooperation and Technical Cooperation will lapse if within five years of the year in which the commitment was made no implementation arrangement, i.e. in the case of Financial Cooperation a loan or financing agreement and in the case of Technical Cooperation an implementation agreement, has been concluded. Thus, commitments made during the 2023 negotiations are subject to a 31 December 2028 deadline.

#### 5.5. Anti-corruption statement; transparency

Both delegations agree that their cooperation projects shall be selected and designed according to development criteria. Both sides affirm the goals of the United Nations Convention against Corruption (UNCAC).

The Government of the Federal Republic of Germany and the Royal Government of Cambodia agree upon the following assessment of the negative effects of corruption:

- > It undermines good governance and confidence in the state and engenders inequality.
- It wastes scarce resources and has a far-reaching negative impact on development and on the achievement of the goals of the 2030 Agenda.
- It undermines the credibility of, and public support for, development cooperation and compromises the efforts of all those who work to support sustainable development.
- > It compromises open and transparent competition.

Both governments intend to cooperate closely in order to ensure transparency, accountability and probity in the use of public resources and eliminate any opportunities which may exist for corrupt practices in their development cooperation. Both sides confirm that they will take effective action to prevent and fight corruption within the framework of development cooperation projects and that they will require their partners to also commit to anti-corruption and integrity.

Transparency and accountability are vital to achieving development results and aid effectiveness as enshrined in international declarations (Paris 2005, Accra 2008, Busan 2011). Both delegations therefore agree that information on the agreed goals, programmes, projects, activities and results of development spending may be published by both sides.

### 6. Next government negotiations

The next negotiations on development cooperation between the Royal Government of Cambodia and the Government of the Federal Republic of Germany are scheduled to take place in Phnom Penh in 2025.

Done at Bonn on 18 October 2023

ou. un

[Signature Head of Delegation]

For the Royal Government of Cambodia

Signature Head of Delegation

For the Government of the Federal Republic of Germany

FC / TC	BMZ project number	New commitment € <sup>1</sup>	Replenishment Yes/no	Continuation Yes/no	FC instrument <sup>2</sup>
				BASERIA	
	2023.2149.5	3.000.000,00 €	No	Yes	
	2023.2152.9	4.000.000,00 €	No		
		7.000.000,00 €			
		7.000.000,00 €			
	FC / TC	2023.2149.5	€1         0,00 €         2023.2149.5         3.000.000,00 €         2023.2152.9         4.000.000,00 €         7.000.000,00 €	€1       Yes/no         Question       Question         Question <td></td>	

<sup>&</sup>lt;sup>1</sup> Haushaltsmittel / bei FZ ggf. zusätzlich: Marktmittel. Bei Zinssubventioniertem Darlehen (ZSD) und Integrierter Verbundfinanzierung (IVF) dürfen die Haushaltsmittel nicht genannt werden, es wird dann nur die Gesamtsumme eingetragen <sup>2</sup> Zuschuss, Standarddarlehen, Zinsverbilligtes Darlehen, Integrierte-Verbundfinanzierung, Mischfinanzierung, Treuhandbeteiligung, Begleitmaßnahme etc.

Climate, Energy, Just Transition/ Klima und Energie, Just Transition					
Teilumme FZ		0,00 €			
Cambodia Partnership for Sustainable Agriculture and Food Systems (CAPSAFE)/ Partnerschaft für nachhaltige Agrarsysteme in Kambodscha	2023.2186.7	7.300.000,00 €	No	No	
Teilsumme TZ		7.300.000,00 €			
Teilsumme FZ und TZ		7.300.000,00 €			
Health, Social Protection and Population Policy/ Gesundheit, Soziale Sicherung und Bevölkerungspolitik					
One Health for Cambodia (One Health 4 Cam)/ One Health für Kambodscha	2023.6809.0	34.000.000,00 €	No	No	Zuschuss
Teilsumme FZ		34.000.000,00 €			
Improving Social Protection and Health/ Verbesserung der Sozialen Sicherung und Gesundheit	2023.2151.1	9.700.000,00 €	No	Yes	
Teilsumme TZ		9.700.000,00 €			
Teilsumme FZ und TZ		43.700.000,00 €			

