



**Kingdom of Cambodia**

Nation – Religion – King

ជាតិ ព្រះមហាក្សត្រ ព្រះពុទ្ធិសាសនា

**Royal Government of Cambodia**



# **Development Cooperation & Partnerships Strategy 2019 - 2023**

**Phnom Penh, January 2019**

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Royal Government's Decision No 03 SSR dated 11 February 2019 on the Development Cooperation and Partnerships Strategy 2019-2023

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## Foreword

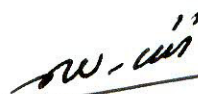
The Royal Government of Cambodia, under the wise and long-term visionary leadership of **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of Cambodia**, introduced the Rectangular Strategy – Phase IV at its first Cabinet Meeting on 7 September 2018. This powerful policy instrument represents the “Socio-Economic Policy Agenda” for the Sixth Legislature of the National Assembly. The implementation of this Policy Agenda is operationalised by the 2019-2023 National Strategic Development Plan (NSDP), which articulates the strong commitment to continue working in partnership with all development actors to deliver effective development results.

The RGC fully acknowledges the important contribution of development cooperation to socio-economic development. In this regard, the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC), acting as the RGC’s coordinating agency, has made significant achievements in implementing the RGC’s first Development Cooperation and Partnerships Strategy that covered the period 2014-2018. This is reflected by the ability of RGC to mobilise development cooperation, enhance efficiency and effectiveness of the allocation and utilisation of external resources, and strengthen policy dialogue mechanisms to ensure high quality partnerships with relevant stakeholders. This impressive momentum was assured by the RGC’s ownership in development, equal partnership, and mutual respect in policy dialogue with all development actors.

To succeed in supporting the implementation of the Rectangular Strategy – Phase IV, the Development Cooperation and Partnerships Strategy for 2019-2023 will maintain continuity and build upon a solid foundation that has been achieved in the previous phase of the Strategy. The over-arching objective of the Development Cooperation and Partnerships Strategy (2019-2023) is to promote development effectiveness that ensures a results focus and relevance to Cambodia’s development context. The identified goals, objectives, principles, mechanisms and tools in the Strategy reflect the fast-changing global and national development architecture by incorporating global commitments into national development effectiveness principles.

The Development Cooperation and Partnerships Strategy (2019-2023) has been developed at a time when Cambodia’s own development priorities and context are evolving. On this basis, the process of formulating the Strategy has been evidence-based, learning from the experience and perspectives of different development actors across a wide range of sectors and themes in order to build a consensus on future priorities. RGC is confident that through a diligent approach to design, coupled with a detailed framework for implementation, this new Strategy, which was approved by **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of Cambodia** through the Royal Government’s decision No 03 SSR on 11 January, 2019, will contribute to the achievement of national development priorities and objectives as articulated in the Rectangular Strategy – Phase IV.

Phnom Penh, 16 January 2019



**CHHIENG YANARA**

Minister Attached to the Prime Minister  
In Charge of Secretary General, CRDB/CDC



**KINGDOM OF CAMBODIA**

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ព្រះមហាក្សត្រ នៃ កម្ពុជា

**Royal Government of Cambodia**

**No: 03 SSR**

**Decision**

**On the Development Cooperation and Partnerships Strategy 2019-2023**

**ROYAL GOVERNMENT**

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0918/925 dated 06 September 2018 on the Formation of the Royal Government of Cambodia;
- Having seen the Royal Kram No. NS/RKM/0618/012 dated 28 June 2018 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. 03/NS/94 dated 05 August 1994 promulgating the Law on Investment of the Kingdom of Cambodia and Royal Kram No. NS/RKM/0303 dated 24 March 2003 promulgating the Amendment to the Law on Investment of the Kingdom of Cambodia;
- Having seen the Sub-Decree No. 60 ANK.BK dated 05 April 2016 on the Organization and Functioning of the Council for the Development of Cambodia;
- Pursuant to the necessity for promoting development cooperation and partnerships;

**Hereby Decided**

**Article 1:**

To promulgate the implementation of the Development Cooperation and Partnerships Strategy 2019-2023 which is attached to this decision to promote development effectiveness.

**Article 2:**

Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) shall prepare guidelines for implementing mechanisms and tools as articulated in this strategy to be submitted to **Samdech Techo Prime Minister** for review and approval.

**Article 3:**

**H.E. Chhieng Yanara**, Minister Attached to the Prime Minister, Secretary General of CRDB/CDC shall have overall responsibilities for coordinating and monitoring the implementation of this strategy and shall produce annual reports and a mid-term review report on the progress of the strategy implementation and submit to **Samdech Techo Prime Minister** for his review and advice.

**Article 4:**

The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Minister of Foreign Affairs and International Cooperation, Ministers of all ministries, Heads of all relevant institutions, the Council for the Development of Cambodia, development partners, the private sector, non-governmental organizations and other relevant stakeholders as well as the aforementioned officials shall effectively implement this Decision from the date it is signed.

Phnom Penh, 11 January 2019

**Prime Minister**

**Signed and Stamped**

**Samdech Akka Moha Sena Padei Techo HUN SEN**

**Copy to:**

- Ministry of the Royal Palace
- Secretariat General of the Constitutional Council
- Secretariat General of the Senate
- Secretariat General of the National Assembly
- Cabinet of Samdech Techo Prime Minister
- Cabinets of Deputy Prime Ministers
- As per article 4 "for implementation"
- Royal Gazette
- Archive

## 1. Introduction

Within the context of full peace, political stability, sound and prudent macro-economic management and to further promote Cambodia's sustainable and inclusive development, the Royal Government of Cambodia (RGC) introduced the Rectangular Strategy – Phase IV at its first Cabinet Meeting on 7 September 2018. This represents the “Socio-Economic Policy Agenda” for the Sixth Legislature of the National Assembly. Based on evidence and lessons learned, the Rectangular Strategy – Phase IV, as a powerful policy instrument of the RGC, records impressive progress, acknowledges challenges and identifies opportunities for moving Cambodia forwards towards graduating from the least developed country grouping and achieving its ambitious goal of becoming an Upper Middle Income Country by 2030 and, ultimately, a High Income Country by 2050.

The RGC's commitment to ownership in development, equal partnership and mutual respect in policy dialogue have always served as the guiding principles for Cambodia's cooperation in all aspects of its relations with development partners, the private sector and civil society organisations. Based on these guiding principles, RGC has successfully pursued its comprehensive and sustainable socio-economic development path.

The RGC is fully committed to continue working in partnership to secure successful implementation of its Policy Agenda which is operationalized by the 2019-2023 National Strategic Development Plan (NSDP), including the Cambodia Sustainable Development Goals (CSDGs). RGC's Development Cooperation and Partnerships Strategy (DCPS) makes an important contribution to turning this commitment to partnership into reality by establishing principles, setting objectives and identifying tools to promote development effectiveness. The DCPS is designed to ensure that Cambodia, by working together with all development actors, can realize its development goals.

The RGC's first Development Cooperation and Partnerships Strategy covered the period 2014-2018 and recorded a number of significant successes. It provided the institutional framework to mobilise more than one billion US Dollars per annum to support the Rectangular Strategy – Phase III and the NSDP. It also created, for the first time, a set of measurable goals that made operational the principle of mutual accountability in the relationship between RGC and its development partners. The DCPS also identified a range of tools and approaches for promoting collaboration between RGC, its development partners, civil society organisations, South-South actors and the private sector. Finally, the DCPS contextualized and implemented the RGC's international commitments to development effectiveness as set out in the Busan Declaration on Effective Development Cooperation.

The RGC has reviewed and revised the DCPS for 2019-2023 with the objective to ensure continuity and to build on progress that has been achieved in the previous phase of the Strategy. The revised DCPS also addresses the partnership challenges and opportunities set out in the Rectangular Strategy - Phase IV, especially in the context of a fast-changing global and national development architecture. The formulation process has also benefited from being able to draw on the results of the 2018 monitoring survey of the Global Partnership for Development Effectiveness and the performance review of the TWG mechanism which was conducted in the second half of 2018. This ensures the DCPS continues to be: (a) relevant to national development needs, (b) evidence based, and (c) results-driven.

