

**Cambodia Common Country  
Assessment-CCA  
UNDAF 2016-2018  
May 2014**

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## **Executive Summary**

The UN Country Team in Cambodia in partnership with the Royal Government of Cambodia (RGC) is currently planning for the 2016-2018 United Nations Development Assistance Framework (UNDAF). The timeframe of the UNDAF is being adjusted to coincide with the Rectangular Strategy Phase III and the National Strategic Development Plan (NSDP) 2014-2018 of the RGC. A Common Country Assessment (CCA) has been conducted to inform a joint planning process that includes the RGC, civil society, and other key stakeholders.

The Rectangular Strategy Phase III identifies inclusive growth as an overarching development priority for the period 2014-2018. The strategy recognizes that inclusive growth is a function of all people having equal access to human development, including social protection, and opportunities for meaningful employment. Importantly, good governance is at the core of the rectangular strategy, including social service, legal and judicial, public finance and administration, and decentralization and deconcentration (D & D) reforms.

The United Nations approaches these development objectives from a ‘rights-based’ perspective that focuses on the situation of poor, vulnerable, and marginalized groups who are often excluded from the benefits of growth and development, or less able to access available services and opportunities. These populations include people living below and just above the poverty line, women and children, young migrants, indigenous people, people living with and affected by HIV, people who inject drugs, sex workers, persons with disability, and the elderly. This perspective on human rights is underscored by the principle of gender equality, and the need to address gender based discrimination across different spheres of life, addressing the unequal distribution of political, economic and social power between men and women.

A rights-based approach considers the relationships between policy makers and service providers in their role as duty bearers, and of poor, vulnerable, and marginalized people in their role as rights holders. The CCA concludes that there is a wide gulf between duty bearers and rights holders, but notes that dialogue between the two is increasingly taking place.

This dialogue is taking place in a context of significant economic, social, and political change in Cambodia. First, Cambodia’s economy is rapidly evolving in the direction of intensive commercial farming and urban based manufacturing and services. Second, Cambodian society includes a large population of young people, many of whom are migrating out of rural areas on a massive scale. This migration is contributing to rapid urbanization. Third, political change is characterized by increasingly vocal demands of civil society organizations and citizens for more inclusive growth, the protection of human rights, and political participation. These interrelated changes are taking place as Cambodia prepares to integrate more closely within ASEAN economically while reaching middle income status in the near future. These developments will have important implications for movements across borders and the flow of goods, services, and

labor in the region as well as for ODA financing. The transition to a more diversified economy and mobile society that is regionally integrated will require more equity-focused investments in rural and urban infrastructure, social services, and human capital and skill development. These developments will require strategic political decisions about investment priorities and the division of labor between public, private, and donor financing.

### **Inclusive Growth, Human Capital, and Sustainable Development**

Economic growth has resulted in increased average income and has generated a precipitous decline in the poverty rate from 53.2 percent in 2004 to 18.9 percent in 2012. However, many poor and vulnerable people do not benefit from affordable social services, decent employment opportunities, and social and political participation. The sustainability of recent gains in poverty reduction is precarious as a large proportion of Cambodia's population subsists at income levels just above the poverty line. Along with the poor, these people are highly vulnerable to shocks including economic (e.g., food price spikes), health (e.g., acute or chronic illness, HIV) and extreme weather events (e.g., flooding, drought).

Growth is inclusive when it creates opportunities for economic participation along with ensuring equal access to them. This is critical to close income and wellbeing gaps due to poverty, gender and other aspects of inequality. Inclusive growth will require more efficient and better targeted public and private investments to increase agricultural productivity and incomes and create employment opportunities for women and men in rural, urban and peri-urban areas. Investments that increase agriculture productivity include irrigation, research and extension services, access to quality inputs, technologies, affordable credit, secure land tenure, and land mine clearance. These investments should be geographically targeted to achieve the benefits of synergy. There is also a need to invest in manufacturing and services that create productive employment for a rapidly expanding labor force. Investments in rural and urban infrastructure, including roads, bridges, electricity, and water and sanitation are needed.

The RGC and development partners are undertaking joint efforts in health, education, social protection, women's economic empowerment, and anti-poverty initiatives to promote skills development and employability. Cambodia will need to invest more in its people as the key resource for the country's economic and social development and to enable them to improve their wellbeing overall. Better human capital will contribute to successful economic diversification and inclusive growth as well as women's economic empowerment and political participation. It will also contribute to stronger social capital and community cohesion. Good maternal health, early childhood development, food security and nutrition, and education are the foundation for skill development.

The RGC and civil society will also need to collaborate in complementary ways to promote equal access to human capital and skill development. The comparative advantage of the RGC in this regard is derived from its role in policy making, resource mobilization, and budgeting. The

RGC can also promote trade and develop a better business environment for private investors by fighting corruption, countering the illegal proceeds of crime, and promoting administrative, judicial and legal reform. Civil society organizations often have a comparative advantage in implementing policy at the ground level due to technical capacity and local knowledge. They are also often mandated to work with specific vulnerable groups (e.g., women, children, people living with and affected by HIV, persons with disability, indigenous people, garment workers, migrants, people who use drugs, sex workers).

***Sustainable Development*** Cambodia's rapid economic development is having far-reaching impacts on its environment and natural resource base. The rapid expansion of cultivated areas, Economic Land Concession (ELC) activities, and illegal harvesting and trafficking of timber have resulted in widespread deforestation. The construction of hydroelectric dams, large scale irrigation schemes, as well as new industries and property developments in urban and peri-urban areas are increasing the pressure on Cambodia's water resources and affecting its quality and availability. It is important for key stakeholders, including the RGC, civil society, and local communities, to engage in a dialogue that considers how Cambodia can strike a more sustainable balance between the trade-offs associated with economic development and the country's natural resource base. Cambodia already has in place a legal and regulatory framework required for more sustainable development. What is missing is technical capacity, financial resources, and consistent effort to implement and enforce laws and policies that are already on the books.