Cooperation outside the core and initiative areas/ Gestaltungsspielraum					
Teilsumme FZ		0,00 €			
Studies and Experts Fund/ Studien- und Fachkräfte Fonds	2015.3504.6	2.000.000,00 €	Yes	No	
Green Growth Initiative for Circular Economy/ Grüne Wachstumsinitiative Kreislaufwirtschaft	2023.2148.7	3.000.000,00 €	No	Yes	
Teilsumme TZ		5.000.000,00 €			
Teilsumme FZ und TZ		5.000.000,00 €			
Sum total		63.000.000,00 €			

#### Ms Gisela Hammerschmidt

Director for Asia Federal Ministry for Economic Cooperation and Development (BMZ)

#### Dr. Andreas Pfeil

Head of Division Southeast Asia Federal Ministry for Economic Cooperation and Development (BMZ) -Head of Delegation-

#### Ms Michaela Henning

Senior Policy Officer, Division Southeast Asia Federal Ministry for Economic Cooperation and Development (BMZ)

#### Ms Rebecca Johnson

Policy Officer, Division Southeast Asia Federal Ministry for Economic Cooperation and Development (BMZ)

#### Mr Jost Kadel

Deputy Head of Mission; Head of Development Cooperation German Embassy, Phnom Penh

#### Dr. Angelika Stauder

First Secretary; Deputy Head of Development Cooperation German Embassy, Phnom Penh -virtually-

#### Mr Thorben Glaser

Country Manager for East/Southeast Asia KfW, Frankfurt

#### **Ms Jenny Scharrer**

Director of KfW Office in Cambodia KfW, Phnom Penh

#### Ms Andrea Godon

Principal Portfolio Manager KfW, Frankfurt -virtually-

#### Mr Felix Zeiske

Country Manager Cambodia Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Eschborn -virtually-

**Dr. Günter Riethmacher** Country Director Cambodia Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Phnom Penh

#### Mr Stefan Hanselmann

Programme Manager ICONE Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Phnom Penh Annex 2 List of the German Delegation 2023

#### Ms Frederike Burkert

Programme Manager ISD Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Phnom Penh

#### **Ms Kristina Knispel**

Programme Manager ISPH Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Phnom Penh

#### Mr Uwe Miesner

Head, International Cooperation in Asia Physikalisch-Technische Bundesanstalt (PTB)

#### Ms Cora Roos

Project Coordinator, International Cooperation in Asia Physikalisch-Technische Bundesanstalt (PTB)

#### **Mr Maurice Starke**

Trainee at the Divison Southeast Asia Federal Ministry for Economic Cooperation and Development (BMZ)

### **Cambodian Delegation**

#### H.E. Chhieng Yanara

Senior Minister in charge of Special Mission, Second Vice-Chairman of the Council for the Development of Cambodia

#### H.E. Rith Vuthy

Secretary General of the Cambodian Development, Cooperation Board of the Council for the Development of Cambodia

H.E. Chem Widhya Secretary of State, Ministry of Foreign Affairs and International Cooperation

#### H.E. Lo Veasnakiry

Secretary of State, Ministry of Health

#### H.E. Ngin Lina

Secretary of State, Ministry of Environment

**H.E. Bun Chanthy** Secretary of State, Ministry of Commerce

**H.E. Kong Phallack** Secretary of State, Ministry of Post and Telecommunications

#### H.E. Soeng Reth

Under Secretary of State, Ministry of Economy and Finance

#### H.E. Chan Narith

Under Secretary of State, Ministry of Economy and Finance

#### H.E. Sok Silo

Secretary General, Council for Agricultural and Rural Development

#### H.E. Phath Sophanith

Secretary General of the General Secretariat, Ministry of Interior

#### H.E. Rath Sovannorak

Deputy Governor, National Bank of Cambodia

#### **Mr Hoy Pichravuth**

Director, Ministry of Foreign Affairs and International Cooperation

#### Mr Thay Somony

Director, Department of Aquaculture Development, Fisheries Administration, Ministry of Agriculture, Forestry and Fisheries