While recognizing significant improvement in Cambodia's own financial ability to promote national development, the contribution of development partners remains important. External cooperation serves both as a source of financing for investment in the country's future and also for providing Cambodia with access to technology, innovations, networks and policy solutions. At the same time, the RGC also recognizes that increased domestic resource mobilisation brings with it a responsibility to demonstrate ownership and commitment to the national development agenda while continuing to engage with all development actors that are essential to achieving its goals.

## 2. Development Cooperation Context

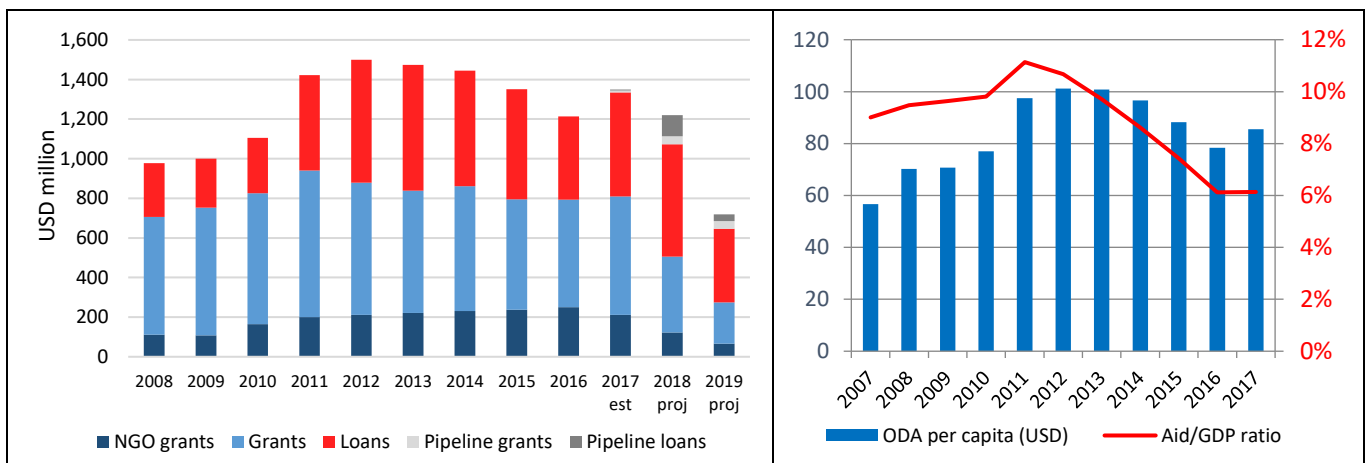
To succeed in supporting the implementation of the Rectangular Strategy – Phase IV, the DCPS must be relevant to the national, regional and global context. It must also build on the progress made during the period 2014-2018 while being fully oriented to new challenges and opportunities.

The RGC's Rectangular Strategy – Phase IV records a number of impressive achievements that guide the next phase of the DCPS. These include maintenance of macroeconomic stability and continued broad-based economic growth, an unwavering commitment to governance reforms and the rule of law, socio-economic progress underlined by important advances in health and education, and encouraging trends in economic transformation, industrialisation and diversification.

In the areas of development cooperation, RGC fully acknowledges the role of external partners in contributing to these achievements. In this regard, the Cambodian Rehabilitation and Development Board of the Council for the Development for Cambodia (CRDB/CDC) has fully implemented its mandate to promote external resource mobilisation and management as well as to facilitate policy dialogue with partners.

CRDB/CDC has recorded and analysed external resource flows on an annual basis in order to inform development planning and policy dialogue. Overall trends in external cooperation indicate a gradual decline from the peak of USD 1.5 billion in 2012, which is consistent with the experience of countries transitioning to middle-income country status. Coupled with the rapid increase in GDP, the aid/GDP ratio has declined, reaching 6% in 2017. The decline in ODA grant has to date been mitigated by the loan provision from major bilateral and multilateral partners. The loan share of external cooperation has also increased: as Cambodia moves towards graduation from the Least Developed Country (LDC) group, a process that is expected to begin in 2021, this is a trend that is expected to continue.

**Major trends in disbursements of external cooperation**



Source: CRDB/CDC Cambodia ODA Database

Given the expected reduced levels of development cooperation, the RGC has placed a greater emphasis on effectiveness and results in its development partnerships. CRDB/CDC has continued to monitor progress against the development effectiveness indicators that were agreed by the Global Partnership and incorporated into the last phase of the DCPS. Evidence from the 2018 Global Partnership monitoring survey has also been used to inform the DCPS. The results of the survey reinforce the need to implement the partnership commitments identified in the Rectangular Strategy – Phase IV as follows:

- Ensure RGC ownership with policies to strengthen inclusive partnerships
- Maximise efforts to mobilise resources for the attainment of the CSDGs
- Maintain and extend policy dialogue to all development actors
- Prepare for graduation from the LDC group of countries
- Engage with global and regional development effectiveness and partnership mechanisms.

As the table below shows, RGC and its development partners continue to make good progress in implementing their development effectiveness and partnership commitments agreed in Busan in 2011.

| Global Partnership Development Effectiveness Indicators |   | 2013 | 2015 | 2017 |
|---|---|------|------|------|
| 1a.   | Development partners use country-led results frameworks                         | -    | 75%  | 64%  |
| 1b.   | Countries strengthen their national results frameworks                          |      |      | 93%  |
| 2.  | Civil society enabling environment and development effectiveness                | Yes  | Yes  | 59%  |
| 3.  | Quality of public-private dialogue  | Yes  | Yes  | 59%  |
| 4.  | Transparent information on development cooperation is publicly available        | Yes  | Yes  | 100% |
| 5a.   | Development cooperation is predictable: annual predictability                   | 84%  | 87%  | 96%  |
| 5b.   | Development cooperation is predictable: medium-term predictability              | 98%  | 95%  | 93%  |
| 6.  | Development cooperation is on budgets subject to parliamentary oversight        | 79%  | 79%  | 83%  |
| 7.  | Mutual accountability is strengthened through inclusive reviews                 | Yes  | Yes  | Yes  |
| 8.  | Gender equality and women's empowerment   | Yes  | Yes  | No   |
| 9a.   | Quality of countries' public financial management systems (CPIA: 1=low, 6=high) | 3.5  | 3.4  | -    |
| 9b.   | Development partners use country systems  | 32%  | 49%  | 61%  |
| 10.   | Aid is untied   | 85%  | 79%  | -    |

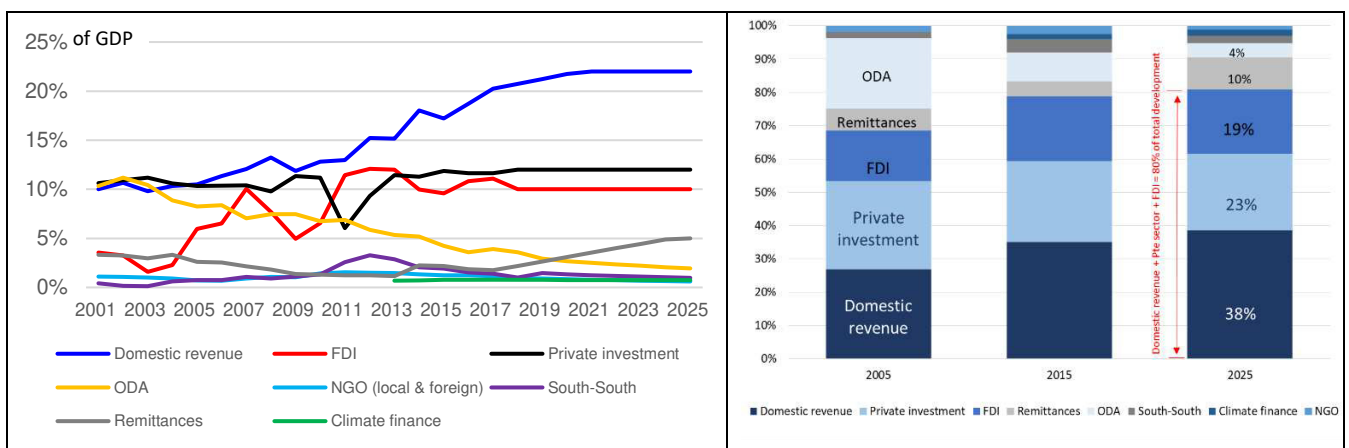
Note: Indicators 9a and 10 are measured at the global level. Indicator 8 (2017) relates to gender budgeting systems.

