

AUSTRALIA-CAMBODIA DEVELOPMENT COOPERATION PROGRAM

COUNTRY STRATEGY PAPER

From Emergency Rehabilitation To Long-Term Development

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CAMBODIA COUNTRY STRATEGY

1. Background

Cambodia is a country in transition: from a command economy to a market economy; from a single party state to democratic pluralism; and, from a state of perpetual conflict to development and stability.

The 1991 Paris Peace Accords and the UNTAC peacekeeping operations brought relative stability to Cambodia after decades of war. However, twenty years of conflict, and the genocide of the Pot Pot era in the mid-1970's has left Cambodia to start again from an unusually low base. In 1968 Cambodia had the same per capita income as Thailand; today Cambodia's per capita income is barely more than one-tenth of Thailand's.

While economic progress has been substantial in the short time since bilateral relations recommenced, Cambodia will need many decades of strong growth and good government in order to catch up with even its moderately successful neighbours. Cambodia's application for membership of ASEAN reflects awareness of the need to come out from isolation, to reintegrate into its own region. Considerable support from the international community and the region will be required to build up the essential institutions, human capacity, and infrastructure necessary for successful development.

Australia enjoys a good bilateral relationship with Cambodia. Australia took a leading role in the peace process and has a significant aid program. Australia and other donors have recognised the need to consolidate the significant gains in development and stability achieved in the Mekong region, by assisting Cambodia to finally overcome many years of turmoil. In real terms, Australia has provided \$A160 million in aid to Cambodia since bilateral relations recommenced in 1992, and prior to that some \$A94 million through NGOs and international organisations since 1979.

In April 1994, the Australian Government announced a pledge of \$A92 million for the bilateral development assistance over the period 1994/95 to 1997/98. The annual program to Cambodia averages around \$A23-24 million of bilaterally agreed activities with an additional amount of around \$A8 million from other AusAID programs including emergency relief and food aid. This places Australia at number four among bilateral donors and has allowed the development of a strong program of activities in the sectors of agriculture, health, education, infrastructure and good governance.

This paper is the product of a mid-term review in 1995/96 of the Australian aid pledge to Cambodia. The review confirmed the relevance of the current approach, with some suggestions for improvement, and sets the scene for future activities under the Australian aid program into the next century. The approach aims to support and complement Cambodian Government and other partner's efforts to reduce poverty and promote equitable and sustainable development.

2. Historical Context

It is impossible to overestimate the damage done to social and economic development in Cambodia during the last twenty years of conflict, particularly during the Pol Pot era from 1975-1979. The Pol Pot regime sought the rapid collectivisation of Cambodian society and property. This plan led to the dissolution of social institutions (religion, family, community etc). Basic social and economic infrastructure (schools, hospitals, irrigation systems, roads bridges, etc) was destroyed. Commerce and banking were disallowed and money was abolished. Over a period of four years, the social fabric of Cambodia was shattered through the mass displacement of the population. While the need for skills and literacy was recognised in rhetoric, many educated people were killed as class enemies, or escaped to other countries. It is conservatively estimated that over one million people (one in seven) died during this period. The impact was felt most in the middle and educated classes, leaving a generation gap in skilled and professional labour, as well as in the entrepreneurial skills class.

During the 1980s Cambodia was isolated from the international community and denied any significant level of assistance. While a functioning government was established during this time, it was epitomised by central government ownership of, and intervention in the economy. There was a further evacuation of educated Cambodians who had survived the Pol Pot regime, and conflict continued with resistance groups, including the Khmer Rouge. The loss of Soviet aid in 1989 resulted in a slowing of progress in development. The following three years saw a rapid decline in the economy. The 1991 Peace Accords heralded another era. Some 360,000 Cambodian refugees were repatriated and in 1993 Cambodia had its first democratically elected government.