#### Mr Chey Sambath Phalla Director, Policy Analysis and Development Unit, NCDD

**Mr Heng Bomakara** First Deputy Director General of Banking Supervision, National Bank of Cambodia

#### Mr Cheng Sam Ang

Chief of Sub-Regional Bureau, Ministry of Commerce

#### **Mrs Chi Polydeth**

Assistant to Senior Minister in charge of Special Mission, Second Vice-Chairman of CDC, The Council for the Development of Cambodia

#### Ms Chau Pichmonyrordh

Assistant to Senior Minister in charge of Special Mission, Second Vice-Chairman of CDC, The Council for the Development of Cambodia

#### H.E. Thyra Chheang

Ambassador designate, Royal Embassy of Cambodia

Your Excellency, Minister Yanara,

(Chhieng Yanara, Senior Minister in Charge of Special Missions and 2nd Vice Chairman of the Council for the Development of Cambodia)

Excellencies, distinguished members of the Cambodian delegation,

Ambassador-Designate Chheang, (Herr Thyra Chheang, designierter Botschafter der kambodschanischen Botschaft in Berlin,)

Ladies and gentlemen,

## [A warm welcome to the government negotiations between our two countries!

- I am delighted to open the negotiations. Welcome to all those in Bonn and taking part virtually!
- Our close cooperation is based on mutual trust so I am sure that our negotiations in this hybrid format will be just as open and constructive as they have always been. This is very important to me.]

# Cambodia is an important partner country for Germany. Your country has accomplished an impressive transformation.

- Living conditions in Cambodia have changed tremendously over the last two decades.
  - Between 1998 and 2019, your economy grew by an average of 7.7 per cent every year.<sup>1</sup>
  - In 2000, about half of your people were living in poverty. 20 years later, by 2019, that rate had dropped to about 18 per cent.
  - So your country's strong economic development, together with the government's far-sighted social policies, has brought the poverty rate down by nearly two-thirds.

<sup>&</sup>lt;sup>1</sup> Quelle: Weltbank: Overview: Development news, research, data | World Bank

- Unfortunately, the COVID-19 pandemic has disrupted this positive trend. Its impact has been massive.
  - In 2020 alone, up to 570,000 jobs were lost.<sup>2</sup>
  - That same year, gross domestic product fell by about 3 per cent.<sup>3</sup>
  - o Since last year, your economy has been recovering.

This is thanks, not least, to your government's quick and determined response. I am thinking, in particular, of your social protection measures.

- Your integrated IDPoor poverty register is a great example of how to design adaptive social protection systems. During the crisis, you were able to quickly disburse social transfers to families that were in need as a result of the pandemic.
- This has reduced poverty and it has also contributed to Cambodia's macroeconomic recovery.

**Dr. Narith**<sup>4</sup>, you gave German Members of Parliament an impressive account of this experience.

- I remember very well how you joined us for the session of our parliamentary Committee on Economic Cooperation and Development on 14 June.
- I was not the only one who was impressed by your report. My fellow Members of Parliament, too, found it remarkable that Cambodia responded so quickly to cushion the social hardship caused by the pandemic.

<sup>&</sup>lt;sup>2</sup> Laut Schätzungen der ADB sind ca. 390.000-570.000 Jobs verloren gegangen: COVID-19 Active Response and Expenditure Support Program: Report and Recommendation of the President | Asian Development Bank (adb.org)

<sup>&</sup>lt;sup>3</sup> World Economic Outlook (April 2023) - Real GDP growth (imf.org)

<sup>&</sup>lt;sup>4</sup> Herr Dr. Chan Narith, Under-Secretary of State, Secretary-General des National Social Protection Council, Ministry of Economy and Finance

- Your experience provides a model for wise social policies. It is considered best practice at the international level, too – because it serves both to reduce poverty and to prevent crises.
- So I am glad that we will continue our good cooperation on social protection.
- The same goes for our successful cooperation on health financing and social health protection, which we have pursued for over 10 years now.

# The German Development Ministry attaches importance to close cooperation among like-minded partners.

- I want to thank you that your country is standing up for a rules-based international order and for solidarity with the people of Ukraine.
- Cambodia's support for the UN Resolution<sup>5</sup> in February was very important – a clear position on Russia's war of aggression against Ukraine, which is a violation of international law.

### Cambodia has adopted very ambitious goals for its efforts to address national challenges. Germany is supporting these goals.

