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**DRAFT COUNTRY REVIEW PAPER**

**Implementation in Asia and the Pacific of the Brussels Programme of Action  
for the Least Developed Countries for the Decade 2001-2010:  
progress made, obstacles encountered and the way forward**

*Cambodia*

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## ABBREVIATIONS

BOT	Build Operate and Transfer
CARD	Council for Agriculture and Rural Development
CDCF	Cambodia Development Cooperation Forum
CMDGs	Cambodia Millennium Development Goals
ESP	Education Strategic Plan
FDI	Foreign Direct Investment
FSB	Financial Sector Blueprint
GDCC	Government Donor Coordination Committee
GMAGs	Gender Mainstreaming Action Groups
GMAPs	Gender Mainstreaming Action Plans
HEF	Health Equity Funds
JMI	Joint Monitoring Indicators
MoWA	Ministry of Woman's Affairs
MTEF	Medium Term Expenditure Framework
MTF/EF	Medium Term Fiscal and Expenditure Framework
NAPA	National Adaptation Program of Action
NSDP	National Strategic Development Plan
NPRS	National Poverty Reduction Strategy
PBES	Provincial Business Environment Scorecard
PFM	Public Financial Management
PIP	Public Investment Program
PMGs	Priority Mission Groups
RGC	Royal Government of Cambodia
SAD	Single Administrative Document
SEDP	Socio-Economic Development Plan
SEZ	Special Economic Zone
SFDD	Strategic Framework for Decentralization and Deconcentration
SFFSN	Strategic Framework for Food Security and Nutrition
SMEs	Small Medium Enterprises
SNEC	Supreme National Economic Council
SSN	Social Safety Net
STD	Sexual Transmitted Diseases
TWGFSN	Technical Working Group for Food Security and Nutrition
TWGG	Technical Working Groups on Gender
WTO	World Trade Organization

## I. INTRODUCTION

This country report provides a summary of the strategies and policies adopted, including the activities and actions undertaken by the Royal Government of Cambodia, and the outcomes of such actions in implementing the Brussels Program of Action. The country report is structured around the seven key commitments set out in the Program, and provides a summary of activities undertaken by the Royal Government for the fourth United Nations Conference on the Least Developed Countries.

Since the 1990s, Cambodia has made significant progress in its transition towards prosperity and development. In the process, Cambodia has re-established peace and security after almost three decades of war and civil conflict; moved to a multi-party political system with vigorous efforts to develop and strengthen the country's democratic institutions; and transformed the isolated, state-controlled and subsistence-oriented economy to a market-driven and open economy.

The Royal Government of Cambodia fully recognizes and embraces the Program of Action adopted at the Third United Nations Conference on the Least Developed Countries, which was held in Brussels, Belgium, on 14-20 May 2001. In response to those Programs of Action, the Royal Government of Cambodia has adopted and has been implementing several cross-cutting prioritized strategies to eradicate poverty, promote gender equity, achieve high level of employment and responsive governance at national and international levels, and sustainable development.

In recent years, the Royal Government of Cambodia has taken various initiatives to further strengthen the linkage between the poverty reduction strategies, planning, budgetary process, aid coordination, and aid management arrangements to allow the government resources to be directed towards priority program areas and address those areas with implementation capacity constraints.

The overriding aim of the Royal Government of Cambodia is to build a Cambodian society that is socially cohesive, educationally advanced, culturally vibrant, and free from hunger, disease, inequality, vulnerability and exclusion. These national goals are also shared global goals as reflected in the MDGs.

## II. PROGRESS IN ACHIEVING THE MDGS

For monitoring progress, Cambodia localized the global MDGs in 2003 and these are called Cambodia MDGs (CMDGs) which reflect Cambodian realities.<sup>1</sup> The CMDGs consist of 9 goals, 25 overall targets, and 106 specific targets. In 2005, the Royal Government of Cambodia undertook an assessment of the progress towards achieving the CMDGs.<sup>2</sup>

The results show a mixed picture with limited achievements and critical deficits in many areas relating to food security, poverty reduction, and sustainable social and economic development (Table1). Current trends suggest that Cambodia is unlikely to achieve the CMDGs unless its national efforts are strengthened and reinforced through global support.

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<sup>1</sup> Cambodia Millennium Development Goals Report 2003: Ministry of Planning, Kingdom of Cambodia, November, 2003.

<sup>2</sup> Achieving the Cambodia Millennium Development Goals: 2005 Updated, Ministry of Planning, Royal Government of Cambodia, October, 2005.

Bold initiatives are needed from the development partners to complement its pro-CMDG national strategies with required financial, technical and other support.

**Table 1: Summary of Major Achievements and Critical Shortfalls in CMDG Targets, 2005**

<i>Achievements</i>	<i>Shortfalls</i>
<ul style="list-style-type: none"> <li>• Significant improvements in poverty rates in urban and more accessible rural areas.</li> <li>• Expansion of primary education to more children.</li> <li>• Significant reduction in mortality rates for both infants and under 5 year olds.</li> <li>• Improved immunization against major childhood diseases.</li> <li>• Improved breastfeeding rates.</li> <li>• Reduction of gender disparity in most areas especially in primary education, adult literacy, and wage employment in agriculture and industry.</li> <li>• Noteworthy reduction of communicable diseases, especially HIV/AIDS.</li> <li>• Improved urban access to safe water and rural access to improved sanitation.</li> </ul>	<ul style="list-style-type: none"> <li>• High rural poverty rates.</li> <li>• Failure to increase net enrolments at higher levels and achieve high survival rates at all levels of education.</li> <li>• Limited progress in achieving the goals of universal nine-year basic education particularly those beyond primary education.</li> <li>• Gender disparity in secondary and tertiary education.</li> <li>• Persistent high levels of domestic violence.</li> <li>• Access to quality health services especially in case of women and maternal health.</li> <li>• Environmental degradation, especially forest depletion and water resources.</li> <li>• Persistence of high civilian casualties from landmines and UXOs.</li> </ul>

Source: Achieving the Cambodia Millennium Development Goals: 2005 Update, Ministry of Planning, Royal Government of Cambodia, October 2005.

**III. CHALLENGES IN REALIZING COMMITMENTS UNDER BRUSSELS PROGRAMME OF ACTION: CAMBODIA’S RESPONSE**

**A. Commitment 1: Fostering a People-Centered Policy Framework**

The National Strategic Development Plan, 2006-2010: On 15 August, 2006, the Royal Government lunched the National Strategic Development Plan (NSDP) 2006-2010.<sup>3</sup> it is a major step forward and a strategy instrument in effort to develop the country. The NSDP combines the earlier five-year Socio-Economic Development Plan (SEDP) and three-year National Poverty Reduction Strategy (NPRS) processes. The NSDP also integrates the CMDGs as its overarching goals.

NSDP rooted in the Rectangular Strategy: The NSDP has been rooted in the Rectangular Strategy for growth, employment, equity and efficiency adopted in 2004 as the policy platform of the Royal Government (2003-2008). The comprehensive agenda of the Rectangular Strategy identifies good governance as the core with four reform areas: (i) fighting corruption; (ii) legal and judicial reform; (iii) public administration reforms; and armed forces reform and demobilization. For implementing the strategy, four elements have been taken as crucial in ensuring the right environment. These are: peace, political stability

<sup>3</sup> National Strategic Development Plan 2006-2010, Royal Government of Cambodia, December, 2005.

and social order; integration of Cambodia into the region and the world; partnership in development; and favorable macroeconomic and financial environment.

The framework also covers four strategic ‘growth rectangles’ that include (i) enhancement of agricultural sector through improving productivity and diversifying agricultural sector, land reform and mines clearance, fisheries reform and forestry reform; (ii) further rehabilitation and construction of physical infrastructure through construction of transport infrastructure, management of water resources and irrigation, development of energy sector and electricity network, and development of information and communication technology; (iii) private sector development and employment generation by strengthening private sector and attracting investments, creating jobs and ensuring improved work conditions, promoting Small and Medium Enterprises, and ensuring social safety nets; and (iv) capacity building and human resource development by enhancing quality of education, improving health service, fostering gender equity and implementing population policy.

NSDP aligned with CMDGs: The NSDP explicitly takes into account the progress made so far in achieving the CMDGs and sets its goals and targets for 2010 which are consistent with the targets set under the CMDGs in 2015.

People-centered perspective of NSDP: It has been prepared through a highly participatory and inclusive process, a people-centered perspective and has been ensured in NSDP through making poverty reduction and achieving the CMDGs as its primary goal and incorporating several priority actions, such as allocating more than 60% of public sector outlays to the rural areas and to direct pro-poor programmes; specific targeting in development focus to disadvantaged areas where current poverty levels are high; providing earmarked resources to priority cross-cutting programmes such as gender mainstreaming.

Implementing the NSDP: At present, the RGC is streamlining its implementation mechanisms for effective programming of NSDP. The priority goals, broad strategies and allocations under the NSDP will be further broken down into sub-goals and specific actions under the sectoral plans which each ministry/agency will prepare following the thrust and priorities of NSDP.

The existing rolling three-year Public Investment Programme (PIP) mechanism will be used to identify, plan, phase and cost specific activities every year. The PIPs will form an integral part of the NSDP. The RGC will ensure that the Medium Term Expenditure Framework (MTEF) and the annual budgets are synchronized with the NSDP. For successfully implementing the NSDP, Cambodia needs a public sector investment of US\$ 3,500 million during 2006-2010 for which increased donor assistance and more effective harmonization among the donors will be urgently required.

Regular monitoring and evaluation of NSDP: The Royal Government considers that the monitoring and evaluation of NSDP is the major tasks. To ensure that NSDP implementing proceeds along the intended path at the required pace to achieve its goals and targets, regular monitoring and evaluation of progress has been taken as an integral component of NSDP. The progress of NSDP implementation will be monitored and evaluated on an annual basis using a set of ‘core indicators’ identified for the purpose. The annual progress report, containing findings and corrective actions, will be extensively shared with all stakeholders for consensus-building and implementing appropriate follow-up actions.