CAMBODIA: COUNTRY OVERVIEW

Area	181,035 square kilometers
Population	10.25 million (1995 est.)
Capital	Phnom Penh
Government	Constitutional monarchy
Head of state	King Norodom Sihanouk
Head of government	Ung Huot (first prime minister) Hun Sen (second prime minister)
Currency	Riel A\$ = 2203 riel

3. Development Trends, Constraints and Priorities

This history has had severe consequences for development in Cambodia. The institutional structures and administrative capacity necessary to support sustainable growth and good government must be re-established. The loss of a generation of skilled workers is creating a major impediment to this process and to development activities generally. Rural areas, where the majority of the population lives, remain in

severe poverty, virtually untouched by modern farming techniques and productivity rates are very low.

Despite these constraints, the Cambodian Government has made significant advances in macroeconomic management since the recommencement of official aid to Cambodia in 1992. There have been major structural reforms in the financial and administrative sectors.

- From 1991 to 1996, Cambodia achieved an average annual growth rate of over 6%.
- Inflation was 3.5% in 1995 and 9.0% in 1996, down from triple figures in 1991 and 1992.
- Programs to reform the civil service, reduce the military and to privatise public enterprises have also started, although they are moving slowly.
- Interest on the part of investors, particularly from among Cambodia's ASEAN neighbours has been encouraging.
- Cambodia has participated in ASEAN and other fora in an effort to re-establish a legitimate international presence.

Table 1 - Cambodia's Economic Performance

	1991	1992	1993	1994	1995	1996
Real GDP Growth	7.6	7.0	4.1	4.0	7.6	6.5
CPI Inflation	150.4	112.5	41.0	17.9	3.5	9.0
Industrial Growth (%)	8.8	15.7	13.1	7.5	9.9	13.3
Agricultural Growth (%)	6.7	1.9	-1.0	0.0	6.4	1.8
Services Growth (%)	8.5	11.2	7.0	7.5	7.8	8.8
Imports (US\$m)	245.0	350.7	422.0	737.1	1213.0	1111.0
Trade Balance (US\$m)	-32.5	-86.2	-203.0	-275.4	-405.0	-451.0
Official Exchange Rate (Riel/US\$)	703	1,253	2,470	2,543	2,462	2,624

Source: World Bank, Cambodia Progress in Recovery and Reform, June 1997

World Bank, Cambodia From Recovery to Sustainable Development, May 1996

However, the foundations for development are fragile. While the macroeconomic stability achieved is admirable, it is highly dependent upon donor support. Virtually all development activity is funded by donors as well as a high proportion of current expenditure. Domestic resource mobilisation is minimal. Growth will need to be maintained at its current strong level of around 6-7% per year and combined with a stable macroeconomic environment for around 20 years to achieve a per capita GDP of \$US 1,000, comparable to countries like Indonesia today. The development challenges facing Cambodia are daunting and there are no short cuts to success. It is likely that Cambodia will remain dependent on foreign assistance for many years.

- In all sectors there is a serious deficit of human capital reflected in shortages of technical and professional skills and weak administrative capacity.
- There is a need for balance between rural and urban development. Growth to date, while impressive, has focused on Phnom Penh. Unless there are substantial increases in agricultural productivity and development of the necessary market infrastructure, there is a danger of a dual economy developing. Endemic poverty and lack of development in the rural areas is the greatest threat to peace and stability in Cambodia today.
- Deficiencies in physical infrastructure, neglected or destroyed over twenty years, pose a major constraint to development in both the public and private sectors from village level up. The impact is particularly severe in rural areas, in relation to market access.
- The Government's ability to take responsibility for its development programs is limited due to a very low revenue base, and the establishment of basic government procedures for planning and controlling government expenditure is at an early stage.

While these problems are not uncommon among least developed countries, due to its history, such problems are more serious and widespread in Cambodia than in many countries. There are also several special areas of concern in Cambodia.

Unusual demographic factors pose special development challenges. Women represent 53 per cent of the adult population. Current population characteristics display an unusually high proportion of female household heads (23%). This figure is most likely underestimated given the significant number of disabled men. The level of disability in the community is staggering at 1/436 (as compared to 1/22,000 in Australia), particularly due to land mine injuries. There are also significant age distortions (almost half the population is under 15 years of age). Furthermore, as a result of the displacement of the population during the Pol Pot period, many communities lack the familial and historical ties that underpin cooperative social institutions and behaviour, taken for granted in most development programs. Any donor interventions therefore need to take Cambodia's gender and social issues very much into account at all stages of program development.

