I. Introduction

The Istanbul Programme of Action (IPoA) for the LDCs for the Decade 2011-2020 adopted by the Fourth UN Conference on Least Developed Countries in Turkey, May 2011 provides an opportunity for Cambodia to assess the progress towards creating an enabling environment for sustainable development, increasing productive capacities, diversifying the economy and building the necessary infrastructure so as to reduce vulnerabilities.

The country Mid-Term Review (MTR) report provides a summary of the strategies, policies and national plans adopted, including the activities and actions undertaken by the Royal Government of Cambodia (RGC), and the outcomes of such actions in implementing the IPoA that is structured around the eight development priorities set out in the Program of Action that include: 1) productive capacity; 2) agricultural, food security and rural development; 3) trade; 4) commodities; 5) human and social development; 6) multiple crises and other emerging challenges; 7) mobilizing financial resources for development and capacity-building; and 8) good government at all levels. In doing so, Cambodia is also taking into account the new emerging developmental challenges including the effects of the economic crisis and climate change, with a strong focus on structural transformation.

Cambodia is on the way having graduated the status from lower income nation to lower middle income nation. It is anticipated that by 2030, Cambodia will be transformed into a upper income nation and further become high-income country by 2050 in line with long-term national vision. This transformation process will take into account the IPoA, UN Agenda 2030 and other international and regional initiatives which will be integrated into the national policies, programs and plans. In order to achieve this objective, Cambodia needs to maintain the achievement of the growth rate is 7% per annum.

II. The national development planning process including key economic, social, political and environmental trends

Cambodia has been implementing IPoA through its national development plans and policies. These plans and policies are in line with the National Vision of becoming an upper middle income nation by 2030. The Rectangular Strategy (RS) Phase III and the National Strategic Development Plans (NSDP) 2014-2018 were developed through a comprehensive consultative process. This strategy and policy is the overall guide for Cambodia’s socioeconomic development. The RS encompasses four key elements of i) sustainable growth that is inclusive, equitable and resilient through economic diversification, ii) creating additional jobs for the youth and unemployed, iii) commitment to reduce poverty by 1% every year while placing high agenda on environmental sustainability for future generations, and iv) building institutional capacity and furthering good governance. Keeping this mind, the government has embraced economic liberalization and integration in the global economy as a means to stimulate economic growth and employment.

Past decades of good governance and development, Cambodia has contributed to results bringing about annual GDP to US$16,943 million or equivalent to Riels 68,618 billion. Over the years, the country has experienced progress with GDP per capita touching US$1,138 and with an annual GDP growth rate at 7.1% in 2014. The sectoral growth rate in agriculture is 4.2%, industry is 9.9% and services are 6.8%. With a population of close to 15 million people, the average life expectancy is 69 years.

The country’s balance of payments position registered an average surplus of 3% of GDP per annum during 2008-2014. Current account deficit has continued over the years driven by the deficit in trade balance, and largely financed by capital inflows such as Foreign Direct Investments (FDI) and concessional loans and foreign assistance. The situation improved when in 2014, overall balance of payments surplus recorded at 4.5% of GDP, compared to 2.3% in 2013, mainly due to
the decrease of current account balance deficit, whereas the surplus of capital and financial account balance grew slightly slower than that of 2013. The current account deficit narrowed to 9.8% of GDP in 2014, compared to 12.6% of GDP in 2013, primarily resulted from the sharp fall in oil prices. To this, the government is committed to narrowing the revenue-spending gap through the Public Finance Management Reform (PFM), although such fiscal policies will be a challenge amidst Cambodia’s integration into the Association of South East Asian Nations (ASEAN).

It is also interesting to note that the net current transfers (of which private remittances, 2% of GDP) have partly contributed to reduce the current account deficit. The capital and financial account balance slightly decreased to 14.6% of GDP in 2014, compared to 15.1% GDP in 2013, mainly due to the slower growth of FDI inflow. Gross foreign reserves increased to US$4.4 billion as of 2014, nearly 4.5 months of prospective imports, where it increased significantly from USD 2.2 billion as of 2008.

The economy is largely agrarian with roughly 60% dependent on subsistence agriculture including fisheries. It also comprises the industry sector constituting garments, light industries, electricity and construction contributing 10.1%, while services sector comprising transport, communication, tourism, finance and real estate contributing 8.7% to overall growth of the economy. Cambodia is committed in implementing sound economic management policies to fuel growth bringing about equitable and sustainable development.

In relation to the IPoA’s target of 7.0 % per annum, Cambodia achieved annual average growth 7.7 % in these past two decades and thus was above the IPoA target by 0.7 %. GDP per capita has remarkably increased from 253 USD in 1998 to 1,225 USD in 2015. As the result, poverty rate was reduced from 53.2% in 2004 to 13.5% in 2014, which Cambodia achieving CMDGs poverty reduction target well before the end of 2015 alone with four other targets, including child mortality rate, maternal health, and so forth.

III. Assessment of progress and challenges in the implementing the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020

A. Productive Capacity: Cambodia’s policies aimed at fostering productive capacity are consistent with the goals and targets of the IPoA. In an effort to accelerate and sustain economic growth, diversify the economy and reduce poverty, investments have targeted towards growth sectors of agriculture, energy, science and technology, and infrastructure particularly transport infrastructure. There is also emphasis on enhancing human development in the sectors of water and sanitation, education and health through skills development, improving labour quality productivity, increasing access to quality health and higher and tertiary education. There has been emphasis on creating a dynamic, competitive, stable and predictable environment in which the private sector can make efficient investment decisions as well as attract investment to areas with comparative advantage. Because of the important role investment plays in introducing capital, advanced technology and managerial expertise; increasing government revenue; creating jobs and expanding the trade volume, investment promotion has been made an important component of Cambodia’s agro-industrial policy.

In 2015, Cambodia adopted an Agro-Industry Framework Policy aiming at enhancing the country’s productive capacities while at the same time creating jobs. The strategy prioritises agriculture (including agro-processing), manufacturing, construction and tourism as the sectors with growth potential that can enhance industrial development and create jobs in Cambodia.

Infrastructure: Infrastructure development remains one of Government’s priority areas as stipulated in the RS Phase III and NSDP 2014-2018. The objective of government is to promote further development of all modes of transport infrastructure as well as urban infrastructure supported with a vibrant, safe and efficient logistics system aimed at contributing to the
enhancement of national competitiveness and people’s welfare. Signification progress has been made in rehabilitation and construction of physical infrastructure of national roads network, railways, sports, and main airports for a strategic transportation network connecting all parts of the country and with neighbouring countries.

**National road:** Up to 2014, the 1-Digit National Roads there are 9 lanes, the total length is 2,243.56 km and 2-Digit National Roads there are 46 lanes the total length is 3,378.76 km. The total National Roads is 5,622.32 km with constructed DBST 4,389.12 km (i.e.78.07%) of the total National Roads. For the 3-and-4 Digit Provincial Roads there are 279 lanes the total length is 6,617.58 km with constructed DBST 1,207.16 km. In summary the total length of national and provincial roads is 12.239.9 km with constructed DBST is 5.596.28 km (i.e.45,72%). On the other hand, the main roads and bridges are under rehabilitated and constructed to link from Phnom Penh Municipality to provinces and connected to the main corridors between neighboring countries.

**Waterway and Port:** The total length of waterway is 1.750 km.
- Sihanoukville Autonomous Port is the port that received the most cargoes from overseas and made the total money is 45.458.859 US$, it increased 16.46% compare to 2013.
- Phnom Penh Autonomous Port made total money is 7.613.112 US$, it increased 0.95% compare to 2013.

Likewise, beside this port, there are many ports located in Kos Kong and Kam Pot province.

**Railway:** The rehabilitated and reconstructed railway with the length 266 km from Phnom Penh to Sihanoukville province is completed. And another railway with the length 386 km from Phnom Penh to Poy Pet is under construction and with the achievement 32%.

**Rural road:** Up to 2014, the total length of constructed rural road is 718 km (2014 target is 28.600 km achieve 28.468 km) and constructed rural road with two slabs of DBST or concrete achieved 391 km (2014 target is 550 km achieved 516 km).