Source: Global Partnership for Effective Development Cooperation (GPEDC)'s Survey

Cambodia has made impressive progress toward improving government ownership and ensuring result-oriented development. By 2017, significant progress in strengthening and using country-led result frameworks had been made. The use of country systems, principally PFM-related, has significantly improved (61% in 2017 against 49% in 2015). The aid on budget ratio went up to 83% and annual predictability of disbursements increased to 96%. Inclusive partnerships for development have been promoted by the RGC, which continues to prioritize public-private dialogue and create an enabling environment for civil society organizations to contribute to development. The Cambodia ODA Database ensures that transparent information on development cooperation is made publicly available while mutual accountability was based on the TWG mechanism and use of the JMLs.

Of particular importance will be the continued strengthening and use of country systems. The 3rd phase of PFM reform has focused on “performance informed” budgeting that will be rolled out across Government and will make increased use of outcome objectives and indicators. Similarly, the Rectangular Strategy – Phase IV emphasizes the primacy of the budget as a tool not only for aligning resources with priorities but also for increasingly using the budget process to review and monitor results and then allocate resources accordingly. Integrating external assistance into the budget process, which has been included in the next phase of PFM reform, will be an important undertaking for all development partners in the years ahead.

### Development finance projections to 2025



Source: CRDB/CDC DFA Update 2018

Underlining the increased importance of the budget in driving national development, the RGC has made significant strides in mobilizing domestic revenues in the last 5 years, with the revenue/GDP ratio amounting from 15.15% in 2013 to 20.24% in 2017. The 2017 Development Finance Assessment (DFA)



projects that, by 2025, nearly 40% of total development finance will be sourced from domestic revenues. This means that the next phase of national development will primarily be driven the RGC development vision increasingly backed by its own development resources.

Future provision of development finance is also expected to draw increasingly from the private sector. The private sector has been the key driver of Cambodia's GDP growth in the last decade, accounting for approximately 22.7% of GDP in 2017, of which private domestic investment accounted for 11.8%. Foreign Direct Investment (FDI) equaled 11% of GDP.

The achievement of the RGC's ambitious development objectives, especially related to the CSDGs, will, however, require increased mobilisation of resources from a wide range of development actors. The DFA showed that there is significant untapped potential to mobilise and coordinate resources from across a wide spectrum, including from South-South sources and from the private sector.

Achievements, challenges and opportunities relevant to the next phase of the DCPS can be summarized as follows:

### ***Achievements***

- RGC commitment to the development partnership has been effectively translated into results in line with the Rectangular Strategy – Phase III and the NSDP.
- Institutional capacities and systems ensure leadership over the mobilisation and management of development cooperation.

### ***Challenges***

- Development partnerships must align with RGC efforts to modernize and transform the economy towards a model based on broad-based and sustainable growth.
- New development partnerships and resources must be mobilised to support the CSDGs and prospective LDC graduation in the face of reduced levels of ODA

### ***Opportunities***

- A strong development track record, sound public finances and effective public sector reforms mean that RGC is well positioned to lead the development partnership.
- The CSDGs and the Busan partnerships commitments complement the national development framework and provide a mechanism for effective partnering.

Overall, the development landscape is favorable. The RGC is committed to leading a multi-stakeholder partnership that maximizes resource mobilisation opportunities and, in line with other RGC reforms, promotes the achievement of development results. The RGC recognizes that ODA levels may decline but it is well-placed to mobilise its own funds and lead others in a new partnership. The role of this DCPS is to ensure that these development partnerships are managed to realize their full potential.

## **3. Strategic Goals, Objectives and Results Framework**

To ensure alignment with national development vision and plans, the DCPS identifies an overarching goal and three strategic objectives. As was the case during the 2014-2018 phase, the RGC defines "development effectiveness" in the Cambodia context to ensure its relevance and results focus. The ultimate purpose of the DCPS is therefore formally stated in terms of its intention to mobilise and manage all forms of development finance so that: (a) resources are maximised; (b) they are aligned with national development priorities; and (c) they achieve the best possible results.

In line with the Rectangular Strategy and NSDP, successful implementation of the DCPS will be best served by establishing clear objectives, targets and indicators. This approach is in keeping with the RGC's own reforms, especially related to PFM, which will adopt performance informed approaches using measurable indicators. The DCPS will therefore establish its own results framework derived from: (a) the objectives of Rectangular Strategy – Phase IV; (b) the NSDP and CSDG monitoring framework; and (c) the global development effectiveness commitments articulated in the Busan Declaration.

In line with the overarching goal and the associated objectives, a set of indicators have been identified for routine monitoring. The RGC will monitor these indicators by using available data sources and systems, notably the Cambodia ODA Database, which has been successfully used for monitoring the first phase of the DCPS as well as the Busan commitments (2013, 2015 and 2017). Development partners will continue to report to the ODA Database twice a year, usually at the end of Q1 (out-turn from previous year) and in Q3 (to confirm out-turn and provide projections for following year).

| Strategic Goal and Objectives for Promoting Development Effectiveness in Cambodia   |  |
|---|--|
| <p><b>Overarching goal</b><br/>To mobilise and manage all development finance flows so that all resources are used for maximum effectiveness and impact in reaching Cambodia's development goals as set out in the RS – Phase IV, the, NSDP and CSDGs, and strategies at sector, thematic and reform level.</p> |  |
| <p><b>Strategic objective 1: Ownership</b><br/>Resources are mobilised and managed under RGC leadership</p>   | Global partnership commitments are implemented consistently with Cambodia's context and priorities. Domestic financing and external resources are used in a complementary manner to support RS IV, NSDP, CSDG and sector/reform priorities that are consistent with national development priorities.   |
| <p><b>Strategic objective 2: Partnership</b><br/>Coordinated and coherent support to deliver services and strengthen national systems</p>   | Partnership arrangements identify and employ approaches that focus on collaborative/joint programming, coordinated implementation and systems strengthening. This will include support to RGC reforms and fostering effective partnering arrangements with non-state actors including CSOs and private sector.   |
| <p><b>Strategic objective 3: Results</b><br/>Robust monitoring systems and principles of mutual accountability inform evidence-based partnerships</p>   | Development partnerships and the resources they provide are used in a more catalytic manner to focus on results. Under RGC leadership, and in line with PFM reforms and the performance-informed budget process, coordination and dialogue structures, including JMIs, will ensure a focus on setting targets, monitoring progress and reporting on results. |

This results framework and indicators will be supported by qualitative evaluation that will take place through NSDP reporting, JMI implementation reports and annual Development Cooperation and Partnerships Report (DCPR). Additional and complementary evaluation inputs will be gathered through meetings of the TWG Network, CSDG reporting (including for the anticipated Voluntary National Review to take place in 2019), bilateral consultations between RGC and its development partners, and sector reviews. These will be reported as additional inputs to the annual DCPR process.