The loss of a generation of educated people, coupled with almost total isolation for twenty years from modern education, technology and management methods, leaves a limited human resource base to take up the challenges and to interact with donor programs. A massive investment in human resource development, through education and health programs, is essential to establish the institutional basis for growth and development. Development programs must consider absorptive capacity, the resource burden of new initiatives and recognise that there may need to be some dependence on foreign expertise as local resources develop.

Agriculture dominates Cambodia's economy. Some 85% of the population live in rural areas and earn their living from agriculture, but the green revolution has barely touched Cambodia. In glaring contrast to its neighbours, productivity, yields and total production have stagnated over the past three decades. Agriculture remains subsistence-based with little exposure to new varieties or modern farming technologies. Progress is constrained by the combined impact of inefficient distribution and monopoly pricing of inputs (information, fertilisers, seeds, water) and costly and inefficient distribution and marketing of produce. Improvement in agricultural productivity is essential to fuel sustainable growth across the economy.

Health status in Cambodia is very poor with an infant mortality rate of 110/1000 live births and a maternal mortality rate of 900 /100,000 (and double this in some areas). Expenditure on health by the Government was 1.0% of GDP in 1995, much lower than other least developed countries. The private sector still dominates the health sector. While private sector activity is to be encouraged, private sector dominance of the health sector has denied basic services to the poorest groups. HIV/AIDS is also looming as a potential crisis in Cambodia. The Government health service will have to improve considerably to be able to deal with it.

Limited capacity to take responsibility for its development is a constraint to Cambodian ownership of the development process. Cambodia must extend its revenue base to allow the Government to manage government processes and development in an more effective manner. Compared to other low-income countries, tax revenue remains low at 6.5% of GDP in 1996. Revenue is also dependent on import and export tariffs which are variable and ASEAN tariff requirements will put pressure on this source of revenue. The income tax system is not yet functional and a significant amount of potential revenue is lost to the central government. At the 1996 and 1997 Consultative Group Meetings in Tokyo and Paris respectively, the Government undertook to take concrete steps to address this issue. But large amounts of revenue continue to be diverted from the budget from illegal activity and political interference.

Limited revenue, coupled with good Government fiscal discipline to avoid inflation, has compressed government salaries and funds available for counterpart funding and operations and maintenance. This poses particular problems for development activities in terms of the Government's ability to operate and maintain the facilities provided by donor programs. The need for donors to meet a significant level of operating and recurrent costs, and to provide very significant levels of salary supplementation to counterpart staff has serious consequences for the long-term sustainability of development programs. The practice of salary supplementation also has potential to create serious long term distortions in the Cambodian economy.

Security remains a constraint to development. The Khmer Rouge, are no longer a major military threat, banditry continues to disrupt civilian life and to pose a threat to economic development, particularly in rural areas. Conversely strong economic development would be the major threat to lawlessness. Large arable areas of the country are littered with land mines and unexploded ordnance which kill or maim up to 300 people every month. The level of crime is now also becoming a major concern, particularly in Phnom Penh. The large numbers of weapons in circulation in the community and the habit of resorting to violence, are remnants from years of conflict.

This will take time and commitment to bring under control.

Table 2 - Economic and Social Indicators - Comparison

		Cambodia	Lao PDR	Vietnam	Average	Thailand	Korea
		mid-1990s	mid-1990s	mid-1990s	Sub Sahara	1970	1965
					mid-1990s		
GDP per Capita	US\$	260	320	250	500	620	500
Agriculture/GDP Ratio	%	45	51	33	20	26	38
Tax/GDP Ratio	%	6.2	10.4	22	17.2	13.2	15
Aid/GDP Raio	%	14.2	14.9	2.9	11.5	3.0	9.3
Aid per Capita	US\$	40.6	43.2	8.0	35.7	5.5	21.8
Public Exp. on Health & Education/GDP	%	1.8	2.7	7.9	na	4.6	7.0
Illiteracy Rate	% pop age 15+	35	43	6	50	21	15
Life Expectancy	Years	52	52	68	52	60	57
Infant Mortality	Per 1000	110	92	42	92	65	63

Source: World Bank, Cambodia From Recovery to Sustainable Development, May 1996

Cambodian Government Priorities

In response to these constraints, the Cambodian Government has stated in the First Socioeconomic Development Plan (1996-2000) its development objective as the achievement of a just and peaceful society through accelerated economic growth and raising the living standards of all Cambodians. The Government recognises this will require:

- Pursuit of policies which promote macroeconomic stability and sustainable economic growth with social justice;
- Establishment of the rule of law and an impartial judicial process;
- Creation of an effective and accountable public service.