**Air transportation services:** Air transportation actively contribution for long and short term effort with the other sectors to enhance economic, trade and tourism created business opportunity and to improve livelihood of the people.
- International Air flights is 50.189 flights , local flights is 5.840 flights. Passengers passed through international airport is 5.095.076 persons,
- Local airport is 222.780 persons and cargoes transported through international airport is 33.113 tons and local airport is 7 tons. Notwithstanding the major achievements, the air transportation service sector needs further improvement of airport infrastructure.

In 2014, Cambodia adopted and ratified on air transport privatization of ASEAN

The way forward to sustain and further progress in physical Infrastructures need further improvement and construction.

**Energy and electricity network:** Cambodia’s objective is further to expand the electricity supply coverage, lower the tariff and strengthen institutional mechanisms and management capacity, lower the tariff and strengthen institutional mechanisms and management capacity . As a result significant progress has been made in increasing the available supply electricity and the expansion of the electricity network. To guide the development of the energy sector the Ministry of Mine and Energy has continued the implementation of Energy Sector Development Plan, 2005-2024. Meanwhile, Rural Electrification Master Plan focusing on the use of renewable energy is also being implemented. Some major improvements are as below:
- Constructed and operating several hydropower plants as follow:
- Kamchay Hydropower Power Plant with capacity of 193.2 MW
- ThirdKirirom Hydropower Power Plant with capacity of 18 MW
- Atai Hydropower Power Plant with capacity of 120 MW
- Stoeng Russeychrum Krom Hydropower Power Plant with capacity of 103 MW in addition to the total capacity 338 MW.

- Expanded transmission and distribution networks and connected several locations and operating them as follow:
  - A 115KV-transmission line from the Thai border to supply electricity to Banteay Meanchey, Siem Reap and Battambang Province.
  - A 230KV - transmission line from Cambodia- Vietnam border to Phnom Penh.
  - A 115KV - transmission line has been added to Phnom Penh and a sub-station has been installed in western part of Phnom Penh.
  - A 230KV - transmission line connecting Phnom Penh, Kompong Chhnang, Pursat and Battambang Province.
  - A 230KV - transmission line connecting Takeo, Kampot and Preah Sihanouk Province.
  - A 230KV - transmission line connecting Phnom Penh and Kompong Cham Province.

- To implement the Rural Electrification Policy, Cambodia has transferred Rural Electrification Funds be led by Electricite Du Cambodge (EDC) to promote equity in access to electricity supply services and encourage private sector to participate in investing in rural power supply services with a sustainability, in particular, encourage the use of new technologies and renewable energy.
  - Expanded the regional cooperation within the framework of GMS, Cambodia has been participating in the implementation of Greater Mekong Sub-region (GMS) Power Trade Plan.
  - Within the framework of ASEAN, Cambodia has participated in the implementation of ASEAN Power Grid. Major challenges in energy and electricity:
    - Electricity production from hydropower plants is only in rainy season, but in dry season, power production is only 25%.
    - Expansion of distribution line to the rural areas is limited.
    - The selling price of electricity between the urban and the rural area is far different.

Information, Communication and Technology (ICT): In the area of ICT, Cambodia is striving to improve the legislative environment with a view to extending ICT infrastructure and services to the largely un-served, peri-urban and rural areas.

Cambodia’s strategic objective is to promote the development of modern and high quality information and communication technology by strengthening the regularly framework, building institutional capacity, modernizing technical equipment base, fostering competition, strengthening the efficient use of IT system and e-Government, and building and enhancing the efficiency of the back born infrastructure of the information and communication technology sector. Cambodia’s Information and communication technology sector includes postal services, telephones and communications, and mass media.

Postal services: The postal services have been gradually increased. Between September 2013 to September 2014, local dispatches have increased from 50,175 Kg up to 102,347 Kg, international express mail deliver services have increased from 335,817 Kg up to 357,580 Kg. In Cambodia, the average post service usage (sending and receiving) grade 8 per 100 persons per year.

- Effort has been made to improve the post services: 1- reduced the duration of delivery, 2-operated Express Mail Service in the capital and provinces, 3- expanded post services to all urban areas, 4- established a management system to track and trace post.
- The Ministry of Post and Telecommunication (MPTC) has implemented and open post
policy. MPTC provided licenses for international express and mail service to 21 companies and three postal agencies working in Cambodia.

- The service operates twice a day for local dispatch and delivery in the capital and provinces. Local and international express mail delivery services has increased to 37,217 and the P.O Boxes to 1,729.
- The average post service usage (sending and receiving) is to 0.1279 per person annually. About 95% of total dispatch/delivery service is with parties and addresses in other countries.
- The number of post offices in Phnom Penh and provinces combined are 54: 8 at Phnom Penh, 22 at provinces and 24 at Khan/Districts.
- The staff members have been trained in postal business skills: International Post Service Management, International Financial Management and Business Income Management.

**Telecommunications:**

- In 2012, there were 8 telecom operator companies in the business of mobile telephone services, 7 in fixed line telephone service, 24 in internet services, five in 3G services, 3 in gateways, 27 in VoIP, and 1 in VSAT services.
- The number of people using mobile telephone was 19,105,115 (SIM Cards sold out), equalling 129.60 per 100 persons, compared to it being 3,791,834, equal to 24.43 per 100 persons in 2008. The fixed line telephone connections given out were 584,475 (equal to 3.96 per 100 persons) in 2012, compared to fixed line connections being 43,417 (equal to 0.28 per 100 persons) in 2008.
- Internet connections were 2,706,922 (equal to 18.67 per 100 persons) compared to 20,108 internet connections in 2008.
- The quality of network and services has further improved. The mobile telephone service has improved, particularly in Phnom Penh and the provinces were optic fiber cable network has been laid.
- The development of telecommunication infrastructure has been financed by loans and private investment. The cost of optic cable infrastructure of length 23,080 Km was USD 1,700 millions and the companies involved include, Cambodia Telecom (1,900 Km), CFOC Company (5,180Km), and VIETTEL Company (16,000 Km). All the 3 companies connected to Vietnam, Laos and Thailand.
- The telecom satellite project is in progress for sovereignty, national security, as well as benefits of social economy.

In 2014, the number of people using fixed line telephone service was 369,671 persons equal to 2.43 % per 100 persons, the number of people using mobile telephone was 20,445,625 persons equal to 134.65 % per 100 persons (SIM Cards sold out). Number of users of internet services was 4,754,017 persons equal to 31.30 % per 100 persons.

**Mass media:**

- About 85% of population in Cambodia is within the coverage to receive quality educational information and entertainment programs broadcasted through TV, radio, print medium, internet and Facebook.
- The socio-economic Survey of 2010 shows that 64% of total Cambodian households had television, while 41% had radio sets and about 20% used the internet and Facebook.
- Use of media at the sub-national level has been extensive. They are operated locally in 16 municipalities/provinces, to live-relay major events and also air their own programs for their community and region on topics ranging from societal education, human rights, and health, especially of women and children. Provincial radio stations serve as a bridge, linking the government and people by giving messages about government policies for them to take part in national development. They are also open and effective forums for people to voice their opinions and make their recommendations.

**Private sector development:** Cambodia recognises the private sector is the engine of economic growth and poverty reduction. To implement priority policies, Cambodia has prioritised all
concerned ministries and institutions to support the creation of an enabling environment that fosters private sector development by taking measures to alleviate major bottlenecks for private sector development. The Cambodian Investment Board of the Council for the Development of Cambodia (CIB/CDB) has operated a “One Stop Service” for investors in order to reduce the administrative burden of seeking government’s approval for new investment projects. This mechanism was further strengthened and streamlined and a new “Investor Aftercare” mechanism, as well as, an “Investor Tracking System” was developed and implemented. The CIB/CDB and the Ministry of Commerce will continue to actively promote new investments in the priority economic sectors to diversify and broaden the economic base, develop and widely disseminate information on investment opportunities in priority sectors and strengthening coordination between concerned ministries and institutions to promote a sense of joint responsibility for enhancing the competitiveness of the private sector.