In 2007, an annual progress report was prepared which outlines the achievements and progress for the year 2006. The Ministry of Planning is the arm of the Royal Government and the Chairman of the Technical Working Group on Planning and Poverty Reduction conducted a Mid-Term Review meeting on 2 October 2008 to examine the progress for the past two and a half years of NSDP 2006-2010, including the shortfalls and the causes. A Mid-Term Review document has been approved by the high level meeting in which organized by SNEC and with the four central ministries participated, such as: Ministry of Planning, Ministry of Economic and Finance, and Council for the Development of Cambodia and been sent to line ministries and institution involved as well as development partners to integrate the inputs and progresses by goals and policies for future implementation, such as: challenges and risk. The Mid-Term Review document of the implementation of the NSDP 2006-2010 has been adopted on the 14 November 2008 by the RG and considered as the major document for the 2<sup>th</sup> Cambodia Development Cooperation Forum-CDCF in which hold on the 4<sup>th</sup>-5<sup>th</sup> December 2008. The NSDP thus provides a holistic framework covering both sectoral and cross-cutting concerns that are required to be addressed to achieve Cambodia's social and economic goals including the CMDGs.

The Royal Government of Cambodia has decision to prepare a fresh NSDP by updating the term of NSDP 2006-2010 up to 2013 in order to motivate mainly the need to pursue the policy decision outline in the Rectangular Strategy II as the socio-economic policy agenda of the Political Platform of the Royal Government of Cambodia for the 4<sup>th</sup> legislative of the National Assembly (2008-2013). Beside this policy factor, the need to present new proposals to address to potential impact of global economic downturn on Cambodia economy as well as on the Royal Government of Cambodia's efforts in poverty reduction an essential motive.

At the first Cabinet Meeting on 26 September 2009, **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister** announced that the time frame of the NSDP shall be reviewed so as to be congruent the term of the Royal Government of Cambodia for the 4<sup>th</sup> legislative of the National Assembly and the Rectangular Strategy II is to be implemented through the NSDP.

The Circular was issued to address this need and pursuant to its guiding principles a new NSDP bearing the title NSDP Update 2009-2013 will be draft by the Ministry of Planning in close collaboration with Line Ministries and Agencies. Thus, the term of NSDP, 2006-2010 will be deemed to have ended in 2008 and necessary legislative actions will be taken to give effect to these changes.

The NSDP Update 2009-2013 will have 2008 as the base year and follow the structure of Rectangular Strategy II in format. The NSDP Update 2009-2013 will provide details on specific actions, programs, and projects that will be carried out by Line Ministries and Agencies to implement the Royal Government of Cambodia's prioritized policies outline in Rectangular Strategy II.

The NSDP Update 2009-2013 as the document for providing a future road map for Cambodia's socio-economic progress and it shall focus on:

- a) The Royal Government of Cambodia's prioritized goals as articulated in the Rectangular Strategy II, which focus on:
  - Ensuring sustainability, peace, political, security and social order to promote rule of law and protect human rights and dignity and multi-party democracy.

- Ensuring sustainable long-term economic growth at a rate of 7% per annum on a broader basic and more competitive capacity in the context of one-digit inflation.
- Ensuring poverty reduction at a rate of over 1% point per annum, and improvement of main social indicators, especially in education, health and gender equity.
- Ensuring increased outreach, effectiveness, quality and credibility of public services.

b) Assessment of possible opportunities and challenges for Cambodia by taking a fresh look at the progress so far and the current situation, both domestic and external, including the highly volatile external factors (such as global recession, financial crisis, changing commodity prices and the global climate change).

c) Macro, cross-cutting, and sectoral policy measures and new programmes and projects proposal aiming at achieving the prioritized goals through the implementation of the Royal Government of Cambodia's prioritized policies presented in Rectangular Strategy II.

d) Revising and outlining crucial goals and targets and making fresh forecasts for the way forward for Cambodia till end of 2013.

e) Costing of the implementation of NSDP Update 2009-2013 and sectoral allocations appropriate to each sector's priorities and targets pertinent to the overarching goals, based on available resources.

f) Strengthening the framework for monitoring and evaluation of progress in implementing NSDP Update 2009-2013 through the integration of planning, budgeting and cooperation financing processes.

## **B. Commitment 2: Good Governance at National and International Levels**

Electoral process: Democracy where people periodically voice their choice of leaders through elections to political and legislative institutions has already taken strong roots in Cambodia. An independent National Election Commission conducts the democratic elections based on full adult franchise with the last one held in 2003.

In 2007, the second commune election was held, which further exercise the democratic process in the grass root level. Cambodia has conducted a national general election for its fourth mandate in July 27, 2008, organized and supervised by an independent National Election Committee. Moreover, Cambodia also conducted a sub national election on 17 July 2009.

The Royal Government still considers good governance as prerequisite to ensure sustainable development, equity, and social justice. Indeed, Good Governance requires wide participation from all stakeholders, widely shared information, accountability, and transparency, equal rights before the law and respect for the rules of law. In sum, good governance is the requirement of the Cambodia society at present and in the future.

The Royal Government has strengthened good governance through public administration reform, legal and judicial reform, capacity building and public sector efficiency, including fighting corruption in many others area such as the accelerated implementation of the Public Financial Management Reform Program and Public Administration Reform including decentralization and de-concentration.

Ensuring good governance: The Royal Government has put in place highly participatory system for grassroots level involvement in governance. With the commune councils in place through commune level elections in 2002 and decentralization starting with the Seila programme based on bottom- up, integrated, participatory, decentralized rural development, the Royal Government has approved its Strategic Framework for Decentralization and De-concentration (D&D) in June 2005. The framework provides clear guidelines and procedures to increasingly develop responsibilities and resources for development to provincial, district and commune levels.

The Royal Government of the Third Legislature has taken numerous practical measures to tackle corruption. In this regard, even in the absence of the Anti-Corruption Law, the Royal Government has vigorously combated corruption through the introduction of Governance Action Plan and the adoption and implementation of a number of measures such as Law on Public Financial System, Law on Customs, Sub-decree on Public Procurement, Government circular on the Management of Non-tax Revenues, and the Code of Conduct and Ethics for Customs Officials. At the same time, the control mechanism of the National Audit Authority and the Department of Inspection, were strengthened. Internal Audit mechanisms were established in all ministries/institutions. The Anti-Corruption body has been strengthened and administrative and legal actions have been taken against officials found indulging in corrupt practices and punishment meted out.

Anti-corruption: The Royal Government is well aware that the Anti-Corruption Law is an indispensable legal instrument to fight corruption effectively. In this context, the Royal Government is strongly committed to ensure rapid conclusion and adoption of this law in close consultation with all concerned parties on the basis of all other fundamental laws that must be adopted first. The Royal Government has made improvement in the legal and judicial systems, by focusing on the development of a sound legal framework and enhancing professional capacity, independence and neutrality of the judiciary, which are crucial for strengthening the rule of law. In the Third Legislature, a total of 140 laws were promulgate including three major codes-the Criminal Procedure Code, the Civil Procedure Code and the Civil Code. At the same time, disciplinary sanctions have been carried out by the Supreme Council of the Magistracy, while enhancing the competency and accountability of judges through initial and continuous training and the adoption of the Codes of Ethics for Judges and Prosecutors. The Center for Legal Services was established in a number of districts in order to institutionalize dispute resolution mechanisms outside the court system in Cambodia in order to reduce the backlogs at the courts.

Administration reform: A National Programme for Administration Reform has been taken up around four strategic objectives: improving delivery of public services; enhancing pay salaries and performance; developing capacity of people and institutions; and promoting use of information and communication technology. Innovation tools like Priority Mission Groups (PMGs) have been designed to accelerate special tasks.

The Royal Government has launched Priority Mission Groups (PMGs) in a number of ministries and agencies in order to strengthen management capacity of our institutions, introduced selection criteria and competitive examinations for the recruitment of new government officials, increased social security and functional allowances, and piloted the Merit-based Payment Initiative (MBPI) aiming at improving the efficiency, transparency and the responsibility of the public services. The " *Single Window* " mechanism has been launched to facilitate the public service users while embarked on the decentralization of public services at commune/sangkat level and introduction of IT-based public services. The Public Financial

Management reform has enabled the Royal Government to achieve budget credibility through improved revenue collection and expenditure rationalization. This has made possible the increase in average monthly salaries from 30 USD in 2004 to 62.4 USD in 2008, a more than two fold increase.

In the Fourth Legislature, the Royal Government will continue to expand the coverage of the PMGs and MBPI to a number of priority ministries and agencies, in order to deepen nationwide sectoral reform programs. The Royal Government will pursue the policy of a 20-% per annum increase in base salary, compared to 10-15% in the Third Legislature. The Royal Government will continue to enhance the efficient use of information technology; strengthen the management and the development of capacity for government officials; increase the role and proactive participation of women in public administration; enhance the provision of basic public services, government sovereignty services, investment-related services, as well as provide support for small and medium businesses through the implementation of the " *Single Window* " mechanism; and the establishment of Ombudsman office.

The Royal Government will also set up new mechanisms in providing public services through the creation of the " *Special Operating Agency (SOA)* " in a number of ministries and agencies, and will encourage the civil society and The private sector to participate directly in providing public services.

The Royal Government will further pursue the implementation of Decentralization and De-concentration policy by developing legal and regulatory framework and new measures to ensure effective implementation of the " *Organic Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans* ", especially the development and implementation of the legal and regulatory framework related to the transfer of power from the national to sub-national administrations by clearly identifying their role, responsibilities, power, and accountability. This law will be carefully implemented in phases. Each ministry and agency should prepare concrete Action Plans for the delegation of power and functions to the sub-national levels. De-concentration of financial management will also be implemented in a phased and flexible manner over the medium term to allow for the capacity building in public financial management at the sub national levels. The *National Committee on Sub-National Democratic Development* is preparing a 10-year Nation Implementation Program.

Other reform areas: In addition to cross-cutting areas of judiciary and law, public finance, civil administration and anti-corruption, RGC's reforms in specific areas such in land and forestry management and armed forces and demobilization are important elements of its good governance agenda.

In the Forth Legislature, the Royal Government will continue to reform the armed forces to ensure effective defense of sovereignty, territorial integrity, security and social order of the Kingdom of Cambodia.

The land reforms are being implemented to develop land tenure and land market and ensure pro-poor land access. Land reform is the most sensitive area, due to outstanding issues in the past. In implementing the land law and policies, the Royal Government has paid more attention to the measures of strengthening the system of land management, distribution and use and land ownership, land rights security, eradication of illegal land encroachment, and by taking proper measures to prevent the concentration of unused and unproductive lands. The systematic land registration has been greatly welcomed by the rural people. In fact, we

provided more than 1 million of land titles so far. Starting from 1992 to February 2008, we have cleared more than 20,000 hectares of landmines; and the dangers caused by landmines have been reduced by 1.5 times from 800 cases in 2003 to 315 cases in 2007.