- The 2030 Agenda with its 17 Sustainable Development Goals is guiding our two countries' actions.
- Cambodia's progress on poverty reduction (SDG 1)<sup>6</sup> and on health and social protection (SDG 3) is remarkable.
- Your government wants to achieve upper middle-income status (nach Weltbank-Einstufung<sup>7</sup>) for Cambodia by 2030.

<sup>&</sup>lt;sup>5</sup> UN-Resolution A/ES-11/6 vom 23.02.2023, die den sofortigen Rückzug Russlands aus der Ukraine und somit die Beendigung des Krieges forderte.

<sup>&</sup>lt;sup>6</sup> Halbierung der Armutsrate zwischen 2009 und 2019 (Quelle: Weltbank), Erhöhung des Mindestlohns von 100 \$ (2014) auf 200 \$ (2023) (Quelle: Trading Economics)

<sup>&</sup>lt;sup>7</sup> Quelle: Overview: Development news, research, data | World Bank

- In order to achieve this, further diversification of the economy will be important. The BMZ is willing to provide continued active support to these goals under our cooperation on sustainable economic development.
- However, responsible access to microcredit for the people is also important. A study<sup>8</sup> which was funded as part of our cooperation has shown that excessive debt is becoming a problem for many vulnerable households in Cambodia.
- Even if this is not part of the areas in which we work together, I would like to encourage you to address this challenge and protect people from becoming overindebted.
- Leave no one behind the spirit of the 2030 Agenda can only be realized if all people enjoy equal participation in social, political and economic life.
- That goes for everyone, regardless of their gender, gender identity, sexual orientation, race, disability, or any other characteristic.
- Real equality has not yet been achieved in any country in the world even though it is a human right. In particular, women and girls all too often face discrimination: they have unequal access to rights, resources and representation.
- The Development Ministry welcomes that the Cambodian government supports the goals of feminist development policy and that actions to foster gender equality have been integrated in all our joint projects.

<sup>&</sup>lt;sup>8</sup> BMZ-finanzierte Studie des Instituts f
ür Entwicklung und Frieden der Universit
ät Duisburg-Essen (INEF): Bliss, Frank, "Mikrofinanzierung in Kambodscha – Entwicklungen, Herausforderungen und Empfehlungen" (2022)

# Equal participation for all in social life also means that all people's voices are heard.

- Grassroots initiatives, nongovernmental organizations and associations play an important role in making all voices heard. They have a strong influence on interactions within society, and they are important partners for dialogue with the government – at the local, regional and national levels.
- Space for civil society and for the political opposition strengthens democracy and participation. So does a diverse media landscape that gives people access to information. I therefore regret that the largest opposition party was not allowed to register for the elections. I was also deeply disappointed by the verdict against Kem Sokha earlier this year on charges related to his political activities, as well as by criminal charges and convictions brought against other members of the opposition.
- So I want to encourage you to use this space to an even greater extent as an opportunity for further progress. I am thinking, in particular, of the revision of Cambodia's Law on Associations and NGOs, LANGO. This is a chance to provide more space for a diverse civil society.
- I also encourage the newly elected members of parliament and the next Cambodian government to fully reinstate conditions for multi-party democracy and respect for human rights, as guaranteed by Cambodia's constitution and in line with Cambodia's commitments under the Paris Peace Agreements.

•

I am looking forward to continuing our good cooperation on the basis of open exchange.

• I wish us all productive discussions in a spirit of mutual trust.

• And I look forward with interest to your responses, ideas and proposals on goals which we can jointly take forward in the coming years.

Thank you very much.