These objectives would be achieved through the Government's commitment to:

- Double the 1994 level of GDP by 2004 in real terms, and place heightened emphasis on harnessing Cambodia's agricultural, industrial and tourism potential;
- Extend health, education and social services to the entire population in order to ensure, within a decade, a peaceful way of life and a substantial improvement in the standard of living;

- Improve rural living standards by promoting rural development as a central feature of the Government's development priorities;
- Ensure that the pattern of development is sustainable socially, politically, fiscally and environmentally; and
- Strengthen domestic self-reliance and thus reduce the current dependence on external financial and technical assistance.

The Government's commitment to these aims will be critical if sustainable development is to take place. Ongoing support from donors for many years to come will also be required to overcome the many obstacles to successful and sustained development.

4. Australia's Interests

The countries of the Indochina region are growing rapidly and will in the future be of significant importance to Australia, both strategically and commercially. Cambodia, in contrast to its regional neighbours, is at a very early and fragile stage of development. It is, therefore, in Australia's interests to promote peace and development in Cambodia to ensure the continuation of strong progress in the region.

Australia, due to its prominent role in the Cambodia peace process and a responsive aid program, has very good relations with the Cambodian Government. Again, it is in Australia's interests to build on this good relationship through an effective aid program targeting the greatest constraints to the development of Cambodia, human resources and endemic poverty.

Australia's interests in Cambodia are:

- Promoting equitable growth, social and political stability, and democracy in Cambodia.
- Contributing to regional stability and security through assisting Cambodia to participate in the rapid growth in the region and to become a productive member of ASEAN:

5. Characteristics of, and Constraints to Australia's Program to Cambodia

Australia needs to design its development program in response to the strategic objectives mentioned above. However, in the planning and implementation of Australia's program a number of factors have been or need to be considered:

i) Relative Size of the Program and Australia's Capacity to Assist

From Australia's perspective, the program to Cambodia is relatively generous. At A\$30-32 million each year, Australia provides around \$A3 per head of population.

This is significantly higher than most other Australian programs in South East Asia. However, from Cambodia's perspective, the Australian program is quite small. Whilst Australia is the fourth largest bilateral donor, in absolute terms we are modest compared to the major bilaterals (Japan, US, France) and multilaterals (World Bank, ADB, UN), and small compared to the overall needs of Cambodia.

- In 1995, Australia provided only 4.5% of all ODA provided to Cambodia.
- However, it should be noted that Australia always fully disburses its annual program, whereas the average for donor disbursements rate has been as low as 40%.

Within the Australian Government's policy of fiscal restraint and efficient management, the program must take realistic account of the resources available to effectively manage and oversight the program.

Security of Australian aid workers is of great concern to the Australian Government and is kept under close scrutiny. Many consultants have reservations about working in Cambodia, particularly in rural areas. Until security improves this will be an issue for program planning.

These considerations dictate that the Australian program should:

- Be strategic and focussed and not spread across too many disparate and ad hoc activities, in too many locations. The program should target long term constraints to growth which can often be achieved in concert with addressing immediate humanitarian concerns eg. rural development, human resource development. This strategy has the potential to achieve maximum impact on areas of most need in Cambodia with relatively small interventions.
- Seek opportunities for collaboration with other donors in larger activities in sectors of mutual interest. This will allow the Australian program to have a more significant impact with a limited investment.
- Seek to ensure that Australian funded activities are mutually reinforcing. For example in the agriculture sector, Australia has been funding a very successful agricultural research program with IRRI for a number of years. Coordination will be enhanced between this project, the Agricultural Extension Project which commenced in 1996 and advisory assistance being provided to the Ministry. In this way Australia can enhance the impact of its assistance to the agriculture sector Cambodia.
- Continue to support the work of Australian Non-Government Organisations which have successfully worked at grassroots level in rural areas of Cambodia for many years.