In case of forestry, the reforms are designed to spell out and implement a clear strategy to address management of concessions. Annual coupes, community forests and protected areas in a sustainable manner. The forestry and fished sectors reforms have been actively implement in order to maintain the efficiency of management and sustainable development of natural resources. The Royal Government has effectively and efficiently prevented illegal logging and has reviewed all forest land concessions. 360 forestry communities have been created to cover the land surface of nearly 180,000 hectares in order to held protect this valuable property and about 400 fishery communities have been created in the field of fisheries.

In addition, 82 protested areas communities have been established within protected areas with participation of 15,382 households from 136 villages managing 86,527 hectares of forest land. These communities have been impressive progress in promoting eco-tourism, establishing community funds for local development and supporting their members.

The national water resources policy is one of the extensive projects providing the base for protection, managing and using fresh and salty water with sustainability, equity to serve the public interest more efficiently. About 31.63% of the total paddy cultivation which irrigated system (irrigable ability 827,373 hectares of the paddy cultivation 2,615,741 hectares). It is estimated that, the irrigation facilities may have the potential to cover about 65% of farmland. If we can further expand the irrigation coverage, the land productivity will be increased and then Cambodia could actually become the rice basket in the region.

Therefore, the Royal Government has paid high attention to the restoration and renovation of irrigation facilities and water drainage system, especially in the areas with extreme poverty and in the border areas. The members of water user communities have the amount 350 and there are 305,550 families as members and the women participation has also been further enlarged.

The Royal Government is also steadily pursuing de-mining operations which are not only humanitarian and security related issues but have significant social and economic implications especially on land distribution and security of poor farming households in remote areas.

### **C. Commitment 3: Building Human and Institutional Capacities**

The Royal Government clearly understands that institutions matter in promoting sustainable development with equity. In this sense, special attention is given by the Royal Government to promote efficiency, effectiveness and accountability in the public administration at both central and provincial levels to address effectively the challenges of national transformation, respond better to the population's needs and deliver services more efficiently by :a) Strengthening government capacity to plan, implement, monitor and coordinate public administration reforms; b) Effective dissemination information and mechanisms for policy consultation; c)Adoption of the necessary laws and regulatory texts for decentralization and de-concentration by the relevant authorities; d)Improved central and local policy dialogue and connectivity for informed national policy and legislative reforms; e)Enhanced fiscal de-concentration and budget processes based on the budget priorities; f)

Improved capacity of local institutions to meet poverty-reduction and gender justice needs through effective mobilization, allocation and management of resources; g) Enhanced capacity of the rural and urban communities in the monitoring and implementation of local development projects; in response to the above policies, considerable efforts have been deployed by the Royal Government to increase investment in this sector by increasing budget allocations for education, mobilizing foreign aid and encouraging contribution from the society.

Building human capacity through education: With capacity building and human resource development as one of the key areas, education has received a high priority in the Royal Government's development agenda. An Education Strategic Plan (ESP) 2001-2005 has been in operation to reform the sector, improve quality of education and expand coverage. A follow-up ESP for the period 2006-2010 has been prepared that includes the goal of Education for All Plan, 2003-2015. The RGC's budget allocation to the education sector has doubled in recent years, increasing from 10% of the total budget in 1997 to around 20% in 2005. Moreover, 60% of the resources are earmarked for basic education with an emphasis on pro-poor expenditure.

The education sector development has moved into new phase by focusing on fundamental education and its quality in the context of national economic development which is more systematic. For the long term vision, the Royal Government has linked education strategy with the poverty reduction strategy through integrating educational financial planning with the public expenditure management. Indeed, during the last few years, many educational institutions were established and issues of education quality and living standard of teachers were prioritized and taken into account according to the scope of economic growth.

The Government of the Third Legislature has published the "*Educational Strategic Plan for 2006- 2010*" which is a component of the Government's "*Rectangular Strategy*" and the "*National Strategic Development Plan 2006-2010*". The objective of this strategy is to ensure that all Cambodian children and adults have equal opportunities in receiving the basic formal and informal education without discriminating against races, colors, gender, languages, religions, political tendencies, origin and social status. Morally, this strategic plan is connected to the education of the culture of peace, respect for human rights, legal and democratic principles and justice by fighting against violence, drug use, children and women trafficking and all types of discrimination in society. These reflect the notion of "*Education for All and All for Education*" which illustrated the implementation of chapter 6 of the constitutional law on the equal rights of all people.

In undertaking this strategy, the Royal Government of Cambodia has made significant progress in ensuring equity in the 9-year basic education for all children. The number of schools increased by 41% from 6,963 in 2003-2004 to 9,834 in 2008-2009 academic years. Enrolment rate also dimes in all levels of schooling. The number of scholarships provided to poor students at secondary level rises to 45,754 of which female students account for 63.2%. The number of teaching staff increases from 73,642 in 2003-2004 to 81,350 in 2008-2009 academic years.

Since the 1990s when the Royal Government introduced the policy of private schools, the number of secondary schools and higher education institutions has increased significantly. Currently, there are 66 higher education institutions, of which 24 are public higher education institution and 42 are private institutions. Along with this, government's expenditure for the education sector has risen substantially.

The current budget for the education sector in 2007 is nearly twice the 2003 figure, increasing from 300 to 546 billion riels, equivalent to the increase from 17.1% to 19.2% of total current budget.

Improving health status: For capacity building, improving health status of the people is another priority area of the Royal Government. Better nutrition status as well as reproductive health, maternal and child health, removing causes of disease and illness, taking preventive measures and providing medical care where needed are some of the elements emphasized under the government approach.

The Royal Government has implemented the Health Sector Strategic Plan(HSP) 2003-2007 which provides the framework of actions in respect of health service delivery, behavioral change, quality improvement, human resource development, health financing and institutional development. The government's budget expenditure on health increased by 264% between 1998 and 2004.

In the health sector, the Royal Government of Cambodia gives priority to the timely prevention and tackling of all kinds of epidemic diseases, people's healthcare and nutrition; and regard people's well-being as the prerequisite to human resource and sustainable socio-economic development.

The Royal Government has strived to improve the overall people's welfare, especially for the poor, women and children by providing support to improve health services to ensure cost-effective, quality and accessible prevention and treatment as well as strengthening institutional capacity on financial planning, implementing strategic policies and effective human resource management. As a result, child mortality rate drops from 95 in 2000 to 66 per 1,000 in 2005. The under-five mortality rate also declines during the same period. Maternal mortality rate is 472 of 100,000 births in 2005.

Promoting gender equality and empowering women: The Royal Government of Cambodia has clearly recognizes the importance and the necessity of the promotion of gender equality through all sectors and levels of the development and poverty reduction. The Royal Government of Cambodia, through MoWA and line ministries and relevant partners, had successfully contributed to promoting gender responsive national policy and legislature; increasing women's participation in decision-making at all levels; economic empowerment of women; combating violence against women, and the development of related laws and law enforcement; improved health of women and girls, HIV/AIDS prevention and nutrition for women and children; participation of girls in education, and adult women in literacy programs; and the promotion of social values.

There is a clear shift from agriculture to industry and services for both men and women; wage employment has increased and women's share of wage employment has achieved parity in agriculture and industry. Through the Women's Development Centers, women have received vocational training and counseling on entrepreneurship development to increase their employment opportunities and improve their livelihood options, with the overall aim of economic development.

Excellent progress has been achieved in higher enrollment rates and increased gender parity at the primary school level. Enrollment rates and gender parity has also improved at higher levels of education. Near gender equity in literacy rates and mean level of education among young people under 20 years of age has been achieved, a reflection of the significant

improvement in the primary education system. Institutions responsible for education continue to consider gender concerns in education sector policy development.

Very good progress has also been achieved in strengthening the legal framework to protect women. Awareness and understanding of gender equality and women's rights have been raised and incorporated in the preparation and implementation of laws and training. In 2005, the Law on the Prevention of Domestic Violence and Protection of Victims was adopted by the National Assembly, and the related National Action Plan to Combat Violence against Women has been adopted by the Council of Ministers.

The Law on Suppression of Humans Trafficking and Sexual Exploitation was adopted in 2008 and the National Action Plan is under preparation.

In the health sector, excellent progress has been achieved in advancing the health status of women and girls, in improved awareness of their rights, and in improved access to primary health care, use of vaccines, as well as in information on HIV/AIDS and prevention of sexually transmitted diseases (STD) and malaria. The overall HIV adult prevalence rate was reduced from 2.0 percent in 1998 to 0.9 percent in 2006 and the HIV prevalence among pregnant women attending antenatal clinics, from 2.1 percent to 1.1 percent.

Good progress has been achieved in the representation of women in directly elected bodies. The proportion of women elected to the Senate increased from 13 percent in 2003 to 14.8 percent in 2007. The proportion of women elected to the National Assembly increased significantly from 5.8 percent in 1993; 12.3 percent in 1998; 19.5 percent in 2003; to 21.1 percent in 2008. The proportion of women elected to commune/sangkat councils increased from 8 percent in 2002 to 14.6 percent in the 2007 elections. Women also hold 30 percent of village leadership positions. Furthermore, resulting from the indirect elections to elect capital, provincial, municipal, district, khan councils in 2009, women comprise 10.1 percent of the municipal, provincial council members and 12.7 percent of the municipal, district, khan council members. In the civil service, 197 women have been appointed as deputy governor of provinces and municipalities, districts and khan in the country. The State Secretariat for Civil Service developed a guideline with a quota for new recruits in the civil service, ranging from 20 to 50 percent. At a result, the proportion of women civil servants increased from 32 percent in 2007 to 34 percent in mid 2009.