The spectre of climate change underscores the need for strengthening environmental protection and natural resource management. Cambodia's economy currently relies on climate-sensitive sectors including agriculture, fisheries, forestry and tourism. Poor and vulnerable populations in rural and urban areas, a significant proportion of whom are women and children, are especially at risk of extreme weather events associated with climate change (e.g., floods, drought). There is a need to implement adaptive social protection measures to increase the resiliency of rural and urban communities against the adverse effects of climate change. Adaptive climate change responses will require more active engagement and participation by rights holders, including women and indigenous communities, in local development planning processes.

### **Social Development and Social Protection**

The RGC and the UN System in Cambodia have a strong record of collaboration in promoting complementary policy initiatives and service delivery. There is a need to further enhance the complementarity among policy initiatives to ensure better quality service delivery in health, nutrition, early childhood development, education, and social protection, as well as gender mainstreaming in these sectors.

***Health Care Services*** Cambodia has made solid progress in health outcomes concerning HIV/AIDs, maternal and child health, reductions in communicable diseases, and access to sexual and reproductive health services and rights. However, a lack of progress regarding nutrition and

neonatal mortality and an increase in non-communicable diseases are concerns. There is a need to increase the utilization of public health services by poor, vulnerable, and marginalized people. This can be achieved by reducing the costs associated with health care, strengthening the income earning potential of poor households, providing social protection assistance to vulnerable populations, promoting health education in schools, and providing health information through targeted messaging for high risk groups. Better targeting of services can also be achieved by improving the accuracy of the ID Poor targeting mechanism. Investments in water sanitation and hygiene (WASH) should be increased and better targeted. Use of contraception remains low. There is a need to continue to invest in sexual and reproductive (SRH), maternal, neonatal and child health, taking into account the increasing burden of non-communicable diseases, while maintaining the fight against communicable ones.

***Education Services*** Cambodia has made important progress in improving the access to and quality of education, particularly at the primary education level but more needs to be done to better educate and train young men and women for employment and citizenship. There is an urgent need to further increase access to early childhood as well as lower and upper secondary schooling and improve the quality and relevance of education at all levels. Higher education needs to implement systemic and rigorous accreditation as well as quality assurance mechanisms. Investments will have to be made for better qualified, trained and paid teachers with appropriate and relevant school curriculum, quality textbooks and didactic materials. School facilities, including WASH, need to be upgraded. The curriculum needs to be reviewed and upgraded to integrate the skills and competencies needed to make it relevant for social, cultural, environmental and economic needs of the country as well as for global citizenship. This should include health, comprehensive sexuality education, environment, gender and civic education. The recently approved Cambodian Qualifications Framework needs to be elaborated and implemented to bring coherence between the education and technical and vocational education and training. Early childhood education and school scholarships should be expanded for girls and boys from poor and vulnerable households, to enable them to continue and complete the minimum basic education of nine years and access technical and vocational training.

There is also an important need to strengthen continuous education and life-long learning opportunities, including progressive TVET, for people who are already in the labor force. A life cycle approach to human capital development is crucial for promoting the employability of the significant number of under-educated and unskilled workers in the existing workforce and opening up pathways to employment for the continuing high number of young people who drop out of school.

***Social Protection*** The National Social Protection Strategy is constructed around on-going social assistance interventions. These include Health Equity Funds and school feeding and scholarship programs. The Emergency Food Assistance Program (EFAP) provides subsidized agricultural inputs (e.g., rice seed, fertilizer) to smallholder farmers in the Tonle Sap region. The social

protection system also includes the National Social Security Fund for Civil Servants (NSSFCS), the National Fund for Veterans (NFV) and the National Social Security Fund (NSSF).

The social protection system is fragmented and many poor and vulnerable households in rural and urban areas are not adequately covered. The limited scope and scale of social protection coverage is due to insufficient investments and weak coordination by concerned national and international actors to prioritize and target complementary services. It is imperative to improve the accuracy of the ID Poor targeting mechanism and strengthen its governance. The ID Poor system does not adequately address the circumstances of some people living with and affected by HIV, the persons with disability, or ethnic minorities. There is also a need to better serve women's social protection needs through improved targeting and access as well as strengthened social accountability from a gender perspective.

Cambodia is currently going through a demographic transition with over a third of its population aged 10 – 24 years. This young population forms a demographic dividend from which the country could benefit economically if sufficient is made in youth employment, education, and access to health services including SRH.

### **Good Governance and Human Rights**

Good governance is at the core of the Rectangular Strategy Phase III of the RGC. Continued progress in reforming Public Financial Management (PFM), including increased tax revenue and more efficient and transparent expenditures, will be required for the RGC to mobilize resources to sustainably provide good quality social services, particularly for poor, vulnerable, and marginalized individuals, as ODA modalities change. It is also important to accelerate public administration reform (PAR) to create a merit-based administrative system in which civil servants are more accountable and respond professionally to the needs and expectations of the public. A key component of the PAR agenda has been to establish appropriate salaries for civil servants in order to motivate better performance and reduce the risks of corruption. Judicial reform and legal reform are the cornerstones for good governance and respect for human rights.

The ability to access official information (e.g. related to the state of the economy, social services, or the use of public funds) is an essential contributing element to transparent economic and social practices, good governance, and the fight against corruption. This is still lacking in Cambodia and there is a need for information legislation of international standard.

With respect to D & D reforms, people appear to be increasingly turning to their local councils to address community problems. This suggests a greater degree of engagement between duty bearers and rights holders at the local level. A key question for the RGC, development partners – including the UN - civil society organizations, and community members is how to sustain and strengthen such engagement. The National Committee for Democratic Development (NCDD) is introducing a broad social accountability strategic framework for local governance that envisions

substantial involvement of local NGOs to help citizens to engage with their councils and local service providers.

There are also encouraging signs of increasing space for experimenting with different approaches to service delivery, and that the capacity of commune councils to facilitate social service delivery can be strengthened with well-designed support for capacity building. UN agencies are well placed to continue playing an important role in this regard. For example, there has been some initial work on mainstreaming gender in governance reforms – this is particularly visible in D&D, and scaling up in PAR; however more efforts are needed to engage with PFM and legal and judicial reform (LJR).