Way forward to sustain and progress in enhancing productive capacities: Among the major challenges in the area of enhancing productive capacities includes low investment in electricity power generation, leading to a power deficit that negatively affects manufacturing and other sectors; poor infrastructure especially transport, and energy which has contributed to increased production costs in Cambodia; poor access to financing; and operational and maintenance challenges especially in the social sector.

Cambodia has invested heavily in economic and social infrastructure especially it is structured around the eight development priorities set out in the IPoA such as roads, electricity, water and irrigation systems, education, health, and other social services in order to promote inclusive and sustainable growth, socio-economic development and ensure poverty reduction of more than targeted 1% per annum. This is in an effort to facilitate viable business environment and increased economic competitiveness.

B. Agriculture, Food Security and Rural Development:

Agriculture sector: Agriculture sector is a key foundation for growth of the economy and rural economy, equity and food security. The agriculture sector set in RS of the RG, there have four sides of the enhancement agriculture sector: i) Improving agricultural productivity and diversification; ii) Land reform and de-mining; iii) Fishing reforms; iv) Forestry reform.

Improve agricultural productivity and diversification: The Ministry of Agricultural, Forestry and Fisheries (MAFF) leads, manages, and carries out activities to enhance crop production to contribute to: i) Enhance food security; ii) Controlling quality and safety of agricultural products; iii) Promoting agricultural productivity and agricultural diversification; iv) Ensuring market access for agricultural products.

Land reform: Land registration has risen from 15% in 2000 to 28% in 2011 and achieved 58% in 2015 meeting CMDG targets ahead of time. Currently, the number of land titling is recorded at roughly 4,052,805.

In term of de-mining: removing explosive remnants of war (ERW) and victim assistance: Achievements have been recorded meeting CMDG targets reducing number of casualties from landmines and ERW, and clearing area from landmines and ERW. However, despite these achievements, large areas remain to be contaminated and those cleared prone to risks of recontamination resulting from flash floods with mines being buried under riverbeds and on the riverbanks. This results to few casualties occurring on regular intervals.

Objectives to completely de-mine the contaminated areas remain a big challenge considering constraints corresponding to limited resources of financial, human, technology and equipment.
Despite continuous efforts put in by the government and the international community, the recurrence of mine accidents has not been successively contained.

**Fishing reforms:** Under fisheries, number of fishing communities rose from 440 in 2005 to 516 in 2015 covering an area of 647,000 hectares. Deep fishery reform were instituted where all fishing lots in the whole country were abolished to allow people manage and fish as family fishing while creating more fishing communities. Currently, there are 491 fishery conversation areas with 50 new areas. Aqua culture has also been introduced raising crocodiles, prawns and lobsters. There are 310 fish egg-spawning / hatching ponds and 294 of it belong to the people rearing fish and lobster.

**Forestry reform:** Cambodia's effort to protect the environment in terms of forest cover and biodiversity, sustainability efforts are yet to gather momentum. Forest cover that was 63.7% in 2000 declined to an alarming low 49.8% in 2015 resulting from deforestation activities. This could result to direct ecological impacts in terms of soil erosion, biodiversity losses, and most importantly inland water and fish availability. Therefore, government efforts to contain forest cover continue to be strengthened by instituting forest communities with latest figures recorded at 497 communities in 2015 corresponding to 514 million hectares. Likewise, rubber plantations as an alternative to replace forest cover losses recorded at 357,800 hectares in 2014 and protected area coverage increased to 129 from 9 corresponding to 3 million hectares. It must also be underscored that authorities are working hard with communities to reverse the trend on environmental losses by embracing the principles of sustainable community based resource management including protection.

To underscore concerns on the environment, it must be recognised that preserving forests, water and the environment are central to sustainable development. Therefore, pressure on limited natural resources threatened by mankind in the name of development must be addressed. Economic concessions must be mindful of local people's livelihoods, and not adversely affect them. There is a need to narrow the gap between communities in terms of water and sanitation at the provincial level. Land-titling, especially of farm lands, requires acceleration and use of firewood minimized where possible.

Though the dependence on the use of firewood for fuel has been substantially reduced from 84% in 2005 to 74.8% in 2013, meeting the CMDG targets may likely fall short. Efforts by the government on developing renewable energy for instance biogas as alternative energy source must be pursued. Fuel-efficient cooking stoves must also be promoted.

**Food Security:** There has been noticeable and the result showed that considerable progress has been made in many areas such as paddy rice surplus, poverty reduction and nutrition status of children and women in overall.

Despite the significant progress made in FSN relevant areas since 2005, nutritional status of under 5-children and of women showed little improvement. Among children under 5, chronic malnutrition (stunting) was slightly reduce 43.2 % in 2005 to 39.9 % in 2010 and maternal nutrition also showed little improvement. Roughly one out of five women of reproductive age was underweight in 2000, 2005 and 2010.

Persistent high micronutrient deficiencies were also found in children under five 55% and 44% of women in reproductive age were anemic . The latest survey data provides intuitive causes of high malnutrition:

- A third of population had insufficient dietary energy (calorie) intake.
- Inadequate infant and young child feeding practices (75% of children did not receive a minimum acceptable diet.
- Poor sanitation conditions are endemic; more than half of the population and two-third of rural households defecated in the open. Poor environmental conditions living conditions
contribute to a high prevalence of diarrhea among young children. As a result, it is a contributor to malnutrition.

In addressing the challenges of climate change and food security, Government has ensured that the Strategic Framework for Food Security and Nutrition 2014-2018 is mainstreamed into the NSDP 2014-2018 with the aim of capturing the synergies between mitigation, adaptation and food security.

**Rural development:** Rural development is a major crosscutting sector covering rural infrastructure, primary health care, agriculture, rural water supply and sanitation, and rural credit since poverty rate is high among the poor living in rural areas. Cambodia has adopted a multi-pronged approach to foster rural development and empower local communities to plan and manage development. Decentralization of public services and provision rural credit households and small businesses are two of examples of Cambodia’s efforts.

Rural development is a priority sector among the other priority sectors of Cambodia under the Public Finance Management Reform Program (PFMRP) for budget allocation and timely disbursements.

Institutional and human resource capacity development have been progressing through the development of policy and regulatory framework under the following regulations: i) Policy 1: Ensure that the standards of living in rural areas are promoted and that the rural-urban gap narrows, nearing equality by 2025; ii) Policy 2: Promote rural economic growth through integrated rural development with participation from both national and international communities.

**C. Trade:** Cambodia recognizes that trade is a powerful and important catalyst for Cambodia’s socio-economic development. Cambodia has accorded a high priority to development of trade in Cambodia products and integration of trade policies into the country’s national development policy toward poverty reduction.

**Trade policy framework:** Cambodia has put in place a trade policy framework since 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. Cambodia has prepared a Sector Wide Approach Programme for the sector. Meanwhile, Cambodia’s intermediate challenge is to ensure that favourable 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.

**Cross-cutting reforms:** 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 development:** Along with ensuring a sound macroeconomic policy framework and improving policy predictability, 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.

**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 revised to conform to WTO standards. The government is also implementing a reform agenda covering 2004-2008 that includes a trade facilitation programme 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.

**Major achievements in trade development include:** strengthen the implementation the Trade Sector Program that is base on a sector - wide approach, focusing on trade facilitation and private sector development; continued to promote export of agriculture products, garments and other products as part of its poverty reduction strategy; continue to strengthen integration into the regional and international export markets and to improve competitiveness; organized more national and international trade fair; strengthen the effectiveness of market surveillance in order to protect the health and well being consumers; promote effectiveness law enforcement; strengthen partnership with international institutions and foreign countries in order to make Cambodia become a well-respected and trustworthy development partners; adopted the law on Geographical indications; Law on Commercial Contract; Law on Geographical Goods Protection and Law on Commercial Court; Law on Competition; Law on E–Commerce; Law on Consumer Protection; Law on Trade Remedy and Law on Commercial Agents.