| Indicators for Monitoring Development Effectiveness in Cambodia   |  |   |   |
|---|--|---|---|
|   | Indicators   | Data source   | Responsible   |
| <p><b>Overarching goal</b><br/>Mobilise and manage all development finance flows so that all resources are used for maximum effectiveness and impact.</p> | NSDP/CSDG monitoring and the sector-level JMIs (2019-2023) assess aggregate development progress at the outcome/output level and assess development finance provision.   | <ul style="list-style-type: none"> <li>NSDP and CSDG Framework.</li> <li>DFA update (CSDG 17.3)</li> <li>JMI reports (ownership-results links)</li> </ul>                                 | <ul style="list-style-type: none"> <li>MOP</li> <li>CRDB/CDC</li> <li>CRDB/CDC</li> </ul>                   |
| <p><b>Objective 1: Ownership</b><br/>Global partnership commitments are implemented consistently with Cambodia's context and priorities.</p>              | <p>1a) ODA disbursements (USD &amp; GDP ratio)</p> <p>1b) Use of results frameworks by development partners (baseline: 64% and target: 80%)</p>  | <ul style="list-style-type: none"> <li>ODA Database (CSDG 17.2.1)</li> <li>ODA Database (Busan survey &amp; CSDG 17.15.1)</li> </ul>  | <ul style="list-style-type: none"> <li>CRDB/CDC</li> <li>CRDB/CDC</li> <li>MOP</li> </ul>                   |
| <p><b>Objective 2: Partnership</b><br/>Coordinated and coherent support to deliver services and strengthen national systems</p>                           | <p>2a) Use of PFM systems (baseline: 76%; target: 85%)</p> <p>2b) Use of procurement systems (baseline: 44%; target: 60%)</p> <p>2c) TWG partnering assessments/surveys (including assessment of capacity support)</p> | <ul style="list-style-type: none"> <li>PFM and ODA Database (Busan survey)</li> <li>TWG Network meeting report</li> <li>DCPR annual report including CSDG 17.9.1 on TA and SSC</li> </ul> | <ul style="list-style-type: none"> <li>MEF</li> <li>CRDB/CDC</li> <li>CRDB/CDC</li> <li>CRDB/CDC</li> </ul> |
| <p><b>Objective 3: Results</b><br/>Robust monitoring systems and principles of mutual accountability inform evidence-based partnerships</p>               | <p>3a) Aid on-budget (baseline: 83%; target: 95%) &amp; disbursed on schedule (baseline: 91%; target: 95%)</p> <p>3b) Conducting annual TWG Network meetings &amp; mutual assessments of progress, incl. JMIs</p>      | <ul style="list-style-type: none"> <li>Budget and ODA Database (Busan survey)</li> <li>DCPR annual report</li> <li>TWG Network meeting report (CSDG 17.14.1)</li> </ul>                   | <ul style="list-style-type: none"> <li>MEF</li> <li>CRDB/CDC</li> <li>CRDB/CDC</li> <li>CRDB/CDC</li> </ul> |

#### **4. Principles, Mechanisms, Tools and Institutional Arrangements for DCPS Implementation and Monitoring**

The DCPS principles employed during the 2014-2018 were well utilized and contributed to an effective development partnership. These included: (a) RGC leadership of a well-structured partnering mechanism that was able to evolve to a changing context; (b) a shared recognition of the value of trust and mutual accountability; and (c) the need to strengthen national systems and institutional capacities while focusing on results. These principles underpinned the design and management of a set of DCPS mechanisms and tools that supported implementation.

The Rectangular Strategy – Phase IV acknowledges the successful implementation of the DCPS during 2014-2018. Looking forward, it also recognizes the changing development context, especially the improvement in Cambodia’s own financial capacity to finance and lead the national development effort. By combining the lessons from the last phase of DCPS implementation and then incorporating new considerations related to context, challenges and opportunities, updated DCPS guiding principles, tools and implementation arrangements for the period 2019-2023 can be formulated.

##### **A. Principles**

In line with the Rectangular Strategy – Phase IV, the following partnership principles are linked to the three DCPS objectives/results and will inform DCPS implementation during the period 2019-2023:

##### ***Ownership***

- Government commits to exercise commitment and ownership so that, with its development partners, there can be a relationship based on trust and mutual respect that is guided by appropriate frameworks for producing results.
- Globally agreed development effectiveness principles remain valid and will be adapted and applied to suit the Cambodia context and further reviewed through annual DCPR.

##### ***Partnership***

- Government will lead an inclusive development partnership that embraces all actors in order to mobilise funding and achieve results in line with national goals and the CSDGs.
- Projects funded by external cooperation shall be directed to promoting sustainable and equitable socio-economic development by enhancing the productive capacity of the economy and strengthening human capital.
- Capacity development remains one of the principal objectives of development cooperation. Capacity initiatives and the provision of technical cooperation should be linked to strengthening national systems via the RGC’s major reform programmes.

##### ***Results***

- Partnership and coordination mechanisms at all levels must clearly articulate their development objectives and identify effective monitoring frameworks that are linked to results embedded in, or derived from, national/sectoral plans and policies.
- The annual budget exercise, informed by the Rectangular Strategy – Phase IV, the NSDP and CSDGs, and respective sector/thematic strategies, will be based on performance informed approaches. The budget process will guide resource allocation, programming, dialogue and monitoring arrangements.

##### **B. Mechanisms and Tools**

The link between the DCPS objectives/results and its principles extends to the implementation mechanisms that are employed. Ownership, partnership and results will guide the DCPS implementation arrangements so that it is clearly grounded in the Rectangular Strategy - Phase IV’s own management arrangements as follows:

##### ***(a) Integration of external support into the national budget***

The Rectangular Strategy makes clear that the budget will increasingly become the tool through which not only will RGC allocate funds but it will also be the principal process for monitoring results. Program

Budgeting, and the use of Budget Strategic Plans (BSPs), were introduced in 2015 as a move away from line item budgeting and towards performance budgeting, which will introduce results-based approaches.

The RGC's PFM reform programme will implement the Budget System Reform Strategy (2018-2025), which charts the direction for strengthening policy-budget linkages as the third platform of the PFMRP and will introduce performance informed budgeting. The Budget System Reform Strategy (BSRS) is relevant to the management of external cooperation and promotion of development effectiveness in the following ways:

- The BSRS provides a roadmap for integrating external cooperation into national planning, budgeting and monitoring frameworks.
- Results frameworks can be strengthened and aligned with RGC priorities as all ministries and agencies will present their budget by policy objectives, programs, sub-programs and activities for negotiation with MEF.
- By 2021 capital and recurrent budgets will be integrated and all external support will be incorporated.
- A Medium-Term Budget Framework (MTBF) will provide a 3-year planning horizon that provides a basis for dialogue on development partner programming.

Each RGC ministry and agency has a PFM Working Group (usually under the Budget Dept) that can provide an entry point for dialogue with development partners on integrating their support while the TWGs provide an opportunity for wider dialogue on building synergies that maximise the use of all development finance across multiple goals and sectors.

#### ***(b) Bilateral consultations with development partners***

The first phase of DCPS implementation saw a transition from multi-partner dialogue to bilateral meetings. Bilateral dialogue has proven to be superior as it allows for a focused discussion between RGC and the respective development partner on issues related to priority setting, programming, implementation and results.

Led either by CRDB/CDC or MEF, bilateral dialogue provides an important opportunity to review progress in the context of a range of sector-specific issues that relate to a particular development partner programme. RGC notes that not all development partners have made full use of this opportunity and it therefore encourages all development partners to hold these bilateral review meetings with CRDB/CDC (mainly grant providers) or MEF (loan providers).

Wider policy issues can also be discussed, including to identify common perspectives and agree required actions, for example in advancing commitments to development effectiveness (see below for individual development partner performance). Future reviews can be extended to review wider partnering arrangements as development partners seek to leverage their resources with RGC and the private sector. Bilateral consultations and portfolio reviews will therefore continue to provide a useful method to reach a deeper understanding on each development partner's perspectives, interests and concerns.

#### ***(c) Technical Working Groups (TWGs)***

The TWGs were established in 2004 and have proven themselves to be an effective mechanism for facilitating dialogue and for coordinating external assistance. The mechanism has been sponsored by CRDB/CDC although each TWG is managed independently under the leadership of its host Ministry and supported by a development partner facilitator. Increased TWG capacity has seen the form and function of TWGs evolve over the last five years based on the specific context, capacities and needs of respective sectors and thematic areas.