Moreover, based on cooperation with relevant national and international institutions, the government has achieved remarkable progress in mainstreaming gender and including women's rights in key national policies such as the Cambodian Millennium Development Goals, the National Strategic Development Plan(NSDP) for 2006-2010, the Governance Action Plan II and joint government donor monitoring indicators(JMI). In addition, gender is mainstreamed in important national government reform programmes such as Public Financial Management Reform, Public Administration Reform, the Organic Law on the administration and management of the capital, provincial, district, khan, commune/sangkat, and the 10 year national program for democratic development. Notable progress has also been achieved in strengthening the institutional mechanisms to support gender mainstreaming including the establishment of the Technical Working Group on Gender(TWG-G) as part of the Government Donor Coordination Committee(GDCC); and formation of Gender Mainstreaming Action Groups (GMAGs) in nearly all line ministries. Gender Mainstreaming Action Plans (GMAPs) have been or are being prepared by many ministries. Ten ministries have received national budget or donor support to implement activities in their plans.

Implementing national population policy: The RGC is implementing the National Population Policy adopted in 2003 that aims to induce changes in population trends so as to bring the size, composition and distribution of population in line with the needs of sustainable development and poverty reduction. The priority issues are to support all couples and individuals to decide freely and responsibly on the number and spacing of their children and to have access to information, education, services and means to do so.

#### **D. Commitment 4: Building Productive Capacities to Make Globalization Work for LDCs**

Cambodia's accession to the WTO in September 2003, along with new opportunities, new challenges have emerged for its small and fragile economy.

Facing challenges of globalization: Cambodia can face the challenges of globalization and benefit from the process. The Royal Government is to promote a strong economy with expanding productive capacities. For this, the Royal Government has put emphasis on developing several facilitating factors such as strengthening of domestic enterprises and infrastructure; development of human resources and technological capabilities, diversifying the external sector; and creating market access. For increasing domestic supply responses, stress has been put on developing small and medium enterprises (SMEs) and agro-based industries, improving access to the credit market, ensuring labor market flexibility, investing in skill development, disseminating market and technical information, and similar measures.

Expanding physical infrastructure: Under the NSDP 2006-2010, the Royal Government has worked out an integrated approach to expanding physical infrastructure with emphasis on critical components; creating an enabling environment for increased FDI flows including technology transfer and acquisition ; developing enterprises especially SMEs in rural and urban areas; facilitating the availability of affordable energy; developing and diversifying agriculture and promoting agro-industries; expanding manufacturing and mining activities especially through domestic and foreign private investment; expanding sustainable tourism; and promoting rural development and food security for all Cambodians.

The Royal Government has continued to restore and build some main physical infrastructures and created an enabling environment, which is stable and manageable, to attract and promote private investment. Ideally, the increase in national revenues allows us to increase capital expenditure for more investments in physical infrastructures such as transportation and irrigation, social and human resources development which are the main factors to create a sound environment to enhance and ensure the sustainability of growth and also to facilitate the redistribution of this growth more extensively.

Since 1999, the Royal Government has increased the expenditure for socio-economic infrastructures. However, there is considerable demand and potential of agriculture and water resources sectors in Cambodia. We must spend more on the improvement and development of related socio-economic infrastructures, such as roads, bridges, railways, waterways, sea ports and airports, rural electricity supply and clean water distribution network, schools, and public health centers etc. Therefore, in the medium term, investments in all infrastructures are still the priorities of the Royal Government and we will warmly welcome the generous contributions from our development partners.

Capacity development: In order to strengthen its capacities to manage the globalization process, the Royal Government has taken measures to reinforce institutional support structure for the private sector to enhance their roles in national trade and investment policy processes. Policies have been put in place to respond more effectively not only to the needs of the productive sectors through better integration of trade capacity building and private sector development activities but also to ensure that, in the process, national poverty reduction goals are promoted.

### **E. Commitment 5: Enhancing the Role of Trade in Development**

Trade plays a significant role to promote growth and contribute to poverty reduction. The Royal Government has opted to include a growth-enhancing, pro-poor trade sector strategy as part of the overall national poverty reduction strategy.

Trade policy framework: Cambodia has put in place a trade policy framework in 2001 to promote growth and contribute to poverty reduction. This has resulted in dynamic export performance and integration of the country in numerous regional bodies and accession to WTO in 2003. The Royal Government is preparing a Sector Wide Approach Programme for the sector. Meanwhile, Cambodia's intermediate challenge is to ensure that favorable trade agreements already reached are taken advantage of by the trade sector to export Cambodian products so that exports become diversified and broaden away from dependency on garments industry alone.

The Royal Government has produced a number of necessary legal frameworks to support the private sector development. The Government-Private Sector Forum has become the effective mechanism to address common issues of the Royal Government and the private sector. Trade facilitation reform has reduced bureaucracy, which is the important step in promoting private business; especially in the last few years, the process of registration has been simplified. The fee for this registration was reduced from 630 USD in 2004 to 177 USD at present. Moreover, the "Single-Window" service was initiated and implemented in the Special Economic Zone such as in Bavet. The implementation of "Single-Administrative Document (SAD)" and "Single-Window" has benefited SMEs development. The Royal Government has reduced the minimum capital requirements for the registration of SME from 5,000 USD to 1,000 USD with the only 177 USD for registration fee. The General Department of Taxation has simplified the reporting process in order to develop SMEs.

The Royal Government has enhanced the IT development with high quality in conforming to the international standard, with reasonable price and country wide coverage. According to the Royal Government's Rectangular Strategy, two heavy IT projects, IT for administration and *E-Government*, have been implemented. The main objective is to connect more closely between citizen, business people and the government.

Cross-cutting reforms: The Royal Government of Cambodia's on-going reforms in various areas such as in governance, legal and judicial sector and in public administration as well as in infrastructures will contribute to a better climate for trade and investment by the private sector.

Enhancing role of trade in Cambodia's development: Along with ensuring a sound macroeconomic policy framework and improving policy predictability, the Royal Government of Cambodia's priority is to develop human and institutional capacities, remove procedural and institutional bottlenecks to reduce transactions cost, take full advantage of

market access opportunities, intensify horizontal and vertical diversification especially to boost productivity and move up the value chains, and promote competitiveness and sub-regional/regional cooperation to Cambodia's exports and facilitate the integration of domestic enterprises into international economy. The key to enhancing the role of trade in Cambodia's development is, to provide greater market access to its products in the global market especially in markets in developed countries.

Overhauling legal framework and institutional structures: Cambodia has overhauled the legal framework, procedures and institutional structures in line with international standards including the implementation of harmonized customs nomenclature. A comprehensive customs code is being revised to conform to WTO standards. The government is also implementing a reform agenda covering 2004-2008 that includes a trade facilitation program and a single window for customs. Policy and legal reforms are also being carried out to unleash the potential of the private sector, safeguard commercial activity, and promote foreign direct investment into Cambodia.

## **F. Commitment 6: Reducing Vulnerability and Protecting the Environment**

Along with the legacy of conflict which still is a significant source of vulnerability of the post-conflict Cambodia society, a major constraint on Cambodia's development is the exposure of the people to the vulnerability of disasters and calamities.

Natural hazards: The major natural hazard to which Cambodia is exposed is flood. Other natural hazards include drought, occasional typhoon and epidemics. The main victims of natural hazards are the people, especially the poor, who live under fragile conditions and are extremely vulnerable to such disasters. The RGC has been strengthened its disaster preparedness and mitigation measures along with comprehensive policies of post-disaster reconstruction and recovery. Cambodia also has also adopted a comprehensive agriculture and water resources strategy that will lead to improve and diversifying the agriculture sector and ensuring productive use of water resources for irrigation.

Common property resources: In Cambodia, the poor in general and the extreme poor in particular depend heavily on common property resources such as fishery and forestry resources as a vital income source, as a safety net in the face of adverse shocks, and as an important source of nutrient. Unsustainable exploitation of these resources are also, therefore, a major source of vulnerability of the poor with adverse implications on poverty reduction in the country.

For the Royal Government of Cambodia, the goal in preservation, conservation and sustainable use of all natural resources, including its bio-diversity, is not only to conserve Cambodia's unique natural heritage but also to reduce vulnerability, enhance environmental sustainability and contribute to sustainable economic growth, poverty reduction and improvement in the lives of rural communities.

Implementing national strategies for sustainable development: The Royal Government has adopted national strategies for sustainable development under which integrated responses are being implemented to environmental and economic constraints. The strategies highlight the importance of sensitization and advocacy activities for which greater reliance is paid on local communities, their traditional knowledge and practices, and on effective participation of the civil society.

Furthermore, the Royal Government of Cambodia continues to mobilize financial resources from donor countries to implement the National Adaptation Program of Action to Climate Change (NAPA) as well as projects to reduce greenhouse gas emission through the Clean Development Mechanism.

The Royal Government of Cambodia has also adopted policies on the Development of the Indigenous People and the Registration and Use of the Indigenous people's community land in the Kingdom of Cambodia. The objectives are (1) to insure effective administration of state land and the conservation of state public properties, including forest land, natural resources and environment which are under the management of various state entities, (2) to promote private sector development in agri-business, rubber plantation, minerals and others as part of expanding of national economic base, and (3) to mitigate risks of conflict of interest between the indigenous people and the appropriation of economic land concession in order to protect the best interest of the country and with participatory approach.

Currently, the Royal Government of Cambodia completed the identification of indigenous people areas and had completed the registration of four indigenous communities as legal entity. The work plan is to continue more registration of selected indigenous people's communities identified in the country.

### **G. Commitment 7: Mobilizing Financial Resources**

In Cambodia, mobilization of financial resources is a major development issue. The rate of domestic savings is very low; and the country suffers from a poor and relatively unexplored resource base, low productivity, and an underdeveloped and inefficient financial institution system.

Financial sector policies: The Royal Government's aim is to create a favorable financial environment to achieve more diverse and pro-poor economic growth. Therefore, prudent financial management forms the center-piece of all relevant programs of the Royal Government of Cambodia. The Royal Government of Cambodia is implementing a Public Financial Management Reform Program (PFM) and a rolling five-year Medium-Term Fiscal and Expenditure Framework(MTF/EF) is in place to project government income and expenditure.

The Financial Sector Blueprint (FSB) 2001-2010 forms the guiding tool for policies and programs of this sector and envisages the development of a sound, market-based financial system by 2010. This will enhance resource mobilization for sustainable economic growth.