***Human Rights*** The situation concerning human rights is a matter of on-going concern, particularly as human rights underpin successful social and economic development in the long run. The rights associated with electoral processes remain contentious. Freedoms of association, assembly, and expression are subject to arbitrary restrictions. Legal attacks on journalists under defamation and disinformation charges seem to be rising, while their killing goes unpunished. There have been notable efforts of the RGC to improve land tenure security through land titling. However, many smallholder farmers and indigenous communities remain victims of land grabs, illegal logging, and forced evictions, and women do not always have equal access to land tenure security. Decent employment and other labor rights are periodically abused. The rights of children are unevenly upheld as evidenced by widespread child labor. Legal protection for people affected by gender-based discrimination and violence is lacking. Ongoing efforts to protect victims of transnational organized crime, including trafficked girls and boys, need to be reinforced. In each instance, rights holders do not have meaningful access to judicial and legal institutions or administrative processes where they can seek redress to their grievances.

Cambodia is a signatory to many international human rights conventions and the Constitution explicitly recognizes human rights. Nevertheless, the realization of human rights continues to face significant structural challenges. Patronage loyalties and corruption uphold a culture of impunity that guards duty bearers from being accountable to judicial and legal norms supporting an objective rule of law. Rights holders are often not aware of the rights to which they are entitled and do not enjoy equal access to justice. They often also lack awareness of their civic responsibilities as well as the capacity to articulate their needs. Cambodia is now at a crossroads concerning how it will be governed in the future. It will be important for the UN to continue its engagement with duty bearers and rights holders concerning human rights.

### **Lessons learned from the Current UNDAF**

Three important and interrelated messages emerge from the current UNDAF. First, sub-national government, especially commune councils, is an increasingly important partner in support of inclusive growth, sustainable development, and social development. Second, civil society organizations have a comparative advantage for reaching poor, vulnerable and marginalized

individuals and groups due to their technical capacity, local knowledge and mandates. Third, UN agencies have played important roles in promoting technical capacity building, financing program implementation, supporting evidence-based policy-making through research, and facilitating dialogue between duty bearers and rights holders at national and sub-national level.

Going forward in a development environment characterized by increasing regional integration, new emerging issues (e.g., youth, rural migration, climate change, adaptive social protection, urbanization, water resource management, transnational organized crime) and shifting ODA modalities, UN agencies will need to be increasingly strategic in how and what they finance, and with whom they partner. The UNDAF lessons suggest that on-going capacity building as well as technical assistance and advice at the national policy level can be more effectively balanced with investments that promote partnerships between civil society organizations and local institutions of governance. UN agencies will also need to strengthen their capacity for joint programming in collaboration with the RGC and civil society organizations in order to better support such partnerships and improve the effectiveness of their support to national development priorities overall.

## **Section 1: Introduction**

The UN Country Team in Cambodia in partnership with the Royal Government of Cambodia (RGC) is implementing its United Nations Development Assistance Framework (UNDAF) 2011-2015. Planning for the 2016-2018 UNDAF is currently taking place. The timeframe has been adjusted to coincide with the Rectangular Strategy Phase III and the National Strategic Development Plan 2014-2018 of the RGC.

To provide an analytical basis for the joint planning process, including the RGC and key stakeholders, a Common Country Assessment (CCA) is conducted that incorporates consideration of the country context and situation analysis, existing literature, causal analysis and lessons learned. The CCA for Cambodia is a “complementary analysis” and a country lead methodology for review of key issues affecting national development

The objectives of the CCA process are: (1) Inform preparation, with RGC, of the UNDAF 2016-2018; (2) Review and analyze the national development situation and trends in Cambodia through review of existing analysis and data; (3) Present the analysis within the context of Cambodia’s own national priorities and commitments under international conventions; and, (4) Identify development challenges and potential priorities for UN and RGC attention, for addressing through and inclusion in the UNDAF 2016-2018, inclusive of lessons learned from the implementation of UNDAF 2011-2015.

This document presents the results of the complementary CCA. It is structured as follows. The remainder of Section 1 briefly discusses the methodology and conceptual framework of the CCA. Section 2 discusses the development context and identifies key economic, social and political trends. Section 3 discusses inclusive growth, human capital, and sustainable

development. Section 4 digs deeper into human capital with discussions of health and education service delivery and social protection. Section 5 considers good governance and human rights. Section 6 presents a causal analysis of the relationship between duty bearers and rights holders at the macro policy and local implementation levels. Section 7 concludes by identifying ongoing and emerging priorities, partnership opportunities, and engagement processes.

### **1.1. Methodology and Framework**

The CCA complementary analysis has been undertaken through a desk review of literature provided by the UN Country Team in Cambodia through the UNDAF Steering Group (USG).

The CCA focuses on the situation of poor and vulnerable households and marginalized communities and individuals in the context of rapid economic, social, and political changes. It identifies major development trends and how they affect the prospects for more inclusive growth, sustainable development, and the protection of human rights. The CCA assumes that human rights are a fundamental prerequisite for inclusive economic growth, ecologically sustainable development, human capital and social development, and good governance.

According to this perspective, poor and vulnerable households and marginalized communities and individuals are “rights holders” and must be empowered to voice claim to their rights. Those who, by virtue of their authority, position or social function, have a responsibility and obligation to respect, support, uphold and facilitate the realization of these rights are the “duty bearers”. They are obligated as their primary concern to support rights holders as they strive to meet the challenges of realizing their rights.<sup>1</sup>

The interaction between rights holders and duty bearers frames the public discourse concerning the distribution of development costs and benefits, as well as access to and control over economic resources and the instruments of political authority and power. The discourse reflects economic, social and political tensions between rights holders and duty bearers at both the macro policy level and in the local arenas of implementation. This perspective assumes that state institutions and development partners, as well as civil society and private sector actors each have comparative advantages. They all therefore have constructive roles to play in facilitating the public discourse on Cambodia’s development.