To assess the performance and effectiveness of the TWG mechanism, CRDB/CDC commissioned a short survey exercise in Q3 of 2018. Thirty survey responses were received from across the 19 TWGs (some were jointly submitted, others separately represented the RGC and development partner perspectives). Overall the findings were as follows:

- Most TWGs remain active. The better-performing TWGs have evolved to suit changing circumstances, challenges and opportunities.
- With few exceptions, TWGs appear to be working well (scoring 3.8 out of 5 on a quantitative measure of overall performance).
- The most successful TWGs have established their own norms for meeting frequency, format, membership, and scope of work.
- A small number of TWGs need to review their purpose and membership to maintain relevance: the Rectangular Strategy – Phase IV provides such an opportunity.
- Many TWGs feel that the private sector has become an important development actor in their area of work yet is under-represented in partnership dialogue.
- TWGs that work in cross-sectoral and/or thematic areas report the most challenges, particularly in ensuring appropriate participation and follow-up.

For DCPS implementation to succeed, the TWGs are a vital tool to promote technical dialogue and influence programming of resources by sector ministries and agencies, development partner and NGOs. While all TWGs have indicated their intention to continue to their work, there is a need to consider the extent to which the TWG mechanism provides a framework for addressing all development priorities outlined in the Rectangular Strategy – Phase IV and the CSDGs. Many TWGs identify, for example, the need to engage at sub-national level to address issues of capacity and service delivery. RGC will therefore remain flexible to the need to convene new groups, as was the case for climate change during the last phase of DCPS implementation. Some of the most important issues to address, according to the survey results include:

1. Ensuring compatibility between TWG management, membership and mandate.
2. Aligning the TWG workplan and results framework with national priorities.
3. Maximizing the return on partnership engagement, which involves striking a balance between private sector incorporation, partnership harmonization, and a results focus.

Overall TWG effectiveness has been assured by allowing them to evolve under their host ministries. CRDB/CDC will continue to provide updated TWG Guidelines, however, based on feedback and evidence of good practice. The Guidelines will continue to include criteria related to the formation of new groups and the use of sub-groups. The TWG Network will also continue to be convened by CRDB/CDC in order to facilitate peer learning, sharing of experience, and an opportunity to collaborate on shared challenges and opportunities.

#### ***(d) Sectoral Multi-stakeholder Dialogue***

The Royal Government has identified an increasing need to promote multi-stakeholder consultations at the sector level. This innovative and new mechanism will focus on a broader range of matters including development effectiveness and financing issues at the sector level and is intended to ensure wider inclusiveness with an increased representation of a variety of stakeholders. This multi-stakeholder arrangement is to be complemented by the improved use of the TWG mechanism and JMIs. The comprehensive platform for consultations shall include the Royal Government, development partners, civil society, the private sector, and the academic community. The purpose of this arrangement is to provide an important opportunity for all actors at the sector level to review and discuss development progress and challenges with a collaborative view on identifying appropriate strategies and a course of action that requires both collective and individual attention by all actors and sources of development finance. The Sectoral Multi-stakeholder Dialogue shall be convened once per annum or as deemed appropriate by the leadership of each line ministry in collaboration and facilitation with CRDB/CDC who acts in a capacity of the RGC's coordinating agency.

#### ***(e) Government-NGO Consultative Meeting***

The Royal Government recognizes the continued contribution of NGOs in supporting national development. NGOs play an important role in terms of mobilizing resources and local partnerships for supporting service provision, especially in social sectors. Formal arrangements for holding consultations with the NGO community have been established with the objective to promote mutual trust, transparency and accountability as well as effective information sharing especially on development progress,

challenges, and proposed solutions for improving performance and better delivering development results. The specific objective of future RGC-NGO collaboration will be to support the implementation of the Rectangular Strategy–Phase IV, the NSDP, and sector/thematic/ reform strategies.

***(f) Provincial Partnership Dialogue***

The Royal Government continues to promote democratic development at the sub-national level and commits to improving the quality of public service delivery and addressing local development disparities by enhancing the capacity of sub-national authorities. The sub-national administrations play a fundamental role in achieving the national priority objective of poverty reduction and socio-economic development. A Provincial Partnership Dialogue mechanism will be introduced to serve as a sub-national platform for inclusive participation of all relevant development actors (development partners, civil society representatives, grassroots communities and the private sector) under the leadership of the Provincial administration. The objective of this partnering arrangement is to promote a participatory approach and improve the quality of public services at the sub-national level. The Provincial Partnership Dialogue shall be conducted bi-annually, or when considered appropriate, to open the space for reviewing and discussing development progress and challenges and identifying actionable measures to move forward. CRDB/CDC and NCDDs are prepared to provide support to sub-national administrations in promoting a commencement of the Provincial Partnership Dialogue based on their priorities and requests for support. Development partners, civil society organizations, and the private sector who have been working within the entire spectrum of sub-national development are encouraged to utilize this platform to maximum effect.

***(g) Formulation and Application of Partnership Guidelines***

Guidelines will be developed to clarify and describe the objectives, format and management of dialogue and partnership tools. These Partnership guidelines will be informed by DCPS principles and will be approved following a series of consultations with all involved development actors. Their implementation will then be used to support new partnership dialogue arrangements and will be reviewed and revised as necessary as part of the annual DCPR exercise.

***(h) Joint Monitoring Indicators (JMIs)***

The JMIs have been used successfully by many TWGs. As the PFM reform progresses and program budgeting becomes more results-based, there is an opportunity to further strengthen the JMI mechanism by linking it more closely to the budget process. The TWGs provide a forum to discuss priorities, to ensure a closely alignment of external financing with these priorities and, together, to identify meaningful objectives and targets.

The JMIs will therefore be retained and the approach based on setting 5-year outcomes that inform 1-3 year output targets remains valid. The JMI format and the process for managing with them will be revised, however, to more closely align with – and reinforce - the budget process. JMIs will therefore continue to be derived from the NSDP and sector policies/plans but will become increasingly embedded in programming and budgeting dialogue as the performance-informed budgeting process (and the integration of external finance) progresses.

***(i) Development Cooperation and Partnerships Report (DCPR)***

The implementation of the DCPS will be reviewed annually by CRDB/CDC. The annual publication produced by CRDB/CDC – the Development Cooperation and Partnerships Report (DCPR) – will therefore serve as the principal means of monitoring the DCPS and will also support the following reporting functions:

- (a) TWG performance review and analysis of progress and key lessons
- (b) JMI monitoring (including to review the process to ensure relevance and impact)
- (c) Analysis of ODA and NGO disbursement trends related to sources of finance, sectors supported and alignment with RGC development priorities.
- (d) Review of country-level activities related to the Global Partnership for Effective Development Cooperation (including results of the Busan monitoring survey exercise)
- (e) Review of Partnership Dialogue activities and the application of the guidelines

- (f) Updates of trends in development finance related to the Rectangular Strategy – Phase IV and the CSDGs (for input to the NSDP reviews)

**(j) ODA and NGO Database**

The Cambodia ODA and NGO Databases are maintained by CRDB/CDC on behalf of the RGC. They continue to be available online [www.odacambodia.com](http://www.odacambodia.com) to promote transparency in reporting and use of data in programming and coordination.