Check against delivery



Kingdom of Cambodia Nation - Religion - King

ଽ୰ଽ୰ଽ୰ୡ୰ଡ଼୰ୠ

#### CAMBODIAN-GERMAN GOVERNMENTAL NEGOTIATIONS

#### OPENING REMARKS BY H.E. CHHIENG YANARA Senior Minister in charge of Special Missions, Second Vice-chairman of CDC Bonn, Germany, 17 October 2023

- H.E. Dr. Bärbel Kofler, Parliamentary State Secretary, German Ministry for Economic Cooperation and Development, Head of German Delegation
- Dr. Andreas Pfeil, Head of the Division for East Asia and South East Asia, BMZ and Head of Negotiations
- H.E. Ambassador of the Kingdom of Cambodia to the Federal Republic of Germany (TBC)
- Excellency and Colleagues from the Royal Government of Cambodia
- Distinguished members of German Delegation
- Excellencies, Ladies and Gentlemen

1. Very good morning! Excellencies, Ladies and Gentlemen! It is indeed my great pleasure and privilege for me to speak at this Cambodian-German Governmental Negotiations, here at the BMZ premise. First, I would like to extend my greeting to *H.E. Dr. Bärbel Kofler,* Parliamentary State Secretary to the German Ministry of Economic Cooperation and Development, Head of German Delegation, and thank you so much for receiving me in the courtesy meeting and thanks for your opening remarks. I would also like to extend my warm greeting to *H.E. Dr. Andreas Pfeil*, Head of East and South East Asia Division of the BMZ, and Head of German negotiation. I am very happy to co-chair the Negotiations with you again after exactly 10 years ago, when we headed our delegations for the negotiations in Phnom Penh in 2013. My special greeting and sincere thanks to *H.E. Ambassador* of the Kingdom of Cambodia to Germany for your

participation with us today. Our two-days meeting is also joined with me by my esteemed delegation of Excellencies Secretary of State, Under Secretary of State, senior officials and colleagues representing the Royal Government's ministries and agencies as well as distinguished members of German delegation.

2. Excellencies, Ladies and Gentlemen! This year negotiations is specially important not only to the objective of Negotiation on bilateral development cooperation itself, but also to celebrate the long-lasting friendship and relations between the Kingdom of Cambodia and the Federal Republic of Germany, as this year marks commemoration of the 30th Anniversary of the re-establishment of the full diplomatic relations between our two countries (1993-2023). The commemoration is imprinted by the historic official visit of H.E. Frank-Walter Steinmeier, President of the Federal Republic of Germany and the First Lady to Cambodia in mid-February this year and the meeting between Samdech Techo, then Prime Minister of Cambodia, and H.E. Olaf Scholz in Brussels in mid-December last year. Now that, I lead the Cambodian delegation from my government for the negotiations here today, which emphasizes more importance of our diplomatic relations.

3. I wish to note that today's negotiation is the very first bilateral governmental meeting for Cambodia. Germany is the first government to hold such a bilateral governmental meeting on development cooperation with Cambodian government of the 7<sup>th</sup> legislature of the National Assembly, which was newly elected from a free, and fair, just peaceful and democratic election. This by far reflects strong and continued supported by international community and all partners including Germany to a new young yet dynamic government under the leadership **Samdech Moha Borvor Thipatei HUN MANET**, the Prime Minister of the Kingdom of Cambodia.

4. In addition to this significance, this 2023 Negotiation is remarkable because it is convened in the right timing for 3 reasons. First it is now the mid-point of Agenda 2030 in the face of many contextual challenges. We all are aware that the progressive development during the first half of SDGs has been obstructed and retarded by the COVID-19 and other challenges including rising geo-political competition, spillover effects from security tensions, economic uncertainty and climate change. Therefore,

second half point of SDGs will take urgent, scalable multi-stakeholder action, and increase running speed to accelerate progress dramatically in order to catch up with the deadline.

5. Second, this timing is also critical for Cambodia's prospect LDC graduation. Cambodia has been entitled in the LDC graduation list which will be reviewed again next year, whilst accommodating the inevitable impacts, getting ready to exit from LDC status in 2027 and ensuring a smooth transition by 2030. Cambodia is looking forward to the eventual LDC graduation through collaborative effort from government ministries and development partners including Germany who plays pivotal roles for a smooth transition, in light of current economic uncertainties and profound impact.

6. Third, this timing is also right for German overall framework for cooperation to Cambodia, which takes stock from global gateway, BMZ's 2030 agenda, and in line with Joint European Strategy (JES 2021-2027) which is now in its MTR prime time.