### **Section 2: Development Context and Trends**

Cambodia’s rapidly changing development context has presented important opportunities as well as significant challenges for achieving Cambodia’s Millennium Development Goals (CMDGs)<sup>2</sup> in support of promoting inclusive economic growth, gender equality and women’s empowerment, human capital, and sustainable development. Inclusive development will require leadership of policy reforms by the RGC along with better coordination and targeting of development investments by government, development partners, civil society and the private

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<sup>1</sup> This discussion is borrowed from the CCA for UNDAF 2011-2015.

<sup>2</sup> Please see Annex 3 regarding the CMDGs.

sector. Rapid changes in society as a result of migration and urbanization, among other factors, are taking place in an environment of political uncertainty.

Policy makers and planners believe that Cambodia is at a critical point in its socio-economic development as the country moves from least developed country to lower middle income status in the medium term. The Rectangular Strategy Phase III of the RGC provides a roadmap for navigating this journey by articulating the development priorities and rationales of the RGC for the period 2014-2018. The Rectangular Strategy will be operationalized by the National Strategic Development Plan that is currently being developed. An Industrial Development Plan is now being developed and a Cambodia Vision 2030 will be subsequently finalized to strengthen the policy architecture for development.

In its next phase of development, Cambodia aims to continue promoting economic growth, creating productive jobs, distributing the benefits of growth, and strengthening the effectiveness of public institutions and management. RGC planners will emphasize competitiveness and diversity through reforms in the areas of human capital development, infrastructure and connectivity, agricultural diversification, public sector and business environment improvements, and financing.

Cambodia will pursue these objectives in the context of increasing integration into regional and global markets. For example, in 2011 Cambodia launched a rice export policy that aims to export a total of 1 million MTs of milled rice in 2015.<sup>3</sup> Reforms have been implemented to expand milling capacity and ease export procedures to achieve this goal. Cambodia's ongoing regional positioning will be facilitated by ASEAN economic integration slated for 2015. It is not certain how and to what extent Cambodia will be affected by the free flow of skilled labor and elimination of import duties.

## **2.1 Macro-economic Performance**

Cambodia's economy has grown by an average of 8 percent annually over the past decade. Per capita GDP has increased from USD417 in 2004 to USD1,036 in 2013. The poverty rate has declined from 53.2 percent in 2004 to 18.9 percent in 2012. Economic growth has been fuelled by private sector investments in agriculture, garment manufacturing, construction, and tourism as well as public sector investments in rural and urban infrastructure. There were justifiable fears that the food and fuel price crises and global economic slowdown in 2008 would undermine the country's ability to achieve its CMDG goal of a 19.5 percent poverty rate in 2015. However, the economy has made a strong rebound, growing by 5.5 percent on average annually between 2009 and 2013. The growth forecast for 2014 is around 7.2 percent, but could be reduced in light of ongoing political uncertainty.<sup>4</sup>

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<sup>3</sup> National Rice Export Policy

<sup>4</sup> World Bank, 2014 Coping with Domestic Pressures and Gaining from a Strengthened Global Economy: Cambodia Economic Update

A stable macro-economic environment has helped facilitate sustained economic growth. Over the past five years, inflation has been kept under control, but is now moderately picking up. Inflation was 2.5 percent in 2012 and 4.7 percent in 2013. It is projected to be 5 percent in 2014. The exchange rate has been stable, with slight appreciation of the Riel against the US Dollar. International reserves increased by more than 60 percent to an equivalent to 4.1 months of imports in 2012. Government budget formulation and implementation has been improved by better revenue collection and management. The overall debt sustainability outlook is also favourable. Slower imports (due to dampened domestic demand) and high export growth have narrowed the current account deficit to 9.4 percent of GDP in 2013, down from 10.1 percent in 2012. The current accounts deficit is financed largely by foreign direct investment (FDI) allowing international reserves to increase slightly. Inflows of FDI have continued in 2013, but given political uncertainty, are estimated at US\$1.2 bn, below the peak of US\$1.4 bn in 2012.<sup>5</sup>

Cambodia's macro-economic performance faces risks from a fragile global economic outlook, a possible economic slowdown in China, and domestic factors such as rapid credit growth. A weak business environment constrains private sector development. Cambodia ranks 133<sup>rd</sup> out of 185 economies in the World Bank's overall Ease of Doing Business index.<sup>6</sup> The high cost of doing business in Cambodia, including electricity, transportation and corruption, also hurts micro and small enterprises, which represent 99.6 percent of the firms in Cambodia and are an important source of employment for women.<sup>7</sup> The low level of budget transparency and lack of budget credibility at ministerial level remain to be improved. The capacity of the legislature for budgeting and public finance management reform needs to be strengthened to promote accountability mechanisms between the executive and the legislative bodies.

## **2.2 Population Dynamics**

The demographic composition of Cambodia is characterized by an increasingly youthful population whose experiences and expectations differ from the previous generation. In 2010, over two-thirds of Cambodians were aged 10-24 years. This young population forms a potential "demographic dividend" from which the country could benefit economically if sufficient investments are made in youth employment, education, and access to health services, including sexual and reproductive health (SRH). A low fertility rate will also further reduce the dependency ratio over the next three decades and contribute to GDP growth.<sup>8 9</sup>

***Rural Migration*** Cambodia's population remains predominately rural with about 80 percent living in rural areas and 20 percent in urban settlements. This distribution is likely to change in

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<sup>5</sup> World bank, 2014: Cambodia Economic Update, April 2014.

<sup>6</sup> World Bank, 2013 Where Have All the Poor Gone: Cambodia Poverty Assessment 2013.