ii) Cambodia's Stage of Development and Development Constraints

The enormous deficiencies in the human resource base and the limited capacity for the Government to support its development efforts require among other things:

- A long-term view. Australian interventions in all sectors must be considered as part of a long-term involvement which will change over time.
- Recognition (and acceptance) that given the stage of development in Cambodia and the weakness of the Government, there are inherent risks in all activities and there will be failures along with the successes.
- All activities to include a capacity building component.
- Rethinking of traditional project approaches which assume dedicated counterpart inputs and government support. Given the number of donor interventions and the limited local capacity and resources, undue pressure for dedicated counterpart inputs can create additional burdens rather than assistance. This is true of human, physical and financial resources.
- More innovative solutions to be considered by Australia and all donors to overcome threats to sustainability created by lack of government budget and the demands for salary supplementation.
- Reconsidering approaches to training and the right balance between long-term overseas scholarships, and in-country (long and short-term) and third-country training, and the level of training.
- Special attention to the situation of women, gender and the society in a post trauma situation.
- Continued grassroots activities, particularly through NGOs to help rebuild community and encourage the re-establishment of community structures.
- The Australian Government will need to keep track of the rapidly changing legislative and administrative environment in Cambodia over the next few years and retain enough flexibility to ensure that Australian assistance remains relevant.

iii) Cambodia's Own Agenda and Priorities

The development environment will change rapidly and no doubt sporadically over the next few years. The results of the 1998 elections as well as programs such as the civil service reform program and the military demobilisation program will create significant changes in needs and priorities across the country. Australian aid policy toward Cambodia will need to remain flexible to meet these demands. Consideration of the appropriate strategy for Australian aid to Cambodia will continue to be discussed at annual High Level Consultations.

iv) High Level of Existing Commitments in the Bilateral Program

There is already a high level of bilateral commitments in the forward program, including both firm approved commitments and strong expectations. A summary of the bilateral country program appears at Attachment 2.

v) Australian Government Policy

As the Australian Government develops its aid agenda over the coming three years, policy initiatives will need to be taken into account. This must be tempered by the need to avoid many disparate and ad hoc activities for reasons outlined in part 5 i) above. In addition the large number of other donors, the need for coordination and avoidance of duplication in some cases will mean not all donors can or should take up all issues and sectors under their individual programs.

Coherence with other aspects of Australian Government policy in Cambodia is important. The Australian Government's new policy of supporting the international ban on land mines is taken into account through the Indochina Demining Initiative which provides \$A9.8 million to the Cambodia Centre for Mines Awareness and \$1.2 million to NGOs for mines clearance, awareness training and assistance to victims. Australia's interest in promoting democracy, good governance and the protection of human rights in our region are an integral part of the aid program. The increasing focus of the Australian aid program on rural areas fit well with Australia's trade initiative in Cambodia which will focus on the export of telecommunications goods and services for rural areas.

vi) Trends in the Program of Other Donors

Donors have responded generously to the many needs of Cambodia. Between 1992 and 1997 donors will have invested around US\$2 billion in emergency programs, budget support and development programs in Cambodia. But donors are becoming increasingly concerned about long delays in implementing the Government's structural reform agenda, particularly in implementing measures to strengthen budgetary transparency and in securing passage of key legislation. The international donor community's perception of the value of ongoing development assistance to Cambodia is likely to weaken unless the reforms and commitments discussed at the CG meeting in Paris are met.

The three major bilateral donors are Japan, the US and France. The World Bank, the ADB, and the UN are the major multilateral donors.

The World Bank and IMF have been working closely with the Government in the areas of fiscal reform and structural adjustment. The World Bank has pledged US\$225 million in IDA funds from 1996-98 to work in the area of good management and structural reform, and will also support poverty alleviation programs through loan projects in health, agriculture and water supply, and the Special Fund for community development.