After the implementation of the public financial management reform, the bugged revenue has increase in average of 26% per annum. The Royal Government has reversed the budget execution from the one with a chronic *cash deficit to cash surplus* by making budget more *reliable*. Through the implementation of the public financial management reform since 2004 together with the implement of other significant reforms during 2004-2008, the revenue from customs and taxes have been collected through banking system, and the payment from the treasury to supplies have been done through cheques, budget arrears have been cleared, procurement process has been improved and the internal auditing department in each ministries/institutions have also been strengthened. Along with that, we have improved the efficiency and equity in budget division by increasing the expenditure on the socio-economic development, especially in the sectors of physical infrastructure, education, health and

agriculture and have further increased the rationale and efficiency of public spending, which is the crucial factor for strengthening our public services and reducing our people's poverty.

The Royal Government will continue to deeply implement the "*Public Financial Management Reform Program*", especially the PFM Platform Two, which has been officially launched yesterday in order to strengthen the efficiency of the national budget, the key instrument for implementing the development policy of the Royal Government. In this sense, the Royal Government will continue to adhere to the discipline of public financial management in conformity to the provisions of law on public financial system.

The RG continues to strengthen strict management of state property according to the effective law and regulation by effectively implementing the measures to strengthen the revenue collection, all sorts of state property management as well as continuing to improve the efficiency, transparency and accountability of the management of public institutions and enterprises. The Royal Government is committed to effectively manage the revenues from the exploitation of minerals, oil and gas.

Moreover, the Royal Government has successfully implemented the action plan as set out in the "*Financial Development Plan and Visions for 2001-2010*", and has updated it to become the "*Financial Development Strategy for 2006-2015*" with the strong commitment to continue implementing this strategy in order to achieve the results as expected.

Foreign Direct Investment inflows: The Royal Government has achieved a remarkable progress in the development of the private sector through improving the institutional mechanism, legal and regulatory framework. The Royal Government has strengthened the "*Single Window*" approach for the investment sector, and has been successful in the areas of trade facilitation and investment including the time reduction in applying for investment permit, clear valuation of public service fees, reducing the requirements on certificates of origin and inspections, the requirements for licenses, the outlining of inter-ministries procedures for goods inspection, implementing the risk management system and customs and excise automation, reducing the informal fees for the administration processes, and setting out the legal standard and institutional mechanism to develop and manage the Special Economic Zone (SEZ) etc.

The Royal Government considers the private sector as the engine for economic growth and the RGC is playing both the strategist role to create enabling business environment for the private sector and the manager role for development. Based on this philosophy, the Royal Government authorizes the private sector to invest in infrastructures in the form of BOT (Build Operate and Transfer) leading to the improvement in transportation infrastructure. For instance, by 2007, the Royal Government has authorized 17 companies to invest in BOT with the registered Capital of 77.5 million USD and assets of 588USD.

Official Development Assistance flow: Cambodia remains highly aid-dependent at its present level of development. Cambodia's urgent need is to rapidly move to a new and expanded era of partnership with the international community which, in the past, has provided extremely valuable financial and technical support in its fight against poverty.

#### **IV. POLICY MEASURES RESPONSE THE GLOBAL FINANCIAL AND ECONOMIC CRISIS**

The Royal Government of Cambodia is aware that the current economic and financial crisis marks the first global crisis of the era of globalization. Although the developing countries of Asia have been well-prepared to cope with the current crisis, the decline of foreign investment and the increase in the cost of international capital have severely affecting many of Asia's developing economies have found themselves difficult to borrow from international community, which might reduce the ability to finance development programs and efforts to achieve the Millennium Development Goals (MDGs) and the Brussels Program of Actions (BPoA).

With a sense of emergency, the Royal Government of Cambodia, has under the leadership of **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister** been very proactive to respond to the crisis which has spread across the world, though it has done so within its own context of development. It has introduced a package of coordinated policy measures to ensure a general macroeconomic stability especially in the banking and financial sector while undertaking specific interventions at the sectoral levels, such as in garment and tourism sectors, agricultural and construction, and social safety nets. Conceptually, the Government has tackled the crisis from two different angles- to address the financial and economic vulnerabilities while dealing with the social impacts on employment and income simultaneously. It has acted progressively in adjusting monetary and fiscal policies to stimulate growth while maintaining the stability. At the same time, it employed existing safety net programs to channel funding to fuel consumption while helping the poor and affected people.

##### **A. Macroeconomic performance 2008**

Performance of Cambodia's economy in 2008 was generally satisfactory, with the GDP growth of around 6.8% despite the pressure of high oil price and soaring food price since the end of 2007.

Normally, looking at the quarterly data, economic activities usually contract slightly in the second quarter due to the seasonality and pick up during the third and fourth quarters.

However in 2008, the economy declined notably in the second quarter with the negative growth as high as -8.2% of GDP(affective by high energy and food prices, compounded with the uncertainties during the pre-election period), then it recovered up to 7,3% of GDP in the third quarter partly owing to: (i) the introduced policies to mitigate adverse effect of soaring food and petroleum product prices in order to curb inflation; (ii) political stability following the general election at the end of July 2008; and (iii) picking up in the agricultural activities during the harvest season.

However, the effect of the financial crisis that has erupted in the US and spread to the top world economies during the second semester started to influence the Cambodia's economy in the fourth quarter resulting in the negative growth of -3.6% of GDP, historically economic performance during the fourth quarter is generally strong.

Per capita income went up from US\$ 247 in 1994 to US\$ 625 in 2008. As the result, poverty was reduced from 47% in 1994 to 35% in 2004 and 30% in 2007 (NSDP 2008), this

translated into 1% of poverty reduction per annum. Poverty has declined all over the country including in rural and urban areas as well as in Phnom Penh.

Fiscal and monetary policies have been prudent to manage inflation and ensure macro-economic stability. In 2008, due to cautious and carefully interventions from the government, the inflation rate has been brought under the control; it reached its peak of 25.72% during the second quarter of 2008 because of high oil price, food price soaring and US dollar appreciation, however it was contained to 13.46% by the end of the year and on average it was at about 19.73%. The inflation is expected to reduce further to a single digit in 2009. Exchange rate was broadly stable at 4,072 riels per US dollar. International reserve went up to more than US\$ 2 billion, which is equal to 3 months of total imports.

The economic performance in 2008 was characterized by two key features: (1) agricultural sector plays substantial role in maintaining GDP growth as other sectors contracted negatively affected by external factors; and (2) fiscal tightening, combined with ongoing reforms in public finance have provided fiscal space to address the immediate issues of soaring inflation driven by oil and food price shock. We could contain the inflation rate on average at around 19.73%, while the oil price increased by 3 times and prices on agricultural products increased by 2 times.

Economic growth in the last decade was robust, averaging at around 9.4% of GDP. During the last five years from 2003-2007, the average growth rate was 10.6% and reached its peak at the rate of 13.3% in 2005. Growth rate was 10.8% in 2006 and 10.2% in 2007. GDP is estimated at 6.8% in 2008 and predicted to reduce further in 2009. The significant slower growth rate in coming years appears to be as part of business cycle, while at the same time compounded by the impacts of global financial crisis.

In the short term, Cambodia will continue to face challenging time adversely affected by the current global financial crisis, which appears to be the severest one since the great depression in 1930s.

In general, growth is driven by the four pillars: agriculture, garment, tourism and construction. Despite the global downturn, the Cambodia economy remains in good shape underpinned by a continue increase in investment in agriculture, broad base development of non-agriculture sectors, political stability, active private sector participation, reform efforts, increased official development aids and sustained foreign direct investment.

## **B. Issues of Concern in Mitigating the Impact of the Crisis**

Although the direct exposure of Cambodia to the global financial crisis could be limited, Cambodia's economy is going through challenging times. The underdevelopment of the financial sector is shielding the country from many of the risks faced by other countries both within and outside the region. However, Cambodia had exhibited considerable vulnerabilities before the crisis (inflation; financial sector; real estate prices; decelerating growth) and could be exposed to further vulnerabilities from the continuing crisis ( mostly through trade, tourism, and capital flows).

At the moment, Cambodia faces the following related risks that need a targeted policy response:

- First, a sudden stop or reversal of capital inflows, with a magnified impact in a dollarized economy already subject to inflationary pressures. This could also trigger difficulties in financing the current account deficit;
- Second, a major slowdown of growth, with an accelerator effect on investment (already weak and dependent on foreign inflows) and, possibly, through the banking sector. This could be caused by external (e.g. a deeper global recession) or domestic (e.g. an inability to respond to higher prices of rice) factors;
- Third, domestic financial sector vulnerability, from a simple loss of trust in the financial sector or from a rapid deterioration of asset quality (either because current risks were underestimated or misreported, or through a slow-down of the economy or a fall in property prices); and
- Fourth, the inflation risk, although somewhat decreasing, remains.

To mitigate and respond to these critical risks, the government will be focusing on the following potential policy priority:

- to mitigate the risk of capital outflows and difficulties in financing the current account deficit include: quick-wins to improve the investment climate( to mitigate the risk of a drastic slowdown in trade and FDI); allow depreciation of the local currency ( to be balanced with inflation concerns); encourage domestic savings; continue high mobilization of external assistance;
- to mitigate the risk of the rapid slowdown of growth: cautions policy mix( balancing with inflation risk); fix key investment climate issues(e.g. on trade facilitation; simplification of regulatory requirements);
- to mitigate financial sector risks: tighten banking supervision of existing banks and tighter fit and proper tests for licensing; undertake preparatory work for a domestic banking crisis; and
- to mitigate inflation risks: adjust policy mix(depending on risk of slower growth), mainly through fiscal policy(accelerate revenue growth while containing spending), with support from monetary policy( further increase in reserve requirements) and exchange rate.

Although the Royal Government has taken various measures to tackle the crisis, it is still progressing and become more severely and its relief is unpredictable. This crisis will affect some key economic sectors and bring down the growth of major sectors such as garment, tourism, and construction by about 15-20%, which will have negative impacts on our economy and people. Thus, to ensure that the remarkable development and poverty reduction achievement of Cambodia over the past two decades are not lost, and to further strengthen Cambodia's key sectors for future growth and development so that we can emerge from the crisis with a stronger, more sustainable economy, capable institutions, and a stable, peaceful and resilient society.