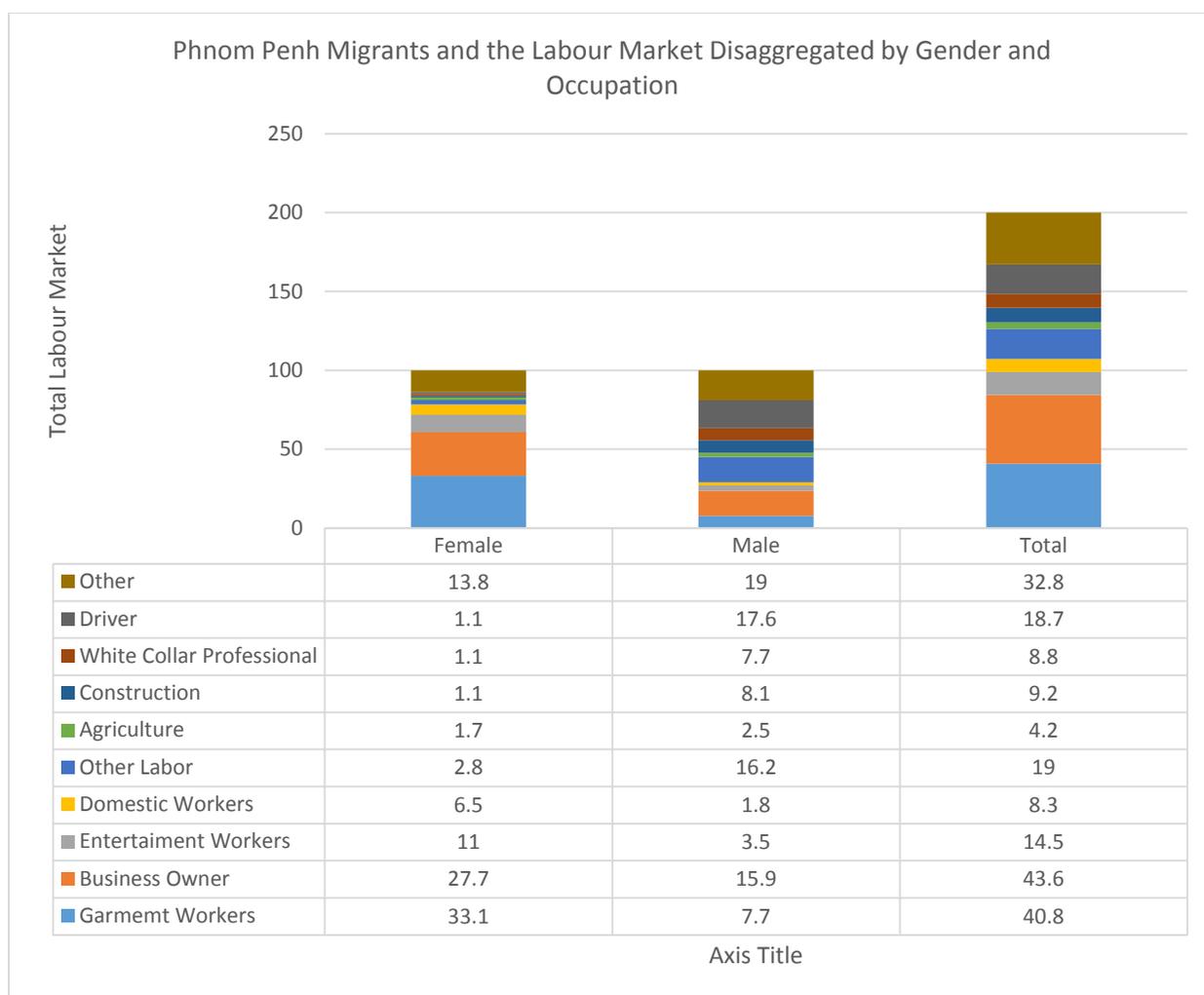
<sup>7</sup> World Bank, 2013 Study on Access to Financial Services for Small and medium Agribusiness Enterprises in Cambodia

<sup>8</sup> Over time, longer life expectancies may place an increasing burden on families and erode traditional social protection systems for the elderly.

<sup>9</sup> UNFPA, World Bank

the near term due to a high rate of migration out of rural areas. This includes significant migration from rural areas to Thailand that could include as many 400,000 individuals. In addition, many migrants are smuggled illegally, some of whom end up as trafficking victims being exploited for sexual services or forced labor. Many young people are also migrating to Phnom Penh and other cities seeking employment in garment manufacturing, construction, tourism, and other generally low-skilled sectors. This movement is rapidly changing the structure of rural society as elderly people become primary care providers for children whose parents have migrated. This implies the need for a shift in policies, programming and interventions to address issues affecting children.

These demographic shifts will have a significant impact on poor and vulnerable households and individuals. Many young women find employment in the garment industry and can send remittances to their families in their home villages if they are able to retain sufficient savings from their wages. However, they are exposed to long working hours in potentially unsafe working environments. Other young women find employment in the entertainment industry where they are at risk of sexual exploitation and gender-based violence. In both cases, young women face sexual and reproductive health risks as a result of inadequate access to relevant information and proper services. Young men find employment in the construction industry that is often dangerous. Young migrant men and women, including lesbian, gay, bi-sexual, and transgender (LGBT), who are away from their communities and families, face a number of risks, including gang behavior, drug use, labor exploitation, and sexual violence, which can result in HIV, sexually transmitted infections (STIs), and unwanted pregnancies.



**Urbanization** The urban population will expand relative to rural areas in the coming years, especially if investments that generate off-farm employment in rural areas do not materialize. Rapid unplanned population growth has created pockets of poverty that will continue to expand. There are, for example, 516 poor urban communities in Phnom Penh comprising about one fourth of the city’s population. There are significantly more households headed by females (38.3 percent) than the national average (25.6). This expansion has not been accompanied by investments in social services,<sup>10</sup> which remain a low priority in comparison to the construction of urban infrastructure. The environmental impacts of unplanned urbanization without proper infrastructure (e.g., clean drinking water, sanitation and sewage) will also disproportionately affect poor urban settlements.

### 2.3 Vulnerable and Marginalized Groups

Gender, poverty, nationality, ethnicity, age, disability, sexual orientation, landlessness, migration, PLHIV and being part of a key population at risk of HIV, among others, increase

<sup>10</sup> The Phnom Penh Urban Poor Assessment 2012

vulnerability to discrimination and exclusion from economic, social and civic participation. Simultaneous membership in marginalized groups related to these categories reinforces the likelihood of social and economic exclusion and discrimination.