7. In this sense, our negotiation this year is an inter-governmental dialogue mechanism that is (like I mentioned) convened in a good timing. I believe this negotiation can potentially put a spotlight on how we can enhance efficiency and effectiveness of development cooperation between our two governments in all areas to support government's priorities set out in Pentagonal Strategy phase 1, CSDGs, government vision 2030, and 2050, as well as support readiness for Cambodia's LDC graduation, given to all these challenging contexts and timing.

#### Excellency, Ladies and Gentlemen!

8. Our governmental negotiations today has been well-prepared through extensive exchanges of views and ideas in governmental consultations held in Phnom Penh in October 2022, when we reviewed progress in the implementation of on-going cooperation projects in order to optimize benefits of German assistance. With this comprehensive agenda for today and tomorrow, our negotiations will provide us with an opportunity to bring together those programmes/projects to discussion at a higher level and provides future direction and new financial commitments for the coming years.

9. Our governmental negotiations will start with political dialogue and development cooperation programs on 1- Sustainable economic development, Training and Decent

jobs, 2- Social protection and Health, 3- Climate, Energy, Just Transition and 3- some cooperation outside the core areas as well as some cross cutting issues, to be discussed on the first day (today). It will conclude with finalizing summary record of negotiations (tomorrow).

10. Before concluding my opening remarks, I would like once again to take this opportunity, on behalf of my government, to express our sincere appreciation to the Government and the people of the Federal Republic of Germany for the continued support to Cambodia's socio-economic development and especially continued supports in strengthening cooperation and partnership with my newly-formed government. I wish to acknowledge with thanks the hard work and close collaboration contributed by both sides in advance of today's negotiations. I am confident that our Negotiations today and tomorrow will yield fruitful result that enriches future cooperation and development partnerships between Germany and Cambodia. With these words, I would like to hand the floor back to *Dr. Andreas Pfeil*, my co-chair to lead the next session on Political Dialogue.

Thank you!

### ASEAN Projekte in Kambodscha / ASEAN projects in Cambodia

Projekt-/ Programmtitel Project / Programme title	Laufzeit / Budget Project term / Budget	Partner in Kambodscha Counterpart in Cambodia	Hauptthemen/ -aktivitäten in Kambodscha Main topics / activities in Cambodia	Kommentare Comments
Nachhaltige Gestaltung von städtischer Mobilität in mittelgroßen Metropolregionen Sustainable Design of Urban Mobility in Medium-Sized Metropolitan Regions (SMMR)	2021 – 2024 3,5 Mio. EUR Budget implemented in Cambodia: 2,5 Mio. EUR	Ministry of Public Works and Transport	<ul> <li>Integration of urban planning and mobility planning</li> <li>Coordination of planning and management of urban mobility in neighbouring cities / metropolitan regions</li> <li>Preparation of pilot measures</li> </ul>	
Verbesserung der Umwelt- bedingungen in Mittelstädten der ASEAN-Region ASEAN Municipal Solid Waste Management Enhancement (AMUSE)	2022 – 2025 6,0 Mio. EUR Budget implemented in Cambodia: 1,14 Mio. EUR	Ministry of Environment	<ul> <li>Promote participation of the private sector, especially the tourism sector, in joint approaches to solutions for Solid Waste Management at national and local level;</li> <li>Develop and implement approaches to a circular economy (e.g. separate collection, recycling) in Siem Reap with the participation of the private sector</li> </ul>	
Abfallvermeidung und Kreislaufwirtschaft zum Schutz von Meer und Korallen Reduce, Reuse, Recycle to Protect the Marine Environment and Coral Reefs (3RproMar)	2020 – 2025 16,0 Mio. EUR Budget implemented in Cambodia: 3,2 Mio. EUR	Ministry of Environment	<ul> <li>Improvement of implementation capacities for reducing land-based waste leakage to protect river system and seas</li> <li>Development of national measures for waste leakage reduction with geographical focus along the Mekong river system</li> <li>Improvement of Solid Waste Management in Kratie Municipality</li> <li>Involving the private sector to develop approaches for waste leakage reduction along the value chain</li> <li>Awareness raising campaigns and youth engagement</li> </ul>	
Stärkung regionaler Erfahrungen zu nachhaltigem Management von	2018 – 2024 18,6 Mio. EUR	Ministry of Environment	<ul> <li>Specific support for the implementation of ASEAN Peat Management Strategy</li> </ul>	Cofinanced by EU (14,6 Mio. EUR) a