**Development Effectiveness Indicators by Development Partner**

|                       | Use of Results Framework (%) |           | Use of PFM Systems (%) |           | Use of Procurement Systems (%) |           | Aid on Budget (%) |           | Annual Predictability (%) |           | 1-year Plan Shared with Counterpart |           | 3-year Plan Shared with Counterpart |           |
|-----------------------|------------------------------|-----------|------------------------|-----------|--------------------------------|-----------|-------------------|-----------|---------------------------|-----------|-------------------------------------|-----------|-------------------------------------|-----------|
|                       | 2015                         | 2017      | 2015                   | 2017      | 2015                           | 2017      | 2015              | 2017      | 2015                      | 2017      | 2015                                | 2017      | 2015                                | 2017      |
| <b>UN Agencies</b>    |                              |           |                        |           |                                |           |                   |           |                           |           |                                     |           |                                     |           |
| FAO                   | 0                            | 0         | 0                      | 0         | 0                              | 0         | 0                 | 0         | 24                        | 0         | Yes                                 | Yes       | No                                  | No        |
| ILO                   | 0                            | 0         | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 0         | Yes                                 | Yes       | No                                  | No        |
| UN Women              | 0                            | 100       | 0                      | 0         | 0                              | 0         | 0                 | 0         | 6                         | 0         | Yes                                 | No        | No                                  | No        |
| UN AIDS               | 0                            | 0         | 0                      | 0         | 0                              | 0         | 0                 | 0         | 71                        | 0         | Yes                                 | No        | No                                  | No        |
| UNDP                  | 67                           | 100       | 3                      | 0         | 0                              | 0         | 0                 | 0         | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| UNESCO                | 0                            | 0         | 0                      | 0         | 0                              | 0         | 0                 | 0         | 0                         | 0         | Yes                                 | No        | No                                  | No        |
| UNFPA                 | 0                            | 0         | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 100       | Yes                                 | No        | No                                  | No        |
| UNICEF                | 0                            | 100       | 0                      | 0         | 0                              | 0         | 0                 | 0         | 100                       | 78        | Yes                                 | Yes       | No                                  | No        |
| UNIDO                 | 0                            | 0         | 0                      | 0         | 0                              | 0         | 0                 | 0         | 100                       | 0         | Yes                                 | Yes       | Yes                                 | Yes       |
| WFP                   | 0                            | 0         | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 0         | Yes                                 | No        | No                                  | No        |
| WHO                   | 0                            | 0         | 0                      | 0         | 0                              | 0         | 0                 | 0         | 100                       | 60        | Yes                                 | Yes       | No                                  | No        |
| IFAD                  | 99                           | 100       | 4                      | 60        | 6                              | 88        | 100               | 100       | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| <b>Multilateral</b>   |                              |           |                        |           |                                |           |                   |           |                           |           |                                     |           |                                     |           |
| ADB                   | 86                           | 100       | 97                     | 94        | 97                             | 94        | 94                | 99        | 41                        | 57        | Yes                                 | Yes       | Yes                                 | Yes       |
| World Bank            | 100                          | 100       | 33                     | 45        | 100                            | 98        | 90                | 70        | 100                       | 75        | Yes                                 | Yes       | Yes                                 | Yes       |
| Global Fund           | 68                           | 0         | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 100       | Yes                                 | No        | No                                  | No        |
| GAVI                  | 0                            | 0         | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 100       | Yes                                 | Yes       | Yes                                 | No        |
| <b>European Union</b> |                              |           |                        |           |                                |           |                   |           |                           |           |                                     |           |                                     |           |
| EU/EC                 | 65                           | 86        | 38                     | 65        | 62                             | 65        | 62                | 88        | 83                        | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| Czech Rep             | 0                            | 0         | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 0         | Yes                                 | No        | No                                  | No        |
| France                | 11                           | 100       | 36                     | 91        | 38                             | 91        | 62                | 51        | 57                        | 100       | Yes                                 | Yes       | No                                  | Yes       |
| Germany               | 44                           | 100       | 4                      | 46        | 0                              | 43        | 33                | 13        | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| Ireland               | 0                            | 75        | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 0         | No                                  | Yes       | No                                  | No        |
| Sweden                | 36                           | 69        | 47                     | 56        | 47                             | 96        | 0                 | 0         | 73                        | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| UK                    | 0                            | 0         | 0                      | 0         | 0                              | 0         | 100               | 0         | 100                       | 0         | Yes                                 | Yes       | No                                  | No        |
| <b>Bilateral</b>      |                              |           |                        |           |                                |           |                   |           |                           |           |                                     |           |                                     |           |
| Australia             | 83                           | 0         | 0                      | 0         | 0                              | 0         | 4                 | 0         | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| Canada                | 0                            | 0         | 0                      | 0         | 0                              | 0         | 0                 | 0         | 11                        | 0         | Yes                                 | Yes       | Yes                                 | Yes       |
| China                 | 0                            | 0         | 99                     | 96        | 0                              | 0         | 100               | 100       | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| Japan                 | 57                           | 98        | 28                     | 40        | 28                             | 40        | 89                | 93        | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| New Zealand           | 60                           | 0         | 0                      | 0         | 0                              | 0         | 0                 | 0         | 100                       | 0         | Yes                                 | Yes       | Yes                                 | Yes       |
| Rep of Korea          | 32                           | 33        | 53                     | 56        | 15                             | 6         | 46                | 70        | 84                        | 88        | Yes                                 | Yes       | Yes                                 | Yes       |
| Switzerland           | 59                           | 57        | 27                     | 48        | 27                             | 48        | 100               | 0         | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| USA                   | 0                            | 0         | 0                      | 0         | 1                              | 0         | 100               | 0         | 100                       | 100       | Yes                                 | Yes       | Yes                                 | Yes       |
| <b>Total</b>          | <b>37</b>                    | <b>64</b> | <b>57</b>              | <b>76</b> | <b>26</b>                      | <b>44</b> | <b>79</b>         | <b>83</b> | <b>87</b>                 | <b>96</b> | <b>99</b>                           | <b>95</b> | <b>95</b>                           | <b>93</b> |

\*2015: Disbursement for the government sector (ministries, government agencies, sub-national administrations, the private sector and NGOs which have formal agreement with the Royal Government)

\*2017: Disbursement for the public sector (the government and other public sector entities but EXCLUDED CSOs, the private sector, and other non-state domestic actors)

Source: CRDB/CDC Cambodia ODA Database

The ODA and NGO Databases have the following functions that support DCPS implementation:

- Record all past, current and planned disbursements (include 3-year projections)
- Provide access to project records
- Permits production of tailored or pre-formatted reports and download to Excel
- Allows for recording of Busan indicators (results frameworks, use of country systems)
- Supports analysis of support to cross-cutting issues (gender, climate etc)
- Collates data on support to the Industrial Development Policy action plans

DCPR analysis further supports reporting on alignment of external support with national development priorities. In line with PFM reforms, it will continue to play an increasingly important role in supporting the coordination and programming of external resources as they become increasingly integrated in the budget exercise.

***(k) Global Partnership for Effective Development Cooperation (& Busan survey)***

The Rectangular Strategy – Phase IV makes clear that Cambodia will continue to be an active participant in the Global Partnership for Development Effectiveness that was established in Busan, Republic of Korea, in 2011.

The Global Partnership identifies a number of principles – ownership, a focus on results, inclusive partnerships and transparency – that have been reflected in the DCPS principles and results framework. These will be reflected during DCPS implementation and will be a common theme in the use of all DCPS tools/mechanisms. RGC, with its partners, will continue to participate in the Busan monitoring survey and will join country-level initiatives based on their relevance, resource availability and capacity.