***Mobile and Migrant Populations*** Cambodia's demographic characteristics is largely defined by a large-scale migration and urbanization pattern such that only 30 per cent of Phnom Penh's population was born in the city and 47 per cent of migrants arrived in the past five years alone (Census 2008). In addition, Cambodia's porous borders, poverty, unemployment, legacy of prolonged civil war, loss of livelihoods during recurrent natural disasters and rapid economic growth in neighboring countries continue to play significant role in outward migration. According to a recent study, half of rural out-migration in Cambodia is to Phnom Penh while a surprisingly large percent is international with the vast majority of international migration being to Thailand (CRUMP 2012). Many of the migrants are very young and extremely vulnerable to various forms of abuse and exploitation including human trafficking. Young Cambodian men are trafficked for forced labor in the agriculture, fishing, and construction industries in neighboring countries while women are trafficked for sexual exploitation and forced labor in factories or as domestic servants. Vast majority of Cambodian migrants travel without proper documentation and often enter the neighboring countries (particularly Thailand and Malaysia) in violation of immigration laws. Such irregular migration flow also leads to abuse and fosters human trafficking. Lack of information on safe migration, inability to understand formal obligations, read contracts, or pay processing fees, and inadequate regulatory government oversight rendered some Cambodian migrant workers vulnerable to forced labor and debt bondage in destination countries.

***Elderly People*** Cambodia's elderly who are aged 65 and over account for about 5 percent (650,000) of the total population (Census 2008). In 2014, HelpAge Cambodia (localized from HelpAge International) observed that poverty reduction and the provision of competent and affordable health care remained priority issues for the aged. Within the past two decades, elderly parents have played a major role in providing living quarters, giving care, and paying expenses for adult sons and daughters who have been affected by HIV. More recently, a large number of people, including parents of young children, have migrated away from their home villages while leaving child care and farming responsibilities to grandparents and other elderly individuals. Elderly people also often provide care for their orphaned grandchildren. Those who live in ID Poor households are the most vulnerable and marginalized of this population.

***Indigenous Peoples/Communities*** The 2008 Cambodian Population Census identified 17 different indigenous groups, including Phnong (24 percent of the total), Kouy (21 percent), Tompuonn (15 percent), Charay (11 percent), Kroeung (10 percent), and others (18 percent). These groups live in 15 provinces, 36 districts, 131 communes and 503 villages or communities. Based on Commune Database information (2010), there are <sup>11</sup>an estimated 45,280 households

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<sup>11</sup>[www.cdb.ncdd.gov.kh](http://www.cdb.ncdd.gov.kh)

with a total population of 219,989. Many indigenous peoples lack access to education in their mother tongue as well as in Khmer and as a result have low levels of education that limit their access to employment opportunities. Indigenous people often live in remote areas and lack easy access to other social services, including health, and markets. In many areas, their land has been usurped by economic land concessions (ELCs), including mining and plantations, as well as illegal logging. Such encroachment threatens the livelihood and living conditions, including traditional knowledge, of many indigenous peoples.

The Cambodian Land Law of 2001 grants collective land ownership rights to indigenous communities. Although this provides a unique opportunity for indigenous people to exercise their right to self-determined development, the process is complex and painstakingly slow. To date, only eight indigenous communities have received communal land titles. The Government has set a target for titling 10 indigenous communities annually between 2014 and 2018, registering 58 indigenous communities with communal land titles by 2018. As for the remaining indigenous communities, it is not clear if and when there may be a chance for them to obtain communal titles or even to register as indigenous communities without land.

***Lesbian, Gay, Bi-sexual, and Transgender (LGBT) people*** While Cambodian Law does not criminalize same-sex relationships, homophobic and transphobic attitudes and behaviors combined with a lack of legal protection against discrimination expose many LGBT persons to stigma and discrimination in the workplace, in schools, health facilities, public spaces and in their home. In the absence of family acceptance and faced by the pressure to marry and have children, many LGBT persons conform to social expectations and remain hidden. This affects their access and interaction with health services, including sexual health and HIV services. Encouraging developments include the emergence of a nascent LGBT community; however, more public dialogue affirming LGBT rights and issues is needed.<sup>12</sup>

***Orphans and Vulnerable Children (OVC)*** About 41 percent (5.5 million)<sup>13</sup> of Cambodia's population is under the age of 18. About 14 percent (750,000) are vulnerable children<sup>14</sup> living with the poorest families, in orphanage centers, and in families headed by children. These children are extremely vulnerable to multiple risks. OVCs are categorized into 10 types including orphans (maternal, paternal or double orphans), children with chronically ill parents or caregiver, children who live outside of family care, including children who work and live on the street, children living in poor households, abused and exploited children, children in contact with the law, children who use drugs, children with disabilities, children affected by AIDS, and other children the community identifies as vulnerable.

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<sup>12</sup>CCHR (2010). Coming out in the Kingdom: Lesbian, Gay, Bisexual and Transgender People in Cambodia.

<sup>13</sup>Cambodia Census 2008, MoP

<sup>14</sup>UNDP and Sanigest International, Socio-Economic Impact of HIV at Household Level

***People With Disability (PWD)*** Cambodian people with disability (PWD) are estimated to include 5 percent of the population, or 700,000 persons<sup>15</sup>. PWDs are among the most vulnerable people in Cambodian society and are often marginalized by income inequality, lack of access to social services, discrimination and experience elevated levels of family violence, including physical and sexual violence<sup>16</sup>. Social stigma and discrimination against persons with disabilities is exacerbated by a lack of social assistance and limited access to human capital development. Limited access to both basic and higher educational facilities are challenges faced by all PWD, especially in rural areas. About 90 per cent of children and youth with disabilities have no access to any form of education (UNICEF, 2007). In cases where educational facilities are available, educational services are often not suited to their intellectual and physical needs. These challenges lead to low enrolments and high dropout rates among children with disabilities. When combined with a lack of educational opportunities, this ultimately results in a population of people who have limited education, skills and access to employment.