At the same time to further ensure that Cambodia will safely navigate and quickly recover from the deepened current crisis, the Government will:

- a) Closely monitor the early indications of the impact of the crisis on Cambodia and our region to develop responsive strategies, especially for the poor and vulnerable;
- b) Develop more effective and dynamic cooperation between the government, its development partners, the private sector and educational institutions to work together to better respond to Cambodia's human resource development needs, particularly vocational skills for a skilled labor force;
- c) Adopt carefully sequenced strategies that will enable Cambodia to best manage her way through the crisis, and to protect and strengthen key sectors for Cambodia's growth and development-

agriculture and rural development; tourism, infrastructure and energy to support the broadening of our manufacturing base, real estate, property and construction; and

d) seek for more effective and proactive responses from regional and global institutions, including international financial institutions and multilateral development banks to better serve the needs of developing countries in response to the crisis and in the prevention of future crisis.

### **C. Packages of Policy Responses: Fiscal Policy**

The worsening global financial and economic crisis is having negative impacts on Cambodia. The country has now experienced a decline in revenue collection in the last few months of 2009, achieving only 76% and 74% of planned revenue from domestic and custom taxes respectively. The drop in revenue was caused by a number of factors such a decrease in consumption, the decline in revenue from profit and value added taxes, and the decline in tourist arrivals, import of vehicles and construction materials. Moreover, there is an increasing pressure on government spending to meet the new priorities such as funding sub-national council elections, and the need for development of physical infrastructure and social safety nets to deal with the impacts of the crisis.

### **D. Monetary Policy and Financial Stability Measures**

Monetary policy in 2008 was focused on mopping up excess liquidity from the economy, mainly emanating from continuous foreign exchange inflows over the past years, so as to achieve appropriate liquidity levels and dampen and inflationary pressures in the economy.

In response to rising inflation and the need to strengthen the soundness of the banking sector, National Bank of Cambodia introduced a package of monetary policy and financial stability measures as followings:

- Increasing the revenue requirement ratio from 8% to 16% for foreign currency deposits(the ratio has recently been reduced to 12% aimed the downward risk to economic growth);
- Introducing a 15% ceiling on commercial bank credit to the real estate sector(the requirement has been recently phased out, and replaced by some structural measures);
- Enhancing capital base through the increase in minimum capital requirement;
- Improving classification of banks assets and provisioning;
- Improving the valuation of collateral used for bank lending;
- Further strengthening the banking system through rigorous implementation of on-site and off-site inspections and supervision;
- Strengthening credit information sharing system;
- Strengthen the system for implementation reserve requirements;
- Introducing banks internal and external auditing;
- Strengthening bank liquidity management; and
- Strengthening corporate governance of banks and financial institutions.

### **E. Sector Supporting Policies**

***In agriculture:*** The Royal Government of Cambodia has given serious thoughts to the factors of production terms of costs and output as well as capacity in purchasing, stockpiling and processing Cambodian rice, providing: (1) Short-term credits for collecting paddy/rice from

farmers at appropriate price to maintain price stability and ensure food security, (2) Medium-term credit to rice millers to increase capacity in stockpiling, drying and processing, and (3) Zero tariff on importing agriculture materials such as seeds, fertilizers, pesticide and agricultural equipments etc. The Royal Government of Cambodia is also working on streamlining legal procedures for agricultural investment projects and supporting businesses and enterprises in the sector though incentives provided under the investment law.

***In garment sector:*** The Royal Government of Cambodia has been engaging proactively in various measure through fiscal and other facilitation measures such as tax incentive, special skill and training, trade financing/credit, promotion of supporting industries (product clusters), as well as improvement in labor standard, dispute resolution and better relation between employers and employees with collaboration from trade unions. The Government will look at diversifying the markets for our garments and other manufactured goods markets to East Asia, the Middle East and Africa etc.

***In tourism:*** The Royal Government of Cambodia continues to pay greater attention to strengthening its strategy and policies over the short, medium and long terms, by ensuring peace, security, political stability, social order and tourist safety; building more tourism infrastructures, improving legal framework and institutional capacity, developing human resources, and diversifying tourist market/ destinations and attractive tour packages.

***Garment Sector:*** To protect the garment sector, the following policy responses should be seriously considered:

*a) Fiscal Response:*

- Consider the exemption of profit withholding tax for garment factories for further two years (2009-2010)
- Consider the government's contribution of 0.3% towards NSSF on behalf of employers' for further two years (2009-2010) which will result in a reduction of employers' obligation from 0.8% down to 0.5% of total wages.
- The Ministry of economy and Finance and the Ministry of Labor and Vocation Training will set up a safety net fund to finance trainings for the youths and laid off workers.

*b) Trade facilitation:*

- Consider the full-fledged implementation of online application for imports and exports within the ASYCUDA framework.
- The Steering Committee for private Sector Development, the 3 sub Committees, and the 8 Working Groups of the Government-private Sector Forum will work to simplify trade and procedures, and reduce transaction costs.

*c) Credit and Export Guarantee for Garment Factories:*

- Further assessment is needed to measure the magnitude of the problem and the ability of the Royal Government regarding the provision of credit to garment factories while the soundness of the banking system is also taken into account.

*d) Promoting Industrial Relations:*

- We should maintain all existing trilateral mechanisms (Royal Government Employer-Worker). The Working Group on Industrial Relations of the Government-Private Sector Forum and the Committee for Dispute Settlement must work harder to enhance industrial relations.

- Ensure that all garment unions comply with law and regulation. Encourage the employers and workers to enter into a treaty to ensure appropriate workplace condition and reduce disputes.
- The Ministry of Labor and Vocational Training will prepare the draft Law on Unions as soon as possible.

e) *Other measures:*

All employers must improve the factory management and strengthen internal governance.

***Tourism Sector:***

- a) *Speeding tourism infrastructure project and policies:* Diversify flights to Siem Reap in order to obtain price competition; Ministries and involvement sectors have to collaborate to facilitate on tourist transport and cross border process; Expanding tourism potential especially high promoting on Sihanouk Province by opening up an international airport. To strengthen and development of the tourism sector in the Kingdom of Cambodia , the Secretarial for Civil Aviation has being developed and upgrade the international airports at Siem Reap Phnom Penh and Sihanouk province as well as the local airports, such as: airport at Preah Vihear, Ratanak Kiri, Mondul Kiri, Stung Treng and Koh Kong province to serve services transportation for tourists to visit the eco-tourism and cultural tourism in Kingdom of Cambodia. As the same time, the Royal Government has established the National Aviation Company is called Cambodia-Angkor Air for providing service to local air transportation.
- b) *Facilitate and prolong tourism stay:* The ticket admission to Angkor Wat was revised, three days ticket is eligible for visitors to visit Angkor Wat at any days within the week, and seventh days ticket is eligible at any days within a month; Ensure security to tourists especially in main tourism spot.
- c) *Promote tourism activities:* Cambodia Embassy officers were instructed to have programs to promote tourism with the help from Ministry of Tourism and tourism companies; Establish a specific expo (?), program and scheme that attract more tourism (business?); Private sector reduced cost of traveling package.

***Agriculture Sector:*** The growth in agriculture can be attributed to: (i) the increase in cultivated land responding to the recent rise in the prices of agricultural products; and (ii) government investment in irrigation and favorable weather condition. In 2008, agriculture growth was 5.4%, which is slightly higher than 5% inn 2007; the agriculture grew at 5.5% in 2006, and there was unprecedented growth peak of 15.7% in 2005.

Cambodia faces a great challenge due to price drop, but farmers bought input at high cost due to food price soaring. This sector is an only one that less affected by global economic crisis, its effects were on price and lack of market. Agriculture plays a significant role during crisis period for absorbing labour forces, pulling growth, maintaining pace of poverty reduction and being a social safety net for majority of Cambodian. It is important to maintain incentive to farmers to produce more.

Moreover, the Royal Government of Cambodia pays particular attention on green growth which will contribute to enhancing the quality of environment and poverty reduction. In fact, Cambodia is undergoing the implementation of a pilot project on green growth with assistance from UN-ESCAP.

The Royal Government of Cambodia has introduced the following policies as an intervention in the market:

- a) *Establish Agriculture Fund of 18 million dollar*: Provided short-term credit to collect rice and paddy to stabilize price and ensure food security and offer medium-term credit to rice-milling company to enhance capacity of storage, drier and processing.
- b) *Trade response*: Fertilizers, pesticides, other agricultural materials and equipments are subjected to zero tariff; simplify export procedures, while restrict unnecessary import of broken rice; and establish a single institution to certify rice quality for export
- c) *Accelerate Agriculture and rural development project*: Encourage commercial banks and MFIs to offer fund to the agriculture sectors; create special agriculture investment program to be a very priority sector with special incentives under the existing investment law, and implement agriculture related projects as quickly as possible, food emergency program is implementing and Tonle Sap Poverty Reduction program is going to implement immediately as soon as the approval from ADB.
- d) *Other policies response*: Raise awareness among farmers on their roles to stabilize price of rice by improving household and community storage, community selling etc.

#### **F. Other Policies Response: Social Protection**

Safety nets are programs that target benefits to the poor and most vulnerable. A safety net program may take the form of cash transfers (conditional or unconditional); in kind transfers (e.g. school feeding programs or mother/child supplementations programs); labor-intensive public works schemes (food or cash for work); or exemptions from fees for essential services (e.g. healthcare or schooling). Safety nets are an important part of a broader poverty reduction and social protection strategy that includes policies for health, education, social insurance, and affordable credit and savings schemes.