**C. Institutional arrangements for DCPS implementation**

Each RGC ministry and agency has an important role to play in implementing the DCPS, which serves as the framework to promote and manage partnerships to support the Rectangular Strategy – Phase IV. Building on the last phase of the DCPS, and acknowledging the strong performance in reforming national planning and budgeting processes, the DCPS implementation arrangements are as follows:

- i) CRDB/CDC continues to be mandated as the RGC’s lead coordination and resource mobilisation agency for development cooperation. CDRB/CDC shall therefore be the RGC’s coordinating body with responsibility for overall policy leadership on the mobilisation and management of external cooperation. CRDB/CDC shall also be the principal focal point for working with development partners providing grant funding on appraisal, programming, monitoring and review. CRDB/CDC provides the following services:
  - Organisation of partnership dialogue through the TWG Network and through bilateral consultations with development partners (grant funding).
  - Monitoring development effectiveness through formulating and monitoring the JMIs and participating in Global Partnership work (including the Busan survey).
  - Appraisal and endorsement of grant-financed ODA projects as well as participation in the periodic review of projects.
  - Maintaining records on all external cooperation and NGO project funding, including to host the ODA and NGO Databases on behalf of the Royal Government.
  - On-demand support to RGC ministries and agencies and facilitation of partnership and development effectiveness work.
- ii) CIB/CDC serves as the General Secretariat to the Government-Private Sector Forum and will coordinate these meetings in consultation with private sector working groups.
- iii) The Ministry of Economy and Finance (MEF) shall prepare the macroeconomic framework and, using inputs from CDC and the PIP on external financing, identify broad loan/grant financing requirements for implementing annual public investment programs while maintaining macroeconomic stability and debt sustainability. MEF shall be the sole RGC signatory for loan financing and will manage loan-financed projects, including portfolio management, project appraisal and monitoring. MEF will also implement the BSRS as part of PFM reform to introduce performance-



informed budgeting, which will serve as the principal means for monitoring performance in implementing Rectangular Strategy – Phase IV priorities.

- iv) The Ministry of Planning (MOP) will prepare and monitor 5-Year Plans – the NSDP - to guide all investment expenditure, including ODA allocations and alignment. The NSDP also serves to integrate the CSDGs into a single national planning framework and to focus on wider development financing issues. The NSDP, and its mid-term review, will provide the means to report on progress, consolidate information and to provide a comprehensive outlook on achievements and challenges related to the implementation of the Rectangular Strategy and CSDGs. This will be used to form an evidence base that can then be used to chart a way forward. The Ministry of Planning shall also produce the 3-year rolling Public Investment Program (PIP) in cooperation with CRDB/CDC and line ministries/agencies to identify priority projects based on inputs from the ODA Database and line ministries.
- v) Ministry of Foreign Affairs and International Cooperation shall be the diplomatic window for development cooperation. CRDB/CDC retains the mandate for country programming and negotiation of grant financing while the Ministry of Economy and Finance manages loans agreements.
- vi) Line ministries and agencies shall lead the TWGs where relevant and shall actively participate at an appropriately senior level in all TWGs that are relevant to their mandate. Ministries that chair a TWG will lead on JMI identification and monitoring. In cooperation with CDC and MOP, they shall review data in the ODA and NGO Databases maintained by CDC in order to prepare their inputs for the Public Investment Program (PIP). In the context of PFM reform, the incorporation of external financing into the budget and the integration of recurrent-capital budgets, line ministries may work with development partners to ensure a coordinated and partnership-based approach to priority-setting and alignment.
- vii) Development partners and NGOs shall review their programmes to ensure the fullest possible alignment with the Rectangular Strategy – Phase IV and the CSDGs. They are further encouraged to engage fully in available partnership and dialogue mechanisms, especially the TWGs and bilateral consultations. Where there are opportunities for discussion around prioritization, for example in budget formulation and the JMIs, their inputs are welcome. Working practices should be reviewed based on the development effectiveness principles set out in the DCPS and the Global Partnership, including to participate in the Busan survey.

These implementation arrangements are designed to maximise opportunities for improved and results-based partnerships. By applying the Principles outlined in Section A of this chapter, risks are mitigated by providing ‘rules of the game’. Risk management is further advanced by identifying a range of tools and opportunities for dialogue and joint monitoring of the partnership and the results it achieves.

## **5. Partnerships to Support Development Results**

As the RGC reforms progress, especially related to PFM and the budget, and as the CSDGs become fully integrated into national planning and monitoring frameworks, new partnering opportunities and responsibilities arise.

The DCPS, which comprises the policy framework for CRDB/CDC in its role as the RGC’s coordination focal point, reflects the organization’s core responsibilities in management of ODA. As Cambodia’s development moves rapidly forwards, however, the DCPS also acknowledges that partnerships now extend beyond ODA. While the DCPS therefore remains largely focused on the management of traditional development cooperation partners – ODA donors, multilateral agencies, and NGOs – it also makes provision for providing guidance to, and integrating partnerships with, a wider range of development actors, including links to the national budget, South-South partners, and the private sector.

ODA therefore needs to be contextualized to take account of: (a) the primary role now played by RGC’s own domestic resources in financing national development; (b) preparation for LDC graduation, that may be associated with reduced ODA flows (in absolute terms as well as a share of GDP) and an increased

share of concessional loans; and (c) the potential role for ODA in forming partnerships with non-state actors to leverage ODA resources to mobilise funds from both the public and private sectors.

### **Partnering around the national budget**

The Rectangular Strategy – Phase IV makes clear that MEF will play an increased role in the monitoring of development performance via the budget. The MOP/NSDP role, which is where the CSDGs are to be integrated and monitored, will serve to report at the aggregate level and provide a forward-looking perspective.

For ODA leverage to work effectively in the budget context, development partners must work closely with MEF, line ministries and agencies during the budget process. In this way, external cooperation can become fully incorporated into line ministry plans and budgets, including to identify where domestic resources may complement external financing.

RGC’s move towards “performance-informed budgeting” will also ensure that, where development partners work more closely within the budget process, there will be potential for the partnership to:

- Ensure policy alignment across all actors
- Promote national and sub-national alignment
- Identify leverage and catalyst opportunities
- Effectively monitor results

While the budget presents an opportunity to enhance development results and effectiveness, the BSRS notes that, “the objective of implementing performance-informed budgeting is a shared vision for Cambodia and can only be realized if there is a buy-in for the stakeholders and they work in harmony”.

### **Supporting preparations for LDC graduation**

Cambodia expects to be placed on the LDC graduation list in 2021 but the process is extensive and full graduation will not occur for a further 6 years or more. To ensure progress towards graduation, and, crucially, to ensure a sustainable transition beyond that point, partnerships must focus on addressing factors related to the 3 underlying LDC criteria (shown in the charts below): (a) income; (b) human development; and (c) economic vulnerability. In the context of the Rectangular Strategy – Phase IV and NSDP process, the development partnership must therefore begin to organize and coordinate around a transition strategy.

In preparing for this transition, Cambodia is eligible to access a wide range of International Special Measures, mainly in the areas of trade, development and technical assistance. It is to Cambodia’s advantage to optimize the use of these special measures while they remain available. Examples of the support available to LDCs includes:

- **Trade capacity** - including WTO concessions, non-reciprocal preferential arrangements and participation in the Enhanced Integrated Framework for Trade-Related TA.
- **Trade Facilitation Agreement Facility (TFAF)** - supports LDCs to access the TFA’s benefits (tariff and quota free access to markets, streamlined customs formalities) and also to secure exemptions based on compliance capacity.
- **Preferential treatment on rules related to intellectual property and investment** – Trade-Related Intellectual Property Rights (TRIPs) and Trade-Related Investment Measures (TRIMS)

#### **The leverage, catalyst and accelerator role of ODA**

In the context of the CSDGs, there has been more frequent use of the terms “leverage”, “catalyst” and “accelerator”. RGC defines them as:

**Leverage** - refers to the use of an investment to attract further financing. This may be either direct, in which additional funds are made available to a project (blended finance), or indirect, in which an investment by one party stimulates a separate but complementary investment by another. In the context of RGC resources, ODA leverage can take place through simple counterpart funding arrangements or by a ‘demonstration effect’ in which the results of an ODA-funded activity influence RGC’s own budget allocations (e.g. IDPoor). In the context of the CSDGs, it is anticipated that ODA projects will seek to leverage private sector funding, either as a direct cost-sharing, through a PPP arrangement or simply by ‘crowding in’ private finance as a result of public resources providing an enabling environment for private investment.