The Asian Development Bank (ADB) has provided US\$210 million through 7 loans and US\$34 million in technical assistance in the transport, energy, education and health sectors. Between 1996-98, the ADB will provide US\$85 million annually in loans. These will be divided: 40% social infrastructure, 30% agriculture and 30% physical infrastructure. Technical assistance of US\$9 million per year will be provided in capacity building and policy support.

The United Nations has played a major role in Cambodia since the end of the 1970's, and particularly during the UNTAC period. The UN agencies have provided US\$87 million to Cambodia and committed a further US\$53.9 million for 1996. UN agencies such as WFP and ILO have been involved in the distribution of emergency food aid, community reconstruction, food for work programs and demining. UNDP is also playing a significant role in civil service reform and policy support.

Japan's contribution up to 1996 has been in excess of Yen 50 billion. It has pledged a further Yen 8 billion for development assistance in 1997. Japanese support has focused on major infrastructure, power and water supply, agriculture and demining. Japan has also provided significant budget support and has played a major role in aid coordination since the recommencement of bilateral relations.

The French have an historical link to Cambodia and provide support in several sectors. The French, as a mild signal of disapproval of developments in Cambodia, did not announce a pledge for 1997. They committed US\$38.7 million for 1996. United States (US) support focuses on developing democracy and rule of law, basic education, mother and child health, rural development, human resource development as well as emergency aid and support for NGOs. The US committed US\$ 35-38 million for 1997.

Due to the vast needs in Cambodia, like Australia, other major donors, including the Banks, have programs which are spread across several sectors. There are many opportunities for cooperation and collaboration between Australia and both multilateral and bilateral donors to improve the effectiveness of Australia's contribution.

6. Australian Aid program to Cambodia into the Next Century

The strategy for the future program needs to be in accordance with Australia's interests as set out in Section 4 above which were:

- Promoting equitable growth, social and political stability, and democracy in Cambodia.
- Contributing to regional stability and security through assisting Cambodia to participate in the rapid growth in the region and to become a productive member of ASEAN.

However, the strategy must also take account of those factors which determine the program characteristics, as outlined in Section 5 i), ie

- A relatively small program
- Australian capacity to management and oversight
- Security considerations
- Cambodia's stage of development and the changing development environment.
- Existing commitments
- Australian Government's evolving policy
- Other donors.

Against this background an approach based on establishing the foundations for sustainable growth and stability is proposed. Given the low base from which Cambodia is starting, there will remain immense needs in all sectors for Cambodia for some time. It is therefore considered appropriate that during at least the next ten years, the Australia program continue to have activities in the five sectors of health, education, agriculture, infrastructure and good governance. Within these sectors activities will increasingly focus on:

- Strengthening human capital. Human resource development should continue to be the main theme of the Australian program. All program activities will include training components and there will be targeted interventions in health and education, basic skills training, and English language training
- Strengthening the institutional base. Of equal importance with human resource development will be the improvement in the quality of government and private sector services. Australia can assist through programs supporting the reform of public administration in the context of our projects; support to small and middle level private enterprise; and, support for reforms in the financial and legal sectors;
- Breaking the poverty cycle through programs to increase productivity in the rural sector, including basic infrastructure development at the provincial and district levels; programs with a village level focus, and management of natural resources; and continuing to provide demining assistance and emergency humanitarian relief as required.

7. Conclusion

Cambodia has started again over a period of major disruption. There has already been significant macroeconomic progress since the Paris Peace Accords were signed, but Cambodia remains in a fragile, transitional stage both politically and economically.

Australian interventions in Cambodia while small compared to the major donors, are well-focussed on key areas of need and are expected to have significant impact on the development process. The program directly reflects Australian objectives and Cambodia's greatest needs of upgrading human resources and poverty alleviation. Achieving peace and development to Cambodia will consolidate the progress which has been made towards bringing lasting peace and stability to the Mekong region. This is in the interests of Australia, Cambodia and the South East Asian Region.

Given the low base from which Cambodia is starting, there is an endless agenda of

assistance required in all sectors. The danger is how to continue to respond in a clear and focussed way. The development environment will change rapidly over the coming years and Australia must remain fully engaged in the international policy dialogue on Cambodia to ensure that our program remains relevant and effective.