- a) *Health Equity Funds*: The 45 existing Health Equity Funds (HEF) schemes provide free medical assistance to poor people in 40 operational districts in Cambodia. The HEF are financed by a regular government budget of US\$6 million, and receive an additional donor support of US\$7 million the funds are managed in cooperation by government, donors, and local NGOs. HEF work closely with the Identification of the Poor Project (ID Poor; see below), as poor individuals, whether identified through the ID Poor process or through an in situ assessment by medical staff, are covered for all costs of hospitalization and other medical services, as well as expenses for transportation and food during their stay in the medical structure.
- b) *Food Emergency Program*: The Ministry of Economy and Finance (MEF) and the Asian Development Bank (ADB) implemented a food Emergency program in October 2008 to mitigate the effects of the increase in food prices on poor households. The emergency package consisted of a US\$17.5 million grant and an additional US\$17.5 million loan at concessional rates from the ADB, as well as of an additional US\$ 5.08 million from the Government of Cambodia. Approximately US\$19 million will be allocated to social protection measures,

with the remaining amount being allocated to measure aimed at increasing food productivity, and Government capacity. In the first phase, roughly 342,000 people in 200 communes received in-kind assistance (35kg rice ratios) in the eight provinces surrounding the Tonle Sap Lake, and the Project Management Unit is now considering food-for-work assistance to poor households for the next three years,

- c) *Food for work (World Food Program):* The Royal Government of Cambodia provides annually 2,000 tons of rice to WFP to be redistributed to vulnerable groups. In 2007 the WFP Food for work (FFW) program provided roughly 16,600 tons to 252,300 vulnerable beneficiaries in identified food insecure communes in exchange for work in public infrastructure projects. The FFW Program is implemented in the 12 most food insecure provinces in the country, as identified by the WFP Integrated Food Security and Humanitarian Phase Classification. In 2007, the FFW constructed/ rehabilitated 333km of rural roads, 267km of irrigation canals, and constructed 52km of dikes, 15 community ponds, and 7 rice banks.
- d) *Mother and Child Health program (World Food Program):* Through the Mother and Child Health (MCH) program, in 2007 the WFP distributed monthly food ratios to 20,200 pregnant and lactating mothers and 41,800 children living in poor households in food vulnerable communities, for a total value of US\$ 1.6 million. The total MCH budget for 2005-2007 was of US\$6 million, and is planned to increase to US\$10 million for 2008-2010. All funds come from WFP donor contributions, to which the government of Cambodia participated with a US\$0.5 million in kind donation. The food ratios consist of fortified corn soy blend, rice, vitamin enriched vegetable oil, and sugar. The WFP works in partnership with local NGOs, who handle the food distribution, as well as health centers, which provide basic health education during the distribution.
- e) *School feeding programs:* The programs currently reach about 500,000 students and supplementary food and nutrition programs for mothers and children.
- f) *Targeted scholarship programs:* for secondary education students (especially girls) from poor households in selected provinces (reaching almost 29,000 students in 2008).
- g) *National Social Security Fund:* The Royal Government of Cambodia established in mid-2008 a Social Security Fund designed to provide protection to government employees. it currently provides coverage to up to 250,000 employees in the formal private sector.
- h) *Pre-paid health insurance scheme:* A number of NGOs, with the support of the government, piloted pre-paid health insurance scheme for rural households.
- i) *The rural sector acts as an informal social safety net in Cambodia:* Garment workers return to the rural area after losing jobs in the city. In some rural communities, migrant workers account for some 20% of the economically active population. To help Cambodia's rural sector weather the storm of the economic downturn, the government works closely with the ADB to develop and implement two projects, which constitute a stimulus package at the grassroots level:
  - *Emergency Food Assistance Project:* With the total amount of \$38.5 million: ADB provides \$35 million (a) \$17.5 million in loan; (b) \$17.5 million in grants; and government provides a counterpart fund of \$3.5 million. The

project covers the following activities: (1) Consumption Support: Free Food Distribution (\$8.36 million); Food for Work Program (\$11 million); (2) Productivity Enhancement: Rice seed (\$8.72 million); Fertilizer (\$6.28 million); (3) Capacity development (\$3.06 million) and contingencies. Detailed activities include free distribution of rice to the most vulnerable groups; limited food distribution (cash transfer or voucher system) to the urban poor; provision of food to government's school feeding and take home ration program; provision of food to children in selected Early Childhood Learning Centers; creation of employment for the landless and low income households through food-for-work program; provision of seeds and fertilizer for small and marginal farmers whose capacity to purchase inputs has been significantly eroded; development of a system of emergency food security reserve and rapid response; and strengthening the capacity of implementing agencies.

- *Tonle Sap Poverty Reduction and Smallholder Development Project.*: The total amount of the project is \$60.5 million, with the following contribution: ADB - \$24 million; International Fund for Agricultural Development (\$13.38 million); Government of Finland (\$5 million); Government of Cambodia (\$12 million); Beneficiaries (household equity contribution for demonstration and technology piloting – \$5.88 million). Project activities include Commune Development Module:

### **Attracting Investment**

The series of reform that the government has been doing is to improve doing-business climate and good governance. Given the global environment, strong measures to attract FDI will be critical to avoid a sudden stop. Bold measures – such as adoption of the anti-corruption law; thorough improvement in transparency of legal and tax framework, etc. – could send a strong signal to investors and mitigate the adverse impact of the overall decline in FDI. Accelerating ongoing reforms (such as in trade facilitation) also has a strong potential. A specific plan could be adopted to attract foreign investments in agri-business, to seize the opportunity of higher food prices.

Legal and regulatory reforms will strengthen Cambodia's business environment both to reduce the cost of doing business and to remove the risk and uncertainty involved in investing. This is critical for three reasons. *First*, the country has very few macroeconomic instruments to respond to the crisis, since the economy is dollarized and the government has some but limited fiscal space. *Second*, beyond the external environment, the slowdown in the economy can be traced to some structural vulnerability in the economy (e.g. its lack of diversification): these calls for measures to remove these vulnerabilities. *Third*, looking to the opportunities that will lie beyond the crisis, it is critical for Cambodia to become more competitive and attractive to investors].

### **Possible Policies Response: Attracting Investment**

- First, creating *new businesses* must be made easy. In the next several months, investors will be reluctant to take much risk and investment will be difficult to mobilizing. Mobilizing the cash of domestic investors and attracting foreign investors will be very challenging. Hence the critical need to make business entry straightforward. This will also enable part of the informal sector which according to PBES (Provincial business Environment Scorecard) data has increased sharply in recent years-to consider registering;

- Second, Cambodian businesses (both potential and exiting) will continue to face competitiveness challenges (in particular as the real exchange rate has appreciated against many competitors, and there are few instruments to respond to this). Hence reducing *cost of doing business* in Cambodia- in particular unnecessary risks- is critical.
- Third, *trade and logistics* should be further facilitated. Since Cambodia is a small open economy, it will continue to rely on trade for growth- even though no action is likely to fully mitigate the global slowdown of trade in the very short-term. In addition, in a context of weaker external competitiveness due to the appreciation of the real exchange rate, more reliable and cheaper trade is key to Cambodia's competitiveness.
- Fourth, *labor productivity* must improve. This is a key to one of Cambodia's main comparative advantages, its abundant, dynamic, low cost labor. It requires a mix of private-sector driven initiatives complemented by support from public sector to facilitate labor dispute resolution and create the right incentives for productivity gains; and
- Finally, *public-private dialogue* will continue to be an important way to improve the business environment. Issues arising from the Government-Private Sector From should continue to be treated as high priority areas for reform.

### **Social Protection**

The National Strategic Development Plan 2006-2010(NSDP) highlights policy objectives to establish social safety nets that reduce the vulnerability of the poor and mitigate the impact of economic and natural shocks. The Rectangular Strategy Phase II acknowledges that “the social safety net for workers and the poor has not yet become an efficient system and includes priorities for the development of social safety net. Further actions are required including.

- *Developing a Social Protection Framework and Strategy:* Social Protection interventions are currently scattered across ministries, and there is at the moment no clearly designated agency in Government to coordinate and monitor the performance of the social protection system. The strategy paper would also set out the key social protection interventions or issues on which the government wishes to focus its efforts in the future, and related fiscal and public financial management implications. *[During the last Cambodian Development Cooperation Forum (CDCF) in December 2008, it was therefore decided to carry out “ ... a mapping and scoping exercise to determine the nature of existing safety net provision and to identify policy, institutional and capacity gaps for developing a more systematic and integrated social safety net system ”. This task was assigned to the TWG-FSN (Technical Working Group on Food Security & Nutrition) since the analysis and further development of a more systematic and integrated social safety net system is an interdisciplinary task which requires the involvement of various sector ministries and government agencies. The TWG-FSN, co-chaired by the Council for Agricultural and Rural Development (CARD) and the Ministry of Planning and facilitated by the World Food Program had already embarked on discussions on SSN previously. The issue of SSN was also addressed in the Strategic Framework for Food Security and Nutrition (SFFSN 2008-2012) developed by CARD in consultation with a wide range of stakeholders from the TWG-FSN. On 10<sup>th</sup> of February 2009, a full TWG-FSN meeting, comprising also government*

*organizations and development partners not previously involved in the work of this TWG but crucial for the discussion on Social Safety Net (SSN), decided to establish an interim working group on SSN].*

- *Expanding the coverage of the pre-identification of poor households:* There is a growing recognition that the pre-identification of poor households has helped social protection interventions such as health equity funds and emergency food distribution targeting the poorest households. Moreover, there is also growing consensus that the *Identification of the poor* Project implemented by the Ministry of Planning and other actors represents one of the best and largest targeting efforts implemented by Government. Pilot the effectiveness of cash-based interventions (such as cash-based, labor-intensive public works conditional cash transfers) in the Cambodian context as opposed to in-kind assistance.
- *Operationalizing the Social Security Fund* and expand its coverage to cover garment workers, especially in the area of health insurance;
- *Expanding the coverage of the pre-paid insurance scheme* and complement it with the Health Equity Fund.

The Royal Government of Cambodia has been approaching the crisis by two different angles- to address the financial and economic vulnerabilities while dealing with the social impacts on employment and income simultaneously. Cambodia is committed to ensuring macro-economic stability through the implementation of financial policy to stimulate growth, soft monetary policy and promoting the most active implementation of systematic reform programs, aiming at improving the local business and investment climate in order to win the confidence and attract local and international investments. At the same time, we have employed the existing and newly created social safety nets programs to channel funding to fuel consumption as well as helping the poor and affecting people.

## **V. CONCLUSION AND THE WAY FORWARD**

Cambodia's progress towards achieving the CMDGs and ensuring a descent standard of living for its population is constrained by a number of impediments of which the most critical one is the chronic shortage of resources to meet its priority needs. This resource gap needs to be resolved through increased ODA. If Cambodia is achieve the CMDGs, a greater financial inflows through aid, reduced debt servicing and increased current account inflows, as outlined in MDG 8, are critical to bridge the resource gap.

For Cambodia, the Brussels Program of Action is not only a shared global commitment but also forms an integral component of its development vision and provides the pillars of national progress towards peace and prosperity for all Cambodians. In order to realize these commitment seeks strongest support from the international community and the donor agencies. While RGC is taking all measures to promote a more domestic resource driven development process in Cambodia, success in leveraging the domestic reforms and achieving the CMDGs will critically depend on greater global support and resource flows for implementing its pro-poor policies. Such support needs to be aligned with Cambodian national priorities, as reflected in the NSDP, and managed for results that can be ensured through developing mutual accountability between RGC and its development partners.