***People Living with HIV (PLHIV)*** HIV prevalence in Cambodia is estimated to have decreased to 0.7 - 0.8 percent in 2012, from 1.1 percent in 2006 (NCHADS, 2012). There were an estimated 75,900 people living with HIV in Cambodia in 2010, and this is expected to decline to 70,400 in 2015 (NCHADS, 2012). With more than 80 percent of Cambodia's population – and more than 90 percent of the poor – living in rural areas (RCG, 2010), the majority of people living with HIV are also expected to be found in rural areas. However, HIV prevalence is concentrated among key affected populations who usually live in or migrate to urban areas. HIV prevalence is highest among entertainment workers (4.6–13.9 percent); men who have sex with men (MSM) (2.1-2.2 percent); transgender women; men and women in closed settings, and especially people who inject drugs (24.4. percent). Sexual transmission is still the main mode of transmission, but there are increasing overlapping behaviors that put people at risk, for example injecting drug use and unprotected sex. (NCHADS, 2012). This highlights the need for sustaining prevention, treatment, harm reduction and social protection mechanisms to reach both the general population and key populations, including people living with HIV in both rural and urban areas. Gender inequalities and gender-based violence place women and girls, including transgender women, at an unacceptably high risk for HIV. Together with stigma and discrimination, these present barriers to effective uptake of essential services and increase social and economic vulnerability among people living with HIV.

***People who Use Drugs and People who Inject Drugs*** A study conducted by National Authority for Combating Drugs (NACD) in close collaboration with KHANA found that the number of people who reported using drugs in the previous 12 months in Cambodia in 2012 was 13,000. Non-injecting drug use is the most common type of drug use in Cambodia. HIV prevalence among people who inject drugs (PWID) was found to be around 25 percent and the HIV

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<sup>15</sup> ILO Estimation 2009

<sup>16</sup> Astbury & Wiji (2013). Triple Jeopardy: Gender-based violence and human rights violations experienced by women with disabilities in Cambodia.

prevalence among non-injecting people who use drugs (PWUD) was 4 percent. A MoEYS study of most at risk young people in 2010<sup>17</sup> found that 3.5 percent of female and 15 percent of male respondents aged between 10-24 years old reported having used drugs. An estimate by UNAIDS suggested that there were about 46,300 illicit drug users in Cambodia, of whom 23,150 (50 percent) were using Amphetamine Type Stimulants (ATS) and some 2,900 (6.3 percent) were using heroin, including 2,025 who injected drugs. The majority of drug users are young: 80 percent are under 25 years of age and 17 percent under 18 years of age<sup>18</sup>.

It is estimated that about 50 percent of PWUD remain hidden, which results in difficulties in increasing the coverage of health intervention programs designed for PWUD, particularly PWID. A detailed understanding of the dynamics and behaviors of people who use drugs is therefore needed to help policy makers and program implementers launch appropriate health policies and effective interventions. Female PWUD appear to be among the most vulnerable sub-group, and special interventions should be designed to reach this group.

***Entertainment Workers*** The number of Cambodian entertainment workers is approximately 34,193 (NCHADS 2009), many of whom (45.1 percent) were aged 20-24 years. Female sex workers (FSWs) are projected to constitute 30 percent of new HIV infections in 2012 – the highest proportion of new infections for one population group. HIV Sentinel Surveillance Survey (HSS) 2010 found that HIV prevalence amongst female entertainment workers (EW) is 14 percent in the high-risk group (i.e., more than 14 clients per week) and is 4.1 percent for the low-risk group (i.e., less than 14 clients per week). Among female sex workers, 14.2 percent in a previous 12 month period had been employed as garment factory workers. About 11.6 percent had been employed as restaurant workers.

There is a high prevalence of induced abortion among entertainment workers, with 77 percent reporting having an abortion while working as an entertainment worker. Private clinics and pharmacies were reported as the main locations for induced abortion (77.2 percent). Together with the high self-reported incidence of sexually transmitted infections (STIs) symptoms (38 percent) this suggests that entertainment workers have a high unmet need for sexual and reproductive health and rights information and services. Condom use as dual protection against unwanted pregnancy, HIV and STI must be emphasized as part of focused prevention. The practice of consistent condom use among EWs in 2013 was relatively low though stable at about 80 percent. Entertainment workers are still subject to arrest by local police and military according to the Anti-Human Trafficking and Sexual Exploitation Law.

## **2.4 Gender Equality and Women's Rights**

Gender equality is guaranteed by the Cambodian Constitution, and the Royal Government of Cambodia is signatory to various international treaties, agreements and conventions, and has

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<sup>17</sup> Most At Risk Adolescence Survey 2010, MoEYS

<sup>18</sup> NCHADS HIV Prevalence Survey in 2010

developed national policies and laws in response to critical gender issues. Progress has been made on gender equality commitments, including MDG3, as well as in the institutional structure. However, policy implementation is slow and would benefit from stronger capacity in institutional and coordination mechanisms as well as political support across government. Gender analysis across sectors needs improvement to enable strategic responses to the negative impacts of gender inequalities, including on the achievement of sustainable development, human rights, and social cohesion and peace.

The achievement of substantive gender equality will require transformation in the power relationship between men and women in both the public and private spheres. Women comprise over half of voters in Cambodia, and particularly young women have been vocal in engaging in political dialogue, including in the context of the 2013 elections. However, women continue to be under-represented as political leaders and elected officials, and public support for women's leadership is undermined by regressive gender norms in decision-making. Within the private sphere, women, including adolescent girls, carry primary responsibility for contraception, but a significant proportion of women lack access to information, services, and decision-making power to realize their sexual and reproductive rights.

Cambodian women are central participants in economic activities, yet gender segregation in tertiary education and in the labor market is strong and women are especially vulnerable to economic shocks and have little to no economic security. Many women choose to migrate internationally or internally, entering un-skilled or low-skilled work in domestic care in neighboring countries and in the garment industry in country. Women also suffer the double burden of paid and unpaid work within the household, as the expectation is for women and girls to assume primary responsibility for household and caring work.

Against this backdrop, women have organized, defended and advocated for their rights at the front lines of public demonstrations, including marches and demonstrations led by garment workers rallying for decent work and a minimum wage; and protests by women rights defenders to protect the right to land tenure and to end forced evictions, which have had a disproportionate effect on women.