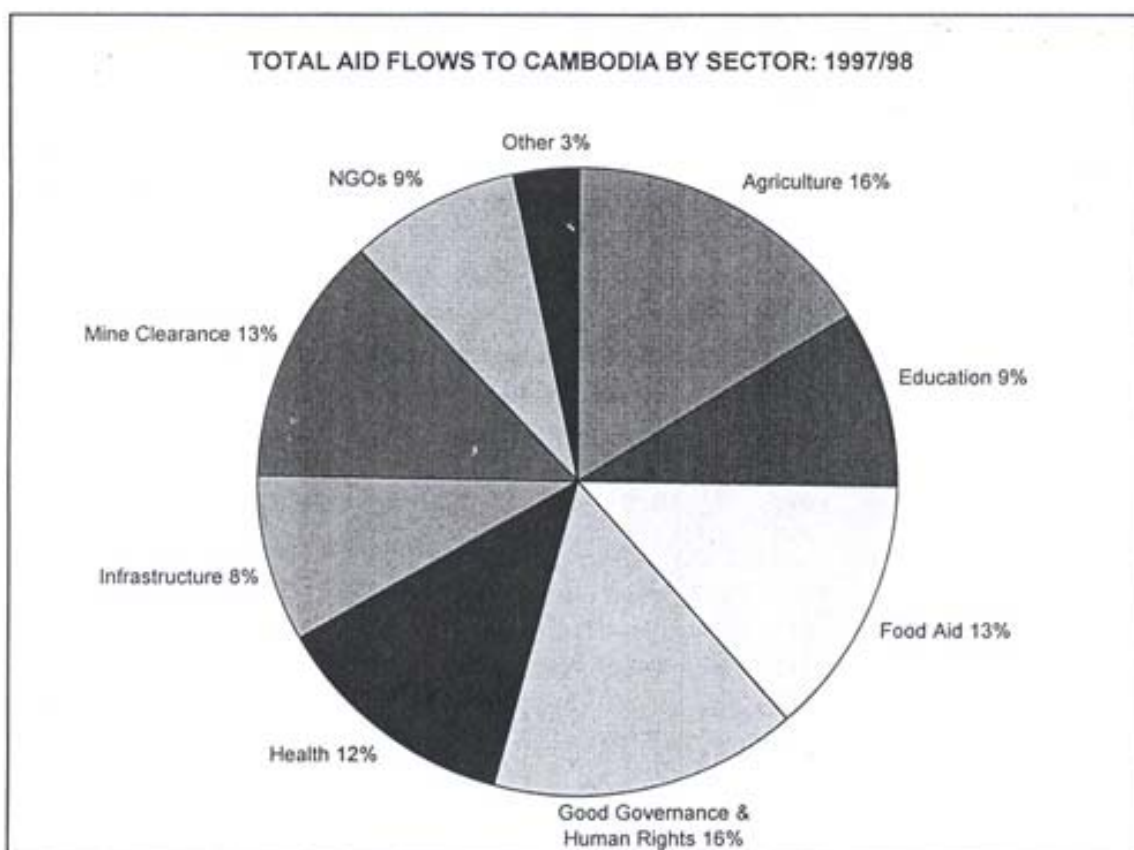
Proposed Implementation Arrangements

The strategy has implications for the forms of aid and how it should be delivered:

- The program will remain on a grant aid basis for some time, given the Government's low revenue base and limited capacity to service loans.
- With human resource development as a theme, all activities should include a strong training component.
- There will be a need to keep some component of the program budget free to provide flexibility to respond to changing needs.
- There is a need to provide adequate preparation time for program activities. Experience indicates that inadequate time and resources applied to this stage leads to inappropriate or incomplete designs, and major changes, invariably with additional cost to the Australian Government in the first year of the project. This is disruptive to both governments.
- All projects should start slowly, phasing in larger more complex activities subject to the recipient agencies absorptive capacity.
- Links with UN, World Bank and ADB programs should be continued and developed.
- There is scope for increased coordination with other bilateral donors.
- NGO activities should continue to be an important part of the program and should be focussed in accordance with the overall program strategy.
- The security situation will continue to be monitored closely.
- Small activities should be identified and managed by the Post in accordance with the overall program strategy.
- Australia would continue to keep track of the changing environment in Cambodia and remain an active participant in international donor forums in order to ensure that our program remains relevant.