**D. Commodities:** Rice is a vital production to support the living of most people in the rural areas in Cambodia. Rice production has shown a progress tendency from year to year, particularly Cambodia has released Rice Export Policy, aiming to achieve rice surplus more than 4 million tons and official rice export with at least 1 million tons in 2015. In 2014, rainy season rice production implemented on 2,564,572 hectares (106.35%) of the planned 2,411,207 hectares. Nowadays, farmers are collecting their rainy season rice harvest, achieving 56.85% of the cultivated land. Moreover, the dry season rice production implemented on 490,935 hectares (119%) of the planned 410,130 hectares. It increased 6,238 hectares compared to last year. The rice yield is 4.48 tons/hectare while last year was 4.38 tons/hectare).

Agro-industrial crops production was paid attention to and promoted in the new mandate of the government. In rainy season, the agro-industrial crop production was made on 177,795 hectares (113.22%) of the planned 157,007 hectares.

Other crops production also contributed to the economic growth and promoted the living standard of the people. In 2014, other crops production was made on 775,822 hectares (146.93%) of the planned 528,108 hectares.

Cambodia successfully achieved the rice export into international market and made the world know Cambodian rice, recognized White Gold by the government. In 2014, the rice exported to 57 oversea markets was 387,061 tons among other 47 agricultural products and the total export was 3,445,226 tons.

**E. Human and social development:** Cambodia considers human resources development as key to socio-economic, political and cultural development and recognizes the importance of quality human capital. However, the low quality of human capital remains a concern and is perpetuated by scarcity of manpower and limited access to education, health and other social services. Additionally, the existing supply of skills does not adequately meet the demand in the labour market. In addressing these challenges, there has been increased investment in the areas of education, health, youth development, water and sanitation, gender and social protection sectors.

**Education and training:** Cambodia has achieved impressive literacy rates for children between ages 15-25 years recorded at 93% in 2013 as compared to 80.4% in 2000. Gender disparities or differentiation gaps between girls and boys are almost non-existent. For example, gender parity index of new net admission rate and net enrollment rate in the primary school level during the last four years has attained a 1:1 ratio, clearly demonstrating equal opportunities to both female and male students. Such achievements have resulted from MOEYS’s policies on promoting female enrolment through free breakfast, free education, constructing schools close to the people’s
homes and building separate toilets for girls. Government’s financial support and continued activities entailing expansion and strengthening the functions of Community Education Centers have also greatly contributed to such achievements.

Likewise, net enrollment in the primary school level has also made remarkable achievements with 98% in 2015 as compared to 85% in 2000. However, gross enrollment rate in lower secondary levels continues to be low at 55.1% as compared to CMDG targets set at 74%. Completion rates in primary school levels are at 84.1% in 2015 while in secondary levels is only 40.3% in 2015. This has become because of the unresolved concerns on the high dropout rates close to 20%.

The sector is posed with several challenges to further increase the literacy levels of its youth both in terms of quantity and quality through better infrastructure, curricula, teachers and preferential government policy support to the provinces that are lagging behind. Challenges to increase enrollment and improve completion both at primary and secondary levels in response to the needs of the job market and employment benefits. Other glaring challenge arises from the poverty levels in some provinces whereby the living standards are yet to improve to levels allowing parents to afford sending their children to school. Investing in creating awareness among the farmers and other remote dwellers on the long term benefits of education and knowledge would require persistent actions on the ground.

Providing a conducive environment through gender friendly infrastructure, access to schools via road connectivity, improving quality and effectiveness of learning in schools, institutional capacity building, strengthening technical and vocational education are some of the few enabling conditions necessary and essential. Cambodia is cognizant that education is a key driver to bring families out of poverty and therefore concerted efforts are made through the Rectangular Strategy that has identified education and human resource development as one of the key success factors for the country’s growth and development.

Way forward to sustain and further progress in education and training:

- Ensure by 2030 all children, especially the children facing difficult circumstances and minority children complete the nine-year basic quality education free of any charges/fees.
- Reduce gender gap in primary and secondary school level contributing to gender equality in education by ensuring the female students acquire quality education at par with their male counter parts through targeted interventions.
- Improve all aspects of quality education enabling students receive excellent grades recognized at international standards, especially in subjects entailing literature, mathematics, and life skills. Subsequently, expand coverage of nutrition program at primary school levels, promote foreign language teaching for primary school levels starting grade four, disseminate the policy on life skill and full-life study and promote teacher development through distance education program amongst other methods.
- Need to put in place adequate school infrastructure and community learning centers for children located in remote areas.
- Ensure that the learning needs of the youths and adults be addressed through providing equal opportunities to participate in appropriate study programs and life skill training programs.
- Incorporate a multilingual action plan encouraging children from ethnic minority groups to enroll in schools and learning their mother tongue in public schools with government support through specialized teachers, training materials, and other teaching methods.
- Improve the internal effectiveness of basic education by reducing the repetition rate at the first level of primary education level, and minimize high dropout rate at primary and secondary school level. Targeted financial support needed for lower secondary school in terms of increasing access and overall education quality.
- Update academic curriculum and textbooks to meet standards at both local and national levels.
• Strengthen and improve activities and programs of non-formal education.
• Greater administrative delegation required to the capital, provinces, municipalities, districts, Khans to manage the life skill education services and enhance the management and leadership of community study centers.
• Disseminate work orientation and agricultural product markets to communities and provide specific skills in response to labor market.

Population and primary health: Proportion of people contracted with HIV/AIDS has been brought down significantly to 0.6% in 2014 as compared to 1.6% in 2000 with the situation under good control implementing effective prevention and control measures spearheaded by the AIDS Combating National Program.

Likewise, achievements in malaria and dengue are notable with mortality rates reduced to 0.07% and 0.5% respectively in 2014 as compared to higher figures in 2000. Tuberculosis prevalence has also been reduced to 715 cases in 2014 compared to 1,670 in 2000. Mortality rate has been reduced from 157 cases per 100,000 populations in 1990 to 66 cases per 100,000 populations in 2013. And the healing rate has also been maintained above 85% over the last 17 years with community DOTS expanded from 506 health centers in 2008 to 577 health centers in 2014.

However, challenges remain as funds are declining in contrast to cost of response increasing, in particular on medical and health care remain with glaring resource gaps. Improvements on service delivery to prevent, contain and treat is a daily challenge that requires committed workers and dedicated sponsors because financial sustainability is key issue to combat these epidemics.

Further, containing the high prevalence of malaria and dengue in provinces remains a challenge, as it is associated with poorer communities dwelling in areas where mosquito density is high. Poor communities are not able to bear the financial burdens on disease prevention and treatment against weak delivery systems.

Way forward to sustain and further progress in population and primary health:
• Expand quality HIV testing services (including counseling) to all health facilities, using HIV finger-prick test; ensure availability of HIV test kits and transmission prevention knowledge, make affordable condoms and syringes and mosquito nets readily available.
• Provide supplies and equipment for a variety of laboratory diagnostic, monitoring and quality assurance / control procedures including facilities that provide ART services.
• Promote community participation in Community-based Directly Observed Treatment.
• Improve public and private partnership in combating tuberculosis and manage multi-drug-resistant while improving clinical capacity for diagnosis and treatment.
• Implement National Strategic Plan on Malaria Elimination.
• Promote effective leadership, management and coordination in response to AIDS, TB and Malaria and enforce dissemination and implementation of policies on AIDS, TB and Malaria.
• Build capacity of all health professionals while strengthen the national and sub-national monitoring and evaluation systems.
• Discourage traditional treatment and practices while creating awareness on the dangers of using unsterilized needles or sharp objects.
• Educate the understanding and consequences of drug use and jointly used syringes and encourage the regular health checkup for the groups working at entertainment places.

Youth development: Cambodia has implemented the National Population Policy 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.
Youth unemployment is complex and caused by a range of factors including low employment opportunities, lack of appropriate skills, lack of access to finance and ineffective youth empowerment strategies. Given the magnitude and complexity of youth unemployment problem, there is need to create linkages between sector programmes and youth development initiatives.