Cambodia strongly urges for ensuring a better access to international markets, especially in the developed countries. This should include enhanced market access for its overseas workers as well. In this respect, granting of quota-free and duty-free schemes for all

Cambodian dutiable products will contribute to higher export earnings and make trade work for Cambodia's development and the CMDGs.

Cambodia is confident that it will be able to realize the commitment under the Program of Action provided bold initiatives are taken by its development partners and the global community to complement its pro-poor and pro-CMDG national policies with required financial, technical and other support. This will help Cambodia to break the poverty cycle and ensure its achieving critical goals including developing human resources, providing food security, removing supply-side constraints, managing forest and bio-diversity and protecting the environment. A collective efforts from the global community, which strengthens and reinforces its domestic efforts, is needed for Cambodia to realize its commitments under the Program of Action and ensure the achievement of the CMDGs.

**Annex 1: Brussels Programme of Action for the LDCs for the Decade 2001-2010**  
**Goals and Indicators for Cambodia**  
(n.a. means data not available)

**Goal 1. Attain a GDP growth rate of at least 7 per cent annum**

Indicator:

1. GDP growth (annual %): 7% in 2008

**Goal 2. Increase the ratio of investment to GDP to 25 per cent per annum**

Indicator:

2. Gross capital formation (% of GDP): 21.4% in 2009

**Goal 3. Make substantial progress toward halving the proportion of people living in extreme poverty by 2015**

Indicator:

3. Proportion of population below \$1(PPP) per day (national poverty line): 18% in 2008
4. Poverty gap ratio [ incidence x depth of poverty]: 9.02% in 2004

**Goal 4. Make substantial progress towards halving the proportion of people from hunger by 2015**

Indicator:

5. Proportion of population below minimum level of dietary energy consumption (below food poverty line): 19.7% in 2008

**Goal 5. Making accessible, through the primary health system, reproductive health to all individuals of appropriate ages as soon as possible and no later than the year 2015**

Indicator:

6. Births attended by skilled health personnel, per cent : 58% in 2008
7. Women reporting 2 or more antenatal visits, per cent : 81% in 2008
8. Contraceptive use among currently married women aged 15-49: 26% in 2008
9. Contraceptive use condom among currently married women aged 15-49: 2,9% in 2005

**Goal 6. Making available the widest achievable range of safe, effective, affordable and acceptable family planning and contraceptive methods**

Indicator:

- See 8 and 9 see above

**Goal 7. Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to and complete, free and compulsory primary education of good quality**

Indicator:

10. Net enrolment ratio in primary education, both sexes: 94.4% in 2008-09
11. Net enrolment ratio in primary education, girls: 94.0% in 2008-09
12. Net enrolment ratio in primary education, boys: 94.8% in 2008-09
13. Primary completion rate, both sexes (survival rate from grade 1-6, last grade of primary cycle): 59.93% in 2007-08
14. Primary completion rate, girls: 85.73% in 2008-09
15. Primary completion rate, boys: 85.44% in 2008-09

**Goal 8.** Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults

Indicator:

16. Adult literacy rate, both sexes: 75.1% in 2007
17. Adult literacy rate, women: 66.1 in 2007
18. Adult literacy rate, men: 85.3% in 2007
19. Literacy rate of 15-24 year-olds, both sexes: 87.8% in 2007
20. Literacy rate of 15-24 year-olds, women: 84.4% in 2007
21. Literacy rate of 15-24 year-olds, men: 91.3% in 2007

**Goal 9.** Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality

Indicator:

22. Ratio of girls to boys in primary education: 0.9 in 2008-09
23. Ratio of girls to boys in secondary education. lower secondary; 0,9; upper secondary: 0.73 in 2008-09
24. Ratio of girls to boys in tertiary education. 0.63 in 2008- 09
25. Ratio of literate women to men of 15-24 years-old. 0.69 in 2007
26. Proportion of seats held by women in national parliament 20.3 % in 2003-08
27. Share of women in wage employment in the non-agricultural sector industry: 53.5% in 2005; services: 27% in 2005

**Goal 10.** Reducing the infant mortality rate below 35 per 1,000 live births by 2015

Indicator:

28. Infant mortality rate:66 per 1,000 live births in 2006
29. Proportion of 1-year-old children immunized against measles: 91 % in 2008
30. Proportion of 1-year-old children immunized against tuberculosis: 96 % in 2008
31. Proportion of 1-year-old children immunized against DPT3. 92% in 2008

**Goal 11.** Reducing the under 5 mortality rate below 45 per 1,000 live births by 2015

Indicator:

32. Under-five mortality rate. See also 29,30,31 and 7. per 1,000 live births: 7.82 % in 2005

**Goal 12.** Reducing the maternal mortality rate by three-quarters of the current rate by 2015

Indicator:

33. Maternal mortality ratio: 437 per 100,000 live births in 1997

**Goal 13.** Reducing the number of undernourished people by half, by the year 2015

Indicator:

n.a

**Goal 14.** Reducing by half, by 2015, the proportion of people who are unable to reach or afford safe drinking water

Indicator:

34. Proportion of population with sustainable access to improved water sources, both urban and rural. urban: 75.8% in 2005; rural: 41.6% in 2005

**Goal 15.** Reducing HIV infection rates in persons 15-24 years of age by 2005 in all countries, and by 25 per cent in the most affected countries

Indicator:

35. HIV prevalence rate among adults, aged 15-49 years. 0.6% in 2006
36. HIV prevalence among pregnant women, aged 15-24 years. 2.1% in 2005
37. Condom use at last high risk sex, women (among CSW s during last sexual intercourse) 96.7 % in 2005

**Goal 16.** Increasing the percentage of women receiving maternal and prenatal care by 60 per cent

Indicator:

See 6 and 7

**Goal 17.** Having malnutrition among pregnant women and among pre-school children in LDCs by 2015

Indicator:

38. Prevalence of underweight children, under five years of age. 36% in 2005
39. Prevalence of under height children (stunting) under five years of age. 37 % in 2005
40. Prevalence of underweight for height children (wasting) under five years of age: 7% in 2005

**Goal 18.** Substantially reducing infection rates from malaria, tuberculosis and other killer diseases in LDCs by the end of the decade ; reducing tuberculosis(TB) deaths and prevalence of the disease by 50 per cent by 2010; and reducing the burden of disease associated with malaria by 50 per cent by 2010

Indicator:

41. Prevalence rate associated with malaria (number of malaria cases treated in public health sector per 1,000 population): 4.1 in 2008
42. Death rate associated with malaria, per 100.000 population: 1.46% in 2008
43. Proportion of population in malaria-risk areas using effective malaria prevention measures (proportion of population at high risk who slept under insecticide-treated bed nets during previous night): 75.6 % in 2008
44. Prevalence rate associated with tuberculosis, per 100, 000 population (smear-positive TB): 215 in 2008
45. Proportion of tuberculosis cases detected under DOTS (international recommended TB control strategy), per cent : 69% in 2008
46. Proportion of tuberculosis cases cured under DOTS (international recommended TB control strategy), per cent (proportion of registered smear-positive TB cases successfully treated under DOTS) : 93% in 2008

**Goal 19.** Promoting child health and survival and reducing disparities between and within developed and developing countries as quickly as possible, with particular attention to eliminating the pattern of excess and preventable mortality among girl infants and children

Indicator:

47. Proportion of population with access to improved sanitation, urban and rural. urban: 55% in 2005; rural: 16.4% in 2005.

**Goal 20.** Improving the health and nutritional status of infants and children

See 29, 30, 31,35,47,49 and 50

**Goal 21. Promoting breast feeding as a child survival strategy**

Indicator:

48. Percent of children under 6 months who are exclusively breastfed: **60% in 2005**

**Goal 22. Increasing road networks or connection in LDCs to the current level of other developing countries and urban road capacities, including sewerage and other related facilities, by 2010**

Indicator:

49. Total roads network (km): National/international and provincial roads :11,704 km in 2009

50. Paved roads (% of total roads): 27% in 2008

**Goal 23. Modernizing and expanding ports and airports and their ancillary facilities to enhance their capacities by 2010**

Indicator:

51. Container port traffic (TEU: 20 foot equivalent units): Sihanouk Ville Port (Sea port) 340.000 TEU, Phnom Penh Port (River port) 65.200 TEU in 2010.

52. Aircraft departures (thousands): 30,498 international, 4,682 local

53. Air transport, passengers carried (thousands): Cargo 21.985 Ton in 2008, passengers 878,603 in 2008.

54. International airport: 3

**Goal 24. Modernizing and expanding railway connections and facilities, increasing capacities to the level of those in other developing countries by the end of the decade**

Indicator:

55. Total rail lines (km) :604 km in 2009 (652 Km in 2011)

56. Electric rail lines (km): n.a

57. Rail traffic density, passengers and freight per km passenger: 37 per km in 2008; freight: 1.299 per km in 2008

**Goal 25. Increasing LDCs' communication networks, including telecommunication and postal services, and improving access of the poor to such services in urban and rural areas to reach the current levels in other developing countries**

Indicator:

58. Permanent and mobile post offices n.a. See also 64 and 65

**Goal 26. Increasing computer literacy among students in higher institutions and universities by 50 per cent and in junior and high schools by 25 per cent, by 2015**

**Goal 27. Promote communication technology development and information with high quality and international standard ,reasonable price and modern services in the whole country (in Sep 2009)**

Indicator:

59. Number of using mobile and immobile telephones 5,468,602 unit, rate 34.43 per 100 population. Mobile phones 5,398,617 units, rate 33.99 per 100 population and immobile phones 69,985 units, rate 0.44 per 100 population.

60. Internet users 315,194, rate 1.98 per 100 population.

**Goal 28.** Donor countries providing more than 0.20 per cent of their GNP as ODA to LDCs: continue to do so and increase their efforts

Indicator:

- 61. Net ODA total to the LDCs, as percentage of OECD/DAC donors' GNI (OECD):  
n.a

**Goal 29.** Other donor countries which have met the 0.15 per cent target: undertake to reach 0.20 per cent expeditiously

Indicator: See 61: n.a

**Goal 30.** All other donor countries which have committed themselves to the 0.15 per cent target: reaffirm their commitment and undertake either to achieve the target within the next five years or to make their best efforts to accelerate their endeavors to reach the target.

Indicator: See 61

- 1. GDP growth (annual)

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