### ASEAN Projekte in Kambodscha / ASEAN projects in Cambodia

Projekt-/ Programmtitel Project / Programme title	Laufzeit / Budget Project term / Budget	Partner in Kambodscha Counterpart in Cambodia	Hauptthemen/ -aktivitäten in Kambodscha Main topics / activities in Cambodia	Kommentare Comments
Torfmooren Sustainable Use of Peatland and Haze Mitigation in ASEAN (SUPA-REPEAT)	Budget implemented in Cambodia: 0,93 Mio. EUR (Financing Agreement)		and the National Action Plan for Peatlands	Germany (4,0 Mio. EUR; Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection, BMUV) EU Fund will expiry end of 2023 and the project continues with BMUV fund until January 2025
Förderung der Wettbewerbsfähigkeit im Rahmen der Initiative zur ASEAN Integration Promotion of Competitiveness in the framework of the Initiative for ASEAN Integration (IAI) (COMPETE II)	2022 – 2025 3,0 Mio. EUR Budget implemented in Cambodia: 0,56 Mio. EUR	Ministry of Commerce, Consumer Protection, Competition and Fraud Repression DG (CCF DG) & International Trade GD (GDIT)	<ul> <li>Promoting the enactment and enforcement of the competition law</li> <li>Supporting strategic planning, organizational development and inter- agency coordination</li> <li>Trade in Service promotion</li> <li>Multi-stakeholder dialogues</li> </ul>	
Verbraucherschutz in ASEAN Consumer Protection in ASEAN (PROTECT II)	2023 – 2025 3,0 Mio. EUR Budget implemented in Cambodia: 0,57 Mio. EUR	Ministry of Commerce, Consumer Protection, Competition and Fraud Repression DG (CCF DG)	<ul> <li>Promoting the enactment and enforcement of the consumer protection law</li> <li>Supporting strategic planning and inter- agency coordination</li> <li>Awareness-raising and advocacy campaigns on pilot topics (e.g. food safety, e-commerce)</li> </ul>	

### ASEAN Projekte in Kambodscha / ASEAN projects in Cambodia

Projekt-/ Programmtitel Project / Programme title	Laufzeit / Budget Project term / Budget	Partner in Kambodscha Counterpart in Cambodia	Hauptthemen/ -aktivitäten in Kambodscha Main topics / activities in Cambodia	Kommentare Comments
Stärkung regionaler KMU- Förderstrukturen in ASEAN	2022 – 2025 3,0 Mio. EUR	Ministry of Industry	<ul> <li>Strengthening capacities of national SME information platform (KhmerSME)</li> <li>Promoting national SME services for</li> </ul>	
Strengthening Regional Structures for Small and Medium Enterprise Promotion in ASEAN	Budget implemented in Cambodia: 0,54 Mio. EUR	Ministry of Industry, Science, Technology and Innovation (MISTI)	<ul> <li>internationalization</li> <li>Promoting the use of the Regional SME information platform (ASEAN Access)</li> <li>Multi-stakeholder dialogues</li> </ul>	
(ASEAN SME II)				

Projekt-/ Programmtitel Project / Programme title	Laufzeit / Budget Project term / Budget	Partner in Kambodscha Counterpart in Cambodia	Hauptthemen/ -aktivitäten in Kambodscha Main topics / activities in Cambodia	Kommentare Comments
SCP Outreach in Asia – The Next Five (SCP Outreach)	2020 – 2024 5,0 Mio. EUR Budget implemented in Cambodia: 0,43 Mio. EUR	Ministry of Environment	<ul> <li>Introduction of Sustainable (Green)</li> <li>Public Procurement</li> <li>Development of Green Labelling</li> <li>Support of Inter-Ministerial Coordination</li> </ul>	Financed by Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection, BMUV)
Promoting Sustainability in the Textile and Garment Industry in Asia (FABRIC)	2019-2025 Budget implemented in Cambodia: 7,48 Mio. EUR	Ministry of Economy and Finance	<ul> <li>Support to the Asian textile industry in its transformation towards fair production for people and the environment</li> <li>Labour conditions and rights of garment workers</li> </ul>	
Project Development Programme (PDP)	2022-2025 0,14 Mio.	No political partner in Cambodia	<ul> <li>Promotion of renewable energy solutions for the textile industry and other sectors in Cambodia</li> </ul>	Financed by Federal Ministry for Economic Affairs and Climate Action (BMWK)
Strengthening the Climate Resilience of Agricultural Systems in Cambodia and Viet Nam (CRAS)	2021-2024 6 Mio. EUR Budget implemented in Cambodia: 3,90 Mio. EUR	Ministry of Agriculture, Forestry and Fisheries (MAFF)	<ul> <li>Livelihood improvement of cashew and cassava farmers in Cambodia, as well as coffee farmers in Vietnam by helping them to upgrade their farming techniques and improve their supply organization to cope with climate change and access wider markets</li> </ul>	
Improving Land Management in the Mekong Region	2023-2025 3,5 Mio. EUR Budget implemented in	No political partner in Cambodia	<ul> <li>Strenghtening of national alliances in Cambodia</li> </ul>	