There several initiatives that are being undertaken in order to create employment opportunities for the youth which include expanding secondary and education facilities to create a stream of skills training institutions that support practical work related skills; reforming the trades training syllabi to take into account modern technological developments and relevance to industry; teaching of science and mathematics in secondary and tertiary education in line with the provisions of the RS Phase III, NSDP and curriculum framework under the Education Sector; and reviewing the National Employment and Labour Market Policy and align it to the Industrialisation and Job Creation Strategy.

**Shelter:** 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 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.

Cambodia 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.

**Water and sanitation:** Safe water and sanitation is another important target set under CMDG 7. Urban water supply as one of the targets recorded coverage at 81% in 2011 exceeding set targets ahead of time while rural water supply has met the target and providing 50% coverage. Sanitation targets in urban areas surpassed 2015 targets and recorded 89% in 2014 versus the target set at 74%.

**Gender equality and empowerment of women:** Cambodia has made notable progress in achieving parity in education levels particularly by reducing gender disparities in upper secondary schools by 100% along with significant achievements in tertiary education by meeting 85% of the set target. Subsequently, the ratio of literate females to males in both age categories has obtained 100% results. Likewise, women’s participation in decision making and holding important positions in the public sector has continuously increased over the last decade and half. As noticed from the main text, women represent 20.32% of the national assembly while women occupy 14.75% of the seats in the Senate. Similarly, the proportion of female ministers to men is recorded at almost 11% against targets set at 18%. Proportion of female Under-Secretaries of State recorded at 20.54% has surpassed CMDG targets.

However, gender disparities are quite distinct in women’s participation in the economy. Achievements have been low as suggested by the data not achieving any of the CMDG targets in the areas of wage employment for agriculture, industrial and services. It must be noted that the structure of the service sector is such that most enterprises are owned and managed by self-employed operators who are mainly constitute women.
There are also no women governors in the capital or province levels against CMDG targets set at 15. The proportion of female members of Commune/Sangkats increased from 9.4% in 2002 to 17.8% in 2012. Each of these, however, is less than the stipulated 25%.

Cambodia is making concerted efforts in close consultations with both national and multilateral agencies to further reduce gender gaps at all levels. For example, strong advocacy is pursued with political parties to encourage female candidates to represent constituencies in the next commune elections and national elections few years from now.

In short, Cambodia is on track to achieve gender equity in education both at upper secondary level and at tertiary level. The number of women in public administration and politics remarkably increases and the target of increasing the number of women to understand the RGC’s development policies, especially violence against women has already been achieved.

**Way forward to sustain and further progress in gender equality and empowerment of women:**

- Cambodia made a strong commitment to achieve gender parity in the national development plans. In order to see it through, the government must continue to empower women in public administration, politics and in institutions of higher decision making as set out in Rectangular Strategy and NSDP. It must follow through the Neary Ratanak IV Strategic Plan through strengthening the capacities, opportunities, wage or non-wage employment, while increasing number of women in public administration and politics.

- Support girl’s attendance through scholarships and other forms of support to increase girl literacy to main gender parity.

- Preferential government policy support towards girls in schools. For example, gender-sensitive infrastructure like toilets for girls, increase number of dormitories for girls and increase facilities beyond primary school levels.

- Support and empower women through entrepreneurship facilitated by micro-credit, group savings, and cooperatives and exploring ventures into handicrafts and other community based economic activities.

- Gender-responsive budgeting should be introduced in the future five-year plans setting goals and achievable targets and milestones. Strengthen and promote institutional and legal framework towards curtailing domestic violence, child trafficking and drugs.

**Social protection:** Government has put in place various policies aimed at reducing poverty and vulnerability of the vulnerable individual’s households and communities to support implementation of the social protection programmes at the community level. The Social Protection Coordination Unit has been established to provide policy oversight, monitoring and evaluation, and coordinate inter-agency dialogues and information management on social protection. Government has formulated the National Social Protection Strategy that cover both chronic and transient poverty as well as help promote human capital development. This has been done through the targeting tool ID Poor, that identifies poor people by capturing idiosyncratic risk and covariate vulnerability like that caused by climate change or natural hazards.

The key achievement in the strengthening and improvement of the social protection systems include:

- Four major assessments at policy level had been carried out including: 1- Social protection expenditure review (the assessment on financial capacity and fiscal space to finance social protection programs); 2- The National Social protection Strategy costing exercise (considering targeted and universal scenarios); 3- The study on rates of return of social protection investment (support decision-making at policy level on selecting social protection interventions and 4 The Monitoring Framework for the National Social protection Strategy ( developed based on the existing data sources gathered through nationally administered surveys and pooled into 33 monitoring indicators).
To address the challenges of poverty and vulnerability, the Cambodia has been implementing a number of programmes, and providing various services to cushion the impacts of poverty in the country which includes: public welfare assistance scheme; social cash transfer programme; food security pack; social safety net programme and micro-credit programme.

F. Multiple crises and other emerging challenges: With regards to climate change and risk reduction, a number of measures have been undertaken to mainstream climate change adaptive measures in infrastructure, agriculture, energy, water and sanitation, transport and communications. Improvement of the country’s early warning systems is one of the key measures the country is undertaking to increase risk preparedness.

Climate change and environmental sustainability: Despite Cambodia’s effort to protect the environment in terms of forest cover and biodiversity, sustainability efforts are yet to gather momentum. Forest cover that was 63.7% in 2000 declined to an alarming low 49.8% in 2015 resulting from deforestation activities. This could result to direct ecological impacts in terms of soil erosion, biodiversity losses, and most importantly inland water and fish availability. Therefore, government efforts to contain forest cover continue to be strengthened by instituting forest communities with latest figures recorded at 497 communities in 2015 corresponding to 514 million hectares. Likewise, rubber plantations as an alternative to replace forest cover losses recorded at 357,800 hectares in 2014 and protected area coverage increased to 129 from 9 corresponding to 3 million hectares. It must also be underscored that authorities are working hard with communities to reverse the trend on environmental losses by embracing the principles of sustainable community based resource management including protection.

Though the dependence on the use of firewood for fuel has been substantially reduced from 84% in 2005 to 74.8% in 2013, meeting the CMDG targets may likely fall short. Efforts by the government on developing renewable energy for instance biogas as alternative energy source must be pursued. Fuel-efficient cooking stoves must also be promoted.

To underscore concerns on the environment, it must be recognised that preserving forests, water and the environment are central to sustainable development. Therefore, pressure on limited natural resources threatened by mankind in the name of development must be addressed. Economic concessions must be mindful of local people’s livelihoods, and not adversely affect them.

There is a need to narrow the gap between communities in terms of water and sanitation at the provincial level. Land-titling, especially of farm lands, requires acceleration and use of firewood minimized where possible.

Way forward to sustain and further progress to multiple crises and other emerging challenges:
1. Forest Administration has prepared an action plan to implement the National Forest Program effectively, which includes eight priorities strategic sub-programs for annual implementation, such as: management and conservation of forest and community forestry; development of forest plantation and silviculture; conservation of biodiversity and zoo management; development of forest product processing technology and trade; research and development of forest and wildlife; forest law enforcement and governance; management of forest financing, planning and monitoring and evaluation; wildlife rescue, rehabilitate, breeding and reintroduction/reinforcement into the natural forest.
2. Continue research and development in fishery: expand human resource development in the FA at both central and sub-national levels; develop both, inland and marine aquaculture; support community fisheries and rice-field fisheries; reduce losses in fish processing and wastage especially in small-scale fish processing.
3. Conservation and protection through key activities: installing concrete poles within the conservation areas for firmly them; demarking boundaries and installing poles to protect flooded-forests; protecting and conserving deep pools in the upper Mekong; sustainably managing important fish habitat.
4. Adaptation and mitigation aspects must be addressed along with broad development context and linked to providing safety nets and coping mechanisms in case of unforeseen natural calamities. Improve capacity to coordinate national policy-making, capacity development, outreach/advocacy efforts and monitor implementation and enforcement. Increase resilient coastal communities and ecosystems through adaptation planning and targeted local interventions.