CAMBODIA EXPENDITURE AND ESTIMATES - 1996/97

Sector	1994/95	1995/96	1996/97	1997/98 (Est)
Agriculture	2,890,758	3,928,863	4,650,347	6,168,087
Education	3,048,399	3,967,791	3,435,404	3,446,693
Food Aid & Other Emergency Assistance	8,486,556	7,490,716	5,654,775	5,000,000
Good Governance & Human Rights	637,174	1,339,921	1,596,073	5,996,473
Health	2,376,800	2,807,309	1,942,164	4,716,704
Infrastructure	2,898,337	3,360,434	6,429,985	3,202,027
Mine Clearance & Related Assistance	2,547,000	4,850,000	4,250,242	4,920,500
NGO Activities	6,070,303	2,670,838	5,041,015	3,280,349
Other / Multisector	796,737	2,477,978	1,582,299	1,232,550
Total	29,752,064	32,893,8503	34,582,304	37,963,383
		2,893,850		



CAMBODIA COUNTRY PROGRAM SUMMARY (AS'000)

	1996/97 Actual	1997/98 ←	1998/99 Estimated Expenditure	1999/00	2000/01 →
INFRASTRUCTURE					
Cambodia-Australia Bridges Project	5,265	2,015	0	0	0
Bridge Design Standards	0	200	0	0	0
Total Infrastructure	5,265	2,215	0	0	0
EDUCATION					
Uni of Phnom Penh English Project	595	6	0	0	0
Assistance to Foreign Language Centre	54	4	0	0	0
Higher Education National Action Plan	210	0	0	0	0
Grade 11 Examinations	225	160	0	0	0
National Examinations Project	0	1,200	1,200	1,200	1,200
English Language for Ministry Officials	530	676	800	400	0
Australian Development Scholarships	1,502	1,400	1,400	1,400	1,400
Total Education	3,116	3,447	3,400	3,000	2,600
AGRICULTURE					
Cambodia IRRI Australia Project	1,756	3,319	2,491	1,995	1,188
Agricultural Extension Project	2,191	2,566	2,653	2,787	0
Total Agriculture	3,946	5,885	5,144	4,782	1,188
GOOD GOVERNANCE & HUMAN RIGHTS					
Council for Development of Cambodia	799	328	0	0	0
Human Rights	110	110	110	110	110
Electoral Assistance	50	400	0	0	0
Criminal Justice Assistance Project	502	5,158	3,949	3,000	0
Ministry Advisers	682	0	0	0	0
Veterans Assistance	100	0	0	0	0
Total Good Gov. & Human Rights	2,243	5,997	4,059	3,110	110
HEALTH					
Immunisation Programs	601	0	0	0	0
Health Promotion & Primary Health Care	521	4,667	3,202	2,361	2,361
Total Health	1,122	4,667	3,202	2,361	2,361
NGO PROJECTS					
Adult Literacy & Vocational Education	73	0	0	0	0
Technical/Vocational Training	498	432	150	0	0
Siem Reap Agriculture	218	198	161	0	0
Kompong Thom Clean Water	311	266	132	0	0
Program for Street Children	124	115	58	0	0
Strengthening Primary Health Care	472	178	0	0	0
Oudong District Health Service	580	216	186	0	0
Hospital Engineering II	746	212	0	0	0
Food for Change	299	263	270	0	0
HIV/AIDS Peer Education	498	156	148	0	0
Combatting Poverty	310	334	177	0	0
Total NGO Projects	4,129	2,370	1,282	0	0
OTHER					
Cambodian Mine Action Centre	2,250	3,495	0	0	0
Small Activities Scheme	370	370	370	370	370
UNDP Environment Advisory Team	96	0	0	0	0
Program Admin Support Unit	325	200	200	200	200
Program Administration	59	70	70	70	70
Total Other	3,100	4,135	640	640	640
TOTAL COUNTRY PROGRAM ALLOCATION	22,922	28,714	17,727	13,894	6,899
	22,300	22,300			