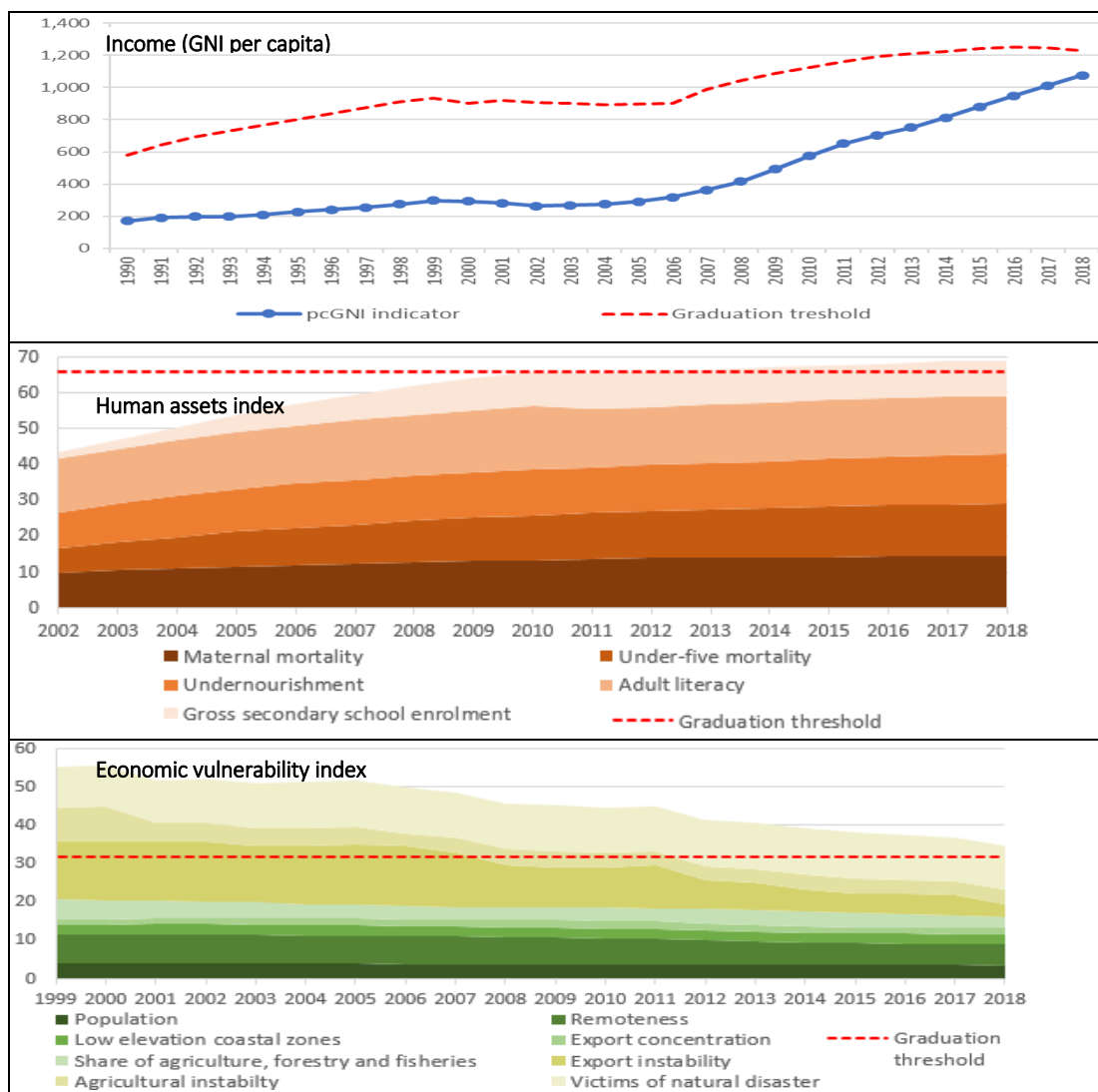
**Catalyst and accelerator** –are used inter-changeably to describe the ability of an investment to have a wider or longer-term developmental impact than is anticipated in the scope of the original project. Nutrition in early childhood, for example, provides lifelong benefits in terms of learning and livelihood; increased gender equality leads to improved educational attainment at the household level; and infrastructure investments can impact on maternal health by improving accessibility.

are agreements that permit relaxation of rules and practices related to intellectual property rights and investment in LDC WTO members.

- **Development cooperation** - including a donor commitment linked to the SDGs to allocate 0.15-0.20% of their GNI to LDCs in the form of ODA.
- **Technical Assistance and other general support** - for example, the UN's Technology Bank for LDCs, WTO legal advisory support and dedicated scholarships.

LDC status also entitles these countries to access the LDC Programme of Action, now in its fourth iteration. The 4th Programme of Action was adopted in 2011 and has a strong focus on productive capacity and structural transformation, including building physical, human and social capital. The programme includes actions in eight priority areas: productive capacity, agriculture, trade, commodities, human and social development, multiple crises and other emerging challenges, mobilization of resources and governance.

Progress towards meeting LDC graduation thresholds



Source: UNDESA Committee for Development Policy

For Cambodia, its continued LDC status offers an opportunity to boost trade capacity and to accelerate implementation of development objectives included in the IDP. Working with development partners that are active in the trade area, and in consultation with private sector actors relevant to the IDP will optimize the benefit from the use of these Special Measures.

### Adopting and applying a wider development finance focus

The SDGs acknowledge the need for “trillions not billions” of financing at a global level if the ambitious 2030 targets are to be met. The localisation of the 2030 Sustainable Development Agenda in Cambodia

also recognizes the need to mobilise and manage resources from a wide range of development actors: domestic and external, public and private. The Rectangular Strategy – Phase IV therefore presents itself as a “great framework for cooperating with related development partners, private sector and civil society” and promotes the ‘leverage’ and ‘catalyst’ roles of external cooperation, especially in seeking to build and extend partnerships with the private sector and with South-South Cooperation providers.

In working with civil society organisations (CSOs) and NGOs, the Rectangular Strategy – Phase IV anticipates “Further strengthening partnership with non-governmental organizations through enforcing the law on associations and non-governmental organizations in order to promote efficiency, transparency, and accountability of the cooperation”. NGOs are therefore strongly encouraged to continue contributing to national development and are considered to be essential actors in the partnership dialogue process through the TWGs and the formulation and monitoring of the JMIs. Their support will continue to be recorded in the NGO Database with analysis provided in the annual DCPR.

For the private sector, the RGC’s new policy on Public-Private Partnerships provides an additional framework for development partners to work with Government and the private sector in a blended finance model. Development partners are also encouraged to further explore private sector co-funding arrangements and CRDB/CDC will learn from the emerging experience during bilateral consultations in order to pro-actively guide this new area of partnering and to promote different blended finance models.

South-South cooperation formalises and promotes arrangements for the exchange of policies, practices, technology and expertise between developing countries of the South. Its peer-to-peer approach is particularly welcome as it emphasises solidarity, affinity and equity. RGC therefore intends to extend this modality, including to work with other development partners that support this approach through triangular cooperation.

Resources from all of these development actors will make an important contribution to achieving national development goals. The RGC will therefore seek to strengthen capacities to mobilise and manage these partnerships, including to update the projections included in the 2017 Development Finance Assessment for use in the NSDP financing work.

## **6. Conclusion**

The Rectangular Strategy – Phase IV has set out an ambitious but achievable vision for socio-economic development. It identifies the priorities to be addressed and a set of actions that must be implemented in order to secure the transition to a new socio-economic model that serves the people. In this context, the DCPS provides the framework for managing the partnerships that are central to achieving these goals. This includes establishing the principles, the tools and the necessary means of implementation to ensure that dialogue: (a) achieves a consensus on policy direction and plans; (b) ensures strong implementation capacities and systems; and (c) delivers results that can be verifiably demonstrated through robust monitoring systems.

The significant and rapid progress achieved to date can be consolidated and continued through a combination of strong RGC leadership and, through commitment to working in partnership, the effective implementation of national development strategies. All development actors are strongly encouraged to work constructively with RGC while seeking to innovate and build new partnerships that can mobilise and direct the increased resourcing that is required to finance the next phase of socio-economic transformation. With these goals in mind, the Rectangular Strategy – Phase IV and the DCPS set out specific partnering arrangements that will guide Cambodia towards further success and prosperity as a middle-income country.