**Disaster risk reduction:** The major natural hazard to which Cambodia is exposed is flooding. 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. Cambodia has strengthened its disaster preparedness and mitigation measures along with comprehensive policies of post-disaster reconstruction and recovery. Cambodia also plans to adopt a comprehensive agriculture and water resources strategy that will lead to improving and diversifying the agriculture sector and ensuring productive use of water resources for irrigation.

**National Committee for Disaster Management (NCDM)** strengthened Disaster Management Institutions at the National, Sub-national, and Local Community Levels, to ensure the effectiveness of disaster-risk reduction: Completed the draft Law on Disaster Management. At the present time, NCDM is proceeding the procedure to get approval on this draft law from the Council of Ministers.

**Enhancing Disaster Risk Assessment and Monitoring and Improving Early Warning System:** Developed Cambodia Loss and Damage by Disaster Information System (Camdi) and released the disaster data report format.

Developing new knowledge and innovation, providing training and building the culture of safety and disaster resilience: Cooperated with development partners and with MPTC to pilot disseminating the information through telephone to the target communities to take actions for disaster-risk reduction and disaster resiliency. Organized 27th National Forum on Disaster Management in 2014.

**Strengthening preparedness for Effective Emergency Response at the National, Sub-National and Local Community Levels:** (1) Formed the emergency response coordinating teams (2) Received and disseminated updated disaster information by coordinating with Centre for Humanitarian Assistance on Disaster Management (AHA) (3) MOWA incorporated disaster management and climate change into its action plan (4) MOEYS developed and disseminated Emergency Responsive Preparedness Plan for Education Sector 2014 and encouraged all provincial Department of Education, Youths and Sports to establish Committee for Emergency Responsive Preparedness Plan for Education Sector and (5) MOH developed its National Strategy on Health Disaster Management 2014-2018.

**Challenges in disaster risk reduction:** Law on Disaster Management has not been endorsed and the capacity, human resources, and budget are not responsive with the implementation demands.

**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 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: Cambodia 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.

G. Mobilizing financial resources for development and capacity building:

Domestic recourse mobilization: Cambodia has continued its successful resource mobilization effort based on its commitment to poverty reduction incorporating inclusive and broad-based socioeconomic growth. Overseas Development Assistance (ODA) has contributed to the high economic growth rate at approximately 7% per annum over the past decade. This has significant contributions to the declining poverty rates from an alarming 50% in 2004 to 18.9% in 2011.

Official development assistance: There have been successful achievements in mobilizing external development cooperation resources to support socio-economic development in the country. In 2008 it has recorded total disbursement exceeding USD 1 billion and rising to almost USD 1.5 billion in 2012. ODA disbursements has accrued to USD 1.43 billion in 2014, a small decline compared to the 2013 figure of USD 1.46 billion (refer Figure 30). However, one must note the loan percent of ODA is also on the rise. Long-term trends (refer Figure 31) show that the total aid/GDP ratio fluctuates around 10% for the entire 2005-2013 periods as external cooperation funding and GDP have grown at similar rates over the period. Official Development Assistance is disaggregated across four broad categories: social; economic; infrastructure and crosscutting sectors and continues to be closely implemented consistent to national development priorities. As a tool for implementing Rectangular Strategy - Phase III and the NSDP 2014-2018, the Development Cooperation and Partnerships Strategy (DCPS 2014-2018) has been implemented to promote development effectiveness by the established principles as well as tools for development partnership: (i) programme-based approaches; (ii) results-based frameworks; (iii) joint monitoring indicators; and (iv) resource transparency.

External debt: Public debt management has been improved significantly. Cambodia has gradually upgraded in term of Debt to GDP ratio (low to medium level) since 2011. Public expenditure management has been carefully implemented below 40% of the GDP or below 250% of total revenue. These achievement allowed Cambodia to mobilize external concessional assistance in order to fulfil the demands of public capital investment for supporting prioritized sectors. In 2014, the current debt to GDP ratio was 23.3%, the debt to export ratio was 34.9%, and the debt to revenue was 155.4%.

Strengthening Partnership Mechanisms: Cambodia has strengthened cooperation with development partners through recognizing roles and responsibilities of all development actors including private sector, non-governmental organizations, south-south and regional partners. In this regard, the Development Cooperation and Partnership Strategy 2014-2018 clarifies roles and responsibilities of all development actors and establishes principles, tools and dialogue arrangements for working with all partners.

Challenges and Opportunities: Cambodia’s threshold of attaining Lower Middle-Income Country status may imply changes to development cooperation financing in Cambodia, notably an increasing share of concessional loan finance. Regional integration, including ASEAN Economic Community 2015, represents additional challenges but also opportunity that can result antecedent impacts on industrial sector, employment, and national incomes. In this context, all development actors need to continue to work and collaborate with the Government to strengthen the national system and capacity for improving public service delivery and increasing economic competitiveness.
Way forward to sustain and further progress in mobilizing financial resources for development and capacity building: Global changes to levels and approaches in provision of development finance, including increasing South-South partnering, leverage private sector engagement and to use parallel funds to address issues such as climate change adaptation, bring opportunities as well as challenges. GDP growth is matched by significant progress in mobilizing domestic revenues while the increasing presence of non-traditional development partners, particularly from the Asia region, and new modalities of cooperation – such as South-South initiatives from former aid recipients - provide broader opportunities for continuing national development that is nationally-owned and strongly led by Government.

In addition to mobilizing official resource flows, both domestic and external, the private sector and the non-profit sector have proven to be effective development actors and there is potential for closer collaboration. A newly emerged global initiative, a Financing for Development, has guided its way to post 2015 agenda, the Sustainable Development Goals.

CRDB/CDC, Cambodia coordinating body in mobilizing external resources, stands ready to adapt the global evolution by mapping resources flows both externally and internally. Under leadership of the RGC, effective development partnerships will accommodate the diversity of actors and modalities, embracing the differentiated contribution made by each toward common development goals.

H. Good governance at all levels: 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.

Ensuring good governance: Cambodia 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 Government has approved its Strategic Framework for Decentralization and Deconcentration (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.

Cambodia has adopted and pursues a multi-pronged attack on corruption. The Royal Government’s aim is to reduce all opportunities for corruption through putting in place unambiguous laws and procedures, clear transparency, accountability and predictability together with stringent punishment for those detected of corrupt behaviour. A n Anti-Corruption Law, conforming to international best practices. A clear Plan of Action has been adopted for legal and judicial 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.

In addition to cross-cutting areas of judiciary and law, public finance, civil administration and anti-corruption, Cambodia’s reforms in specific areas such in land and forestry management and armed forces and demobilization are important elements of its good governance agenda. The land reforms are being implemented to develop land tenure and land market and ensure pro-poor land access. 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. Cambodia 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.

As stated in NSDP 2014-2018, Good governance remains at the core of achieving social justice and sustainable and equitable socio-economic development. In order to further strengthen good governance, the Royal Government has firmly implemented key reform programs, including: (1) the fight against corruption; (2) legal and judicial reform; (3) public administration reform; and (4) reform of armed forces. The implementation of these reforms was done with other reforms with the following progress:

**Combating Corruption:** Law on Anti-Corruption was disseminated to government ministries and other relevant institutions and a focal point in each ministry/institution has been established for coordinating their work with Anti-Corruption Unit (ACU). Declaration of assets and liabilities has been done twice. Together with this, RGC has also set out a public service fee schedule and duration schedule for service provision, which government ministries and institutions are to follow for eliminating loss due to informal payments and other malfunctions within government institutions. ACU cooperated well with Ministry of Education, Youths, and Sports (MOEYS) to incorporate Lesson on Anti-Corruption in the curriculum and participated as observers during the upper secondary graduation examination 2013-2014 by deploying its staff and volunteers to all examination centers in the whole country in order to make the youths be clean and be away from corruption and to promote education quality in Cambodia.