	Cambodia: 0,75 Mio. EUR		
Transboundary Water Cooperation in the Lower Mekong Basin II	2022-2024 5,1 Mio. EUR total budget	MRC	<ul> <li>Supporting the Mekong River</li> <li>Commission in dealing effectively with development challenges in the Lower</li> <li>Mekong Basin in the face of climate change</li> </ul>

Projekt-/ Programmtitel Project / Programme title	Laufzeit / Budget Project term / Budget (EUR)	Partner in Kambodscha Counterpart in Cambodia	Hauptthemen/ -aktivitäten in Kambodscha Main topics / activities in Cambodia	Kommentare Comments
Multisectoral Food and Nutrition Security	2022-2026 27,8 Mio.	Council for Agricultural and Rural Development (CARD)	<ul> <li>Multisectoral food based approach to improve nutritional situation of women and children</li> </ul>	
Cambodia Nutrition Program I+II	2018-2026 10 + 10 Mio.	Ministry of Health and NCDD	<ul> <li>Improve quality, security, and diversity of nutrition of women in reproductive age and children under two.</li> </ul>	
Sustainable Aquaculture and Community Fish Refuge Management (SAFR)	2019-2024 6 Mio.	Ministry of Agriculture, Forestry and Fisheries (MAFF)	<ul> <li>Stabilizing fish yields from rice-field fishing/Community Fish Refuges and integrating sustainable pond culture into agricultural production</li> </ul>	
Fund for the Promotion of Innovation in Agriculture (i4Ag)	2023-2024 0,27 Mio.	No political partner in Cambodia	<ul> <li>Innovative approach for sustainable rice- potato cultivation system</li> </ul>	
Pandemic Preparedness and Response (One Health)	2021-2024 2,0 Mio.	Ministry of Agriculture, Forestry and Fisheries (MAFF)	<ul> <li>Improvement of the rabies prevention and control</li> <li>Capacity Development of the National Animal Health and Production Research Institute</li> </ul>	
Initiative Global Solidarity (IGS)	2021-2025 2,0 Mio.	No political partner in Cambodia	<ul> <li>Promotes the implementation international due diligence requirements in global supply chains</li> </ul>	
Business Scouts for Development (BSfD)	2021-2024 1,4 Mio.	No political partner in Cambodia	<ul> <li>Facilitation of the German-Cambodian business relations through advisory services</li> </ul>	
Digital Transformation Center (DTC)	2023-2025 1,4 Mio.	Ministry of Post and Telecommunications (MPTC)	<ul> <li>Support the digital transformation in Cambodia with a focus on Digital Government, Digital Economy and Women in Tech</li> </ul>	
Justice and Reconciliation in the Aftermath of the Khmer Rouge Tribunal (CPS)	2021-2023 2,9 Mio.	No political partner in Cambodia	<ul> <li>Supported to the Transitional Justice process in the context of the ECCC</li> </ul>	

Southeast Asian University			- Support to universities in Cambodia, the	
Partnership for	2019-2023	No political partner in	Philippines and Timor-Leste in designing	
Peacebuilding and Conflict	3,2 Mo.	Cambodia	and implementing curricula on peace	
Transformation			and development	