In 2015, Ministry of National Assembly-Senate Relations and Inspection (MONASRI) has made a great effort to implement its mandate with good results. As a result, after the inspection, it showed that there was a decline in abnormalities caused by mismanagement in ministries, agencies, enterprises and public institutions, loss of state property, budget fraud, unsuitable budget expenditure, unpaid tax businesses, counterfeited documents related to veterans, the law enforcement in the companies with investment contract, anarchic business in forestry sector, and land invasion by the people and these were improved by the responsible institutions, making the mistakes. In addition, law education and dissemination helped to strengthen the awareness of the people on law, contributing to the prevention and reduction of disputes, which are the burden of the government ensuring the freedom, justice and benefits of the people and national stability.

**Legal and Judicial Reform:** Cambodia improved legal and judicial system that focuses on development of a firm legislative framework. In 2014, Cambodia has developed 03 fundamental laws as follows: Law on the statute of Judges and Prosecutors; Law on the Organization and Functioning of Courts and Law on amendment of the Law on Supreme Council of the Magistracy as well as revised the organizational structure of Ministry of Justice (MOJ) to match with the situation of legal and judicial reform.

Based on the policy of legal and judicial reform, MOJ created a model court working group. The strategic plan of the model court is to manage the registration of the complaints in order to manage statistics, monitor, collect and provide information rapidly and following a single procedure, which is easy for work implementation of judges, prosecutors, court clerk and other concerned officials from the early stage of the procedure until the end of procedure and ensure a better complaint management to be concrete and transparent.

Seeing the success of mechanism for alternative dispute resolution under RG’s financial support, 20 Centers for Legal Services continues its sustainability and new 40 Centers for Legal Services
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were established at the city/district/commune level, including 56 Commune-Sangkat Dispute Resolution Committees to resolve the disputes for the people in the capital and provinces.

Public Administration Reform: Cambodia paid high attention to public administration reform. Related to the improvement of public service quality, RGC significantly achieved the following:

- Improved the payment of salary for civil servants, police and military within time as in the forth week of each month.
- Paid the salary for all civil servants through banking system, 90% of total civil servants and continued to develop a systematic linkage between data from Ministry of Civil Service with the bank data to have a better and more effective payment of the salary in each month.
- Completed the development of Drag and Drop System, an electronic information and salary documents transmission to national and sub-national level and being pilot operated at General Directorate of Ministry of Economy and Finance and Department of Education, Youth and Sports in Phnom Penh. This system will be completely operational with all LMs/LAs before the end of 2014.
- Manually reduction of salary tax of civil servants was substituted by automatic reduction through MCS’s Salary Database System.
- Procedure for reviewing and offering family allowance for officials’ children until the age of 21 was done automatically (in the past, when the child is over 15, he or she needs to have a study certification one a year).
- Public standard document for LMs/LAs was completely developed and ready to study the progress of the delivery of public services at LMs/LAs.

Human resource management and development: Related to human resource management and development, Cambodia made the following achievements:

- Function Analyst Technical Working Group for MOEYS and MOH studied and reviewed the effectiveness of the use of civil servants of MOEYS and MOH and and set the area allowance for civil servants in education and health sector and the working group studied and developed regulation to manage the civil servants’ work completion.
- Studied the needs of personnel departments at LMs/LAs about Project on Effectiveness System Implementation, Project for Monitoring and Evaluation Framework and System Development, Short-Course Training for Officials at All Levels and Orientation Training for Newly Recruited Officials.
- Signed MOU on Training Cooperation for Civil Servants in Ministry of Environment on General Administration, Financial Management and relevant skills between MCS and MOE.
- Organized trainings for 1,059 high ranked officials and national and sub-national middle management and framework of Public Financial Management for Rural Development Program, Sub-Program 2.
- Organized workshops to share information and experience in official motivation to LM/LA management from Deputy Directors to Secretary of State after 3 LM managements participated in Workshop on Public Services Post 2015 in Singapore.

Salary system reform: Related to salary system reform, Cambodia made the following achievements:

- Prepared additional basic salary for officials, 40,000 riels for Type A and 80,000 riels for Type B, C, and D and increased lunch allowance for military, policy and prison officials with 4,200 riels per day and offered additional stipend for contract teachers with 40,000 riels per month.
- Royal Decree on Principle for State Public Function Organization was developed and implemented.
- Framework of Civil Servants was revised to Type A, B and C, the number of classification of basic salary was simplified. The current rank and classification framework for officials will be integrated into the new rank and classification framework in January 2015.
• Studied and prepared comparison table for salary component for civil servants, police and military.
• Revised and raised the career wage for education and health sector. The lowest total salary of the teachers in primary education was raised from 482,800 riels to 550,000 riels. The lowest salary for nurses and obstetrician was raised from 440,000 riels to 550,000 riels.
• The preparation of an Inter-Ministerial Prakas on Contribution Rate to Support National Social Security Fund for Civil Servants is in progress and will be completed in December 2015.

Decentralisation and de-concentration (D&D) reform: Related to D&E reform, Cambodia made key achievements as follows:

• Some line ministries and agencies under the priority sectors set out the list of functions and resources, which will be transferred to the sub-national administration (SNA). Rural water supply management, rural sanitation and health center management were transferred in as a pilot to target district administrations. In addition, to ensure the promotion of administrative service delivery to the people, One Window Service Office was established and implemented officially in 12 more municipalities and Khans.
• Commune/Sangkat Fund and Municipality/District Fund Transferring System was continuously implemented in the whole country. The Commune/Sangkat Fund was 2.8% and Municipality/District Fund was 0.8% of the state current revenue were transferred to commune/sangkat and municipality/district administrations to deliver public services and develop the communities in response to the people’s needs.
• Rights in managing and assigning staff working at sub-national administration were gradually delegated to SNA to ensure the staff’s accountability with SNA in completing their roles and duties.
• Accountability between SNA and the people was gradually strengthened through organizing public consultation forums and the implementation of social accountability strategic plan to ensure the increasing communication between SNA and the people and to push more participation of the people in monitoring the SNA’s work completion and the public services delivery by other units under SNA.

Challenges in implementation of D&D reform:

• The transfer of functions and resources to SNA is late compared with the set timeframe. So far, there were no specific functions to be permanently transferred to SNA.
• Financial decentralization ensures the increasing of SNA’s financial resource, particularly increasing the local development budget of municipality/district fund to 0.5% of the state current revenue and increasing the direct local revenue of the municipality/district administration to at least 10% of its total revenue.
• SNA’s human resource management: Providing capability to SNA to effectively manage and assign the staff.
• Strengthening SNA’s accountability: Implementing the accountability at the target communes/sangkats and continuing to develop and implement inspection system on SNA’s work implementation.
• Building SNA’s capacity: Establishing human development center in capital and provinces.

Armed force reform: Cambodia made a lot of achievements in Armed Force Reform by reforming all organizational structures and trained the military on technical and fighting capacity and and prepared duties and policies for military Type 2 and retired military. Organized anti-terrorism exercises, sea security exercises, natural resource management, humanitarian assistance and disaster responsive exercises. Provided military the in-country and overseas training on fighting strategies and diplomatic skills in national defense to be able to use the technology and new knowledges and skill and deeper integration in peace keeping missions under the UN’s umbrella.

Moreover, RCAF strongly supported the Cambodia’s efforts to develop and establish military communities, i.e. providing social concession land, building housings for military’s families,
constructing basic physical infrastructure particularly along the border to ensure security and territory, supporting the crippled military, dead military’s families and providing trainings on basic knowledge and vocations, etc. In addition, the investment in military communities was seeking development partners to use the potential capacity and resources as well as to develop a better base in order to contribute to the poverty reduction and rural employment growth. Some divisions have received credits and loans from Rural Development Bank, with low interest (0.7% per year) and private companies also provided loans without interest for rice growing, which will be widely implemented.

Cults and Religion: Ministry of Cults and Religion has continued to implement the Religion Policy, particularly Buddhism, the national religion and the main basic for mental education, ethics, culture, customs, literature and development. In 2014, the ministry:

- Organized Buddhism Linked with Society 48 times to disseminate Buddhist’s lecture to students and the people.
- Organized trainings on topics related to religion, customs and traditions in Buddhism belief such as roles of monastery master and old monks, research, conservation and management on customs and traditions, etc.
- Organized trainings and exams such as Buddhist Principle Certificate, Primary and Secondary Buddhism Education and graduate and post-graduate Buddhism Education.

Culture: Ministry of Culture and Fine Arts (MOCFA) made a great effort to strengthen the cooperation and facilitation with line ministries and agencies and national and international development partners, particularly the public sector following the principle “State supports the implementing private partners.” as in the national policy on culture focusing on cultural conservation and development to contribute to the socio-economic development. In the vision to make “Culture a National Economy” by strengthening and increasing the production of cultural industrial products for trade and tourism through creating jobs, strengthening social ethics and good ways of living to make Cambodian people have the ideas of taking care, conserving and increasing the tendency to love the national culture as well as promoting the creativities contributing to the social development to reduce the poverty in order to reach the target “Cambodia: Kingdom of Culture”. In addition, MOCFA implemented its strategic plans with 5 main points as set in the National Strategic Development Plan 2014-2018 and its Prioritized Action Plan with the following achievements:

- Collaborated with UNESCO office to Cambodia, relevant institutions, NGOs, associations and other private sectors with which we have fully obtained the National Policy on Culture and Roadmap for implementation of the Policy.
- Prepared and filled additional documents as recommended by UNESCO to register the Chapei Dong Veng in the UNESCO’s List of Intangible Cultural Heritage of Humanity; having completed the Multinational Nomination File to list the Traditional Game of Tug-of-War into the UNESCO’s List of Intangible Cultural Heritage of Humanity; Having prepared and filled additional documents to register Sambor Prei Kuk temple into the list of World Heritage Site.
- Collaborated with the United States of America and Thailand in the framework of protection and request for return of Khmer Antiquities which were stolen.
- Collaborated with Global Heritage Fund and Waseda in order to restore 4 sections of Banteay Chmar temple and tower N1 of Sambor Prei Kuk.
- Restored the entrance gate of Phnom Chisor and Stupa on Phnom Preah Reach Trop.
- Collaborated with NARA Institute in order to conduct the archaeological excavations at Kraing Kor village, Kampong Chnang province and with the French Natural History Museum to conduct the archaeological excavations at the Prehistoric site of La-ang Spean, Battambong.
- Restored 243 artefacts.
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- Planted posts for delimiting the zones of 5 archaeological sites in Kampong Speu and Kandal province.
- Collaborated and lent France, the United States of America, Australia and China Khmer Ancient Artifacts for exhibitions.
- Improved and expanded the exhibitions of artifacts in the National Museum and in the province in order to attract tourists; and received 610,212 visitors (199040 foreign nationals).
- Continued to prepare cultural related events such as Kite Festival, Khmer Food, Fashion show, Festival for non-professional artists nation-wide, 16th Culture Day and Universal poem and song contest.
- Continued to extend bilateral partnership for cultural exchanges through performance, culture day, culture week with Vietnam, Japan, India, the Republic of Korea and with ASEAN.
- Increased support and encourage for inventions for performing arts; as a matter of fact there were new creations of 4 songs, 1 contemporary dance, 2 modern dance and 1 classical dance.
- Re-mounted 4 classical dance that were lost.
- Attracted French film companies to film in Cambodia for 25 movies.
- Trained art techniques for artists, entrepreneurs with the principle of “Education for Culture and Culture for Education.”
- Compiled and published second volume of Khmer motifs and tools.

IV. Coherence and linkages with the Post 2015 development agenda and other global processes:

Regarding the policies and strategies, similar to the other LDCs, Cambodia fully recognized and regarded IPoA as a priority tool for Cambodia’s socio-economic development and poverty reduction. At the same time, Cambodia will continue its activities and full implementation of Government’s policies and strategies, such as Rectangular Strategy Phase III and National Strategic Development Plan (2014-2018), the Development Cooperation and Partnerships Strategy (DCPS 2014-2018) has been implemented to promote development effectiveness by the established principles as well as tools for development partnership: (i) program-based approaches; (ii) results-based frameworks; (iii) joint monitoring indicators; and (iv) resource transparency.

Likewise, Cambodia has actively participated in the international, continental and regional meetings including the ASEAN frameworks, the United Nations Summit on the Post 2015 Development Agenda. It will also participate in the 21st Session of the Conference of the Parties of the United Nations Framework Convention on Climate Change. Cambodia is committed to these developmental agendas and has been doing so through domesticating them by making them part and parcel of the national development agenda. The National Vision 2030 which is operationalized by 5 year national development plans and other policies and programmes ensures its implementation takes into account international development initiatives such as those stated above.

For Global process the post 2015 development agenda: Cambodia is also similar to the others member state of the UN, Ministry of Planning has been assigned and delegated by the RGC to lead and coordinate in process of localisation Millennium Development Goals (MDGs) 2000-2015 in the context of Cambodia into Cambodia’s Millennium Development Goals (CMDGs) and place in implementation from 2003 to 2015. In this connection, in order to continuation new global agenda localisation from the Millennium Development Goals that is called Sustainable Development Goals (SDGs) 2016-2030, in the context of Cambodia (approved on 2 Feb 2016), we will localise Sustainable Development Goals into Cambodia’s Sustainable Development Goals – CSDGs by adding one more goal that is Demining, Removing Explosive Remnants of War (ERW) and Victim Assistance and it is the 18th goal.
V. **Conclusion and way forward:** Although economic performance has been positive and consistent in the last five years, there is still need for the country to undertake new actions to sustain the positive economic growth and reduce poverty. Actions to be undertaken include:

- Improving incentives in agriculture, tourism and manufacturing sectors to enhance the competitiveness of the sectors.
- Establishment of agro-processing industries and agribusinesses to enhance diversification.
- Improve infrastructure especially in energy, transport, education, health, water and sanitation.
- Improving access to credit for small and medium enterprises to improve financing for enterprises and small scale farmers especially women.
- Invest in research and development and technology in the key economic sectors to improve diversification and enhance standards.
- Improve efforts towards ensuring environmental sustainability.
- Enhancement of youth development efforts to deal with youth unemployment.
- Promoting gender equality and empowerment of women.
- Establish new financing avenues for rural development.

In order to meet the targets set out in the IPoA, there is need for development assistance to be structured in such a way that it meets the desired needs of the country and should not attract stringent conditionality. There is also need for development partners to meet their commitments towards implementing the IPoA and other international agreements. Likewise, Cambodia has heavily invested in economic and social infrastructure especially it is structured around the eight development priorities set out in the Istanbul Program of Action such as roads, electricity, water and irrigation systems, education, health, and other social services in order to promote inclusive and sustainable growth, socio-economic development and ensure poverty reduction of more than targeted 1% per annum. This is in an effort to facilitate viable business environment and increased economic competitiveness.

Furthermore, what Cambodia must do from now on is to create opportunity for all the people to participate in socio-economic activities through the following important measures:

*First,* we need to maintain long-term high economic growth and promoting a transformation of economic structure to be more productive, particularly through promoting SMEs development, attracting investment and increasing investment in physical infrastructure for better linkages between rural to urban areas and to market as well as to other countries in the region;

*Second,* we need to pay more attention to investing in agriculture and relevant infrastructure such as irrigation and water management system, and continue to provide support services, new technologies as well as other inputs to the sector for enhancing productivity, production and export;

*Third,* we need to accelerate implementation of trade liberalization policies especially through improving trade facilitation, providing preferential treatments to developing countries, and reducing trade barriers for diversifying export products and markets in the region and the world;

*Fourth,* we need to continue to upgrade quality of education and skill trainings that generate value addition, particularly in science, technology, and engineering as well as promoting professional careers and strengthen vocational education along with other important social protection programs;

*Fifth,* promoting financial inclusion and providing easy access to sources of finance in order to give opportunity to all the people to use financial services.

In conclusion, Cambodia remains committed to ensuring that there is sustainable and inclusive economic growth that will enable her graduate from the LDCs category by 2020 and by 2030, Cambodia will be transformed into a upper income nation.