High rates of intimate partner and non-partner violence against women persist in Cambodia, reflecting and reinforcing gender inequality and underscoring the need to engage men and boys in transforming harmful norms related to masculinity. In this context, connecting efforts to address gender based violence and increase women's political participation and improve economic outcomes for women are critical.

## 2.5 Land Tenure Security

Issues concerning land rights have sparked protests by community groups in rural and urban areas in response to land grabs and forced evictions resulting from Economic Land Concessions (ELCs) and large scale urban development schemes. Some observers estimate that as many as 500,000 to 700,000 people have been adversely affected by land grabbing and forced evictions. Poor and vulnerable groups, women and children, are most adversely affected by these “development shocks” as a result of losing their main sources of livelihoods. In rural areas, households are losing their farmland without proper compensation. Evicted communities from urban areas are often relocated far away from urban centres in areas with few or no services and employment opportunities.<sup>19</sup>

Land concessions and associated disputes and evictions “threaten the existence of indigenous communities”.<sup>20</sup> The Land Law of 2001 provides for communal land titles for indigenous communities. In practice this is proving to be extremely difficult and widening encroachments on communal land increase the difficulty. The situation of indigenous people who live on land rich in natural or mineral resources is even more precarious. Illegal logging, constituting almost 85 percent of the timber trade, is the principal driver behind deforestation that affects their livelihoods.<sup>21</sup>

While women are equally legally entitled to own and inherit property, they are at greater risk of landlessness and have fewer resources and opportunities to acquire more land. Forced evictions have had a disproportionate impact on women as caregivers and as family earners, as well as on children and the elderly, exposing them to a heightened risk of poverty and physical insecurity. Women are often left alone to provide for themselves and children and may face violence and abuse as a result of increased stresses and strains within the family as a result of the impact of evictions. At present, no nationally defined minimum standards or procedural safeguards exist to regulate eviction or relocation. Lack of safety, health, education and WASH facilities in resettlement sites have a negative impact particularly on women and children. Children are often forced to leave school or families must separate in order to keep children in school. Child labor is a concern when boys and girls must work to help make up lost income opportunities.<sup>22</sup>

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<sup>19</sup> Cambodia Center for Human Rights, 2013: Cambodia: Land in Conflict , An Overview of the Land Situation

<sup>20</sup> Cambodia Center for Human Rights, 2013: Cambodia: Land in Conflict , An Overview of the Land Situation; McGinn, C. (2013) “Every day is difficult for my body and my heart.” Forced evictions in Phnom Penh, Cambodia. PhD dissertation.

<sup>21</sup> United Nations Office on Drugs and Crime, 2013: Transnational Crime in Southeast Asia and the Pacific, A Threat Assessment (TOCTA).

<sup>22</sup> Cambodia Center for Human Rights, 2013: Cambodia: Land in Conflict , An Overview of the Land Situation; McGinn, C. (2013) “Every day is difficult for my body and my heart.” Forced evictions in Phnom Penh, Cambodia. PhD dissertation.

## **2.6 Transnational Organized Crime**

As the economy continues to grow rapidly and the ASEAN Economic Community (AEC) will commence in 2015, transnational crimes such as illegal logging of forests and the trade or trafficking in people, drugs, counterfeit goods and fraudulent medicines poses a growing challenge for development in Cambodia. These crimes are fuelled by corruption and create illicit money flows that, in turn, contribute to corruption and money-laundering in the country. In particular the trafficking of opiates (heroin) and the manufacturing of methamphetamines is on the rise. There is a need to identify and close gaps in the legislative and regulatory framework, enhance the capacity of law enforcement and the judiciary, and establish accountability and oversight mechanisms to counter the emerging challenge of transnational organized crime.

## **2.7 Environment and Climate Change**

Natural resource management is a matter of increasing concern as Cambodia's rapid economic development is having serious, far-reaching impacts on its environment and natural resources base. Deforestation as a result of agricultural expansion, illegal logging, and economic land concession (ELC) activities has affected watersheds with adverse impacts on the quality and availability of water resources. The development of hydroelectric dams, large scale irrigation schemes, and new industries, including mining and oil and gas production, are increasing the pressure on Cambodia's water resources. Large scale infrastructure development, such as roads and bridges, may also adversely affect the health of people who reside nearby. In urban areas, large widespread uncontrolled development can also have serious impacts on the health of people and have serious impacts on drainage systems. Increased flooding in areas around Phnom Penh, for example, has left poor households mired in polluted water for extended periods of time. In the near future, water rights and management will become equally as important as land rights and management.

Cambodia is extremely vulnerable to the impacts of climate change as its economy is currently structured around climate-sensitive sectors including agriculture, livestock, fisheries, forestry and tourism. The impact of Typhoon Ketsana in 2009 and more recent flooding has shown that poor households are especially vulnerable to climate change impacts, including severe weather events in the short term and rising temperatures over the longer term. Since 80 percent of the population reside in rural areas, floods and droughts as well as shifting rainfall and temperature patterns that affect agriculture production could push more people back into poverty or prevent them from moving out of poverty. The majority are women and children who are susceptible to disease and illness because of limited assets and capacity needed for resiliency and adaptation to climate change impacts. There is a need to mainstream gender and the rights of indigenous people into climate change response measures that promote adaptive social protection measures. Climate change impacts also need to be taken into account in the design of infrastructure (e.g., urban, energy, water, transport) to ensure sustainability.

In addition to significant resource endowments of forest and fisheries, Cambodia is also well-endowed with mineral, oil, and gas resources. It will be important for the country to prepare for

the influx of mineral oil, and gas revenues. Cambodia is estimated to have reserves of around 2 billion barrels of recoverable oil and 10 trillion cubic feet of gas. Extractive revenue has increased from more than USD 1 million USD in 2008 to around USD 7.1 million in 2013. However, many aspects of extractive industry are shrouded in secrecy with little opportunity for civil society input or review. Cambodia has an opportunity to use its natural resource revenue wisely and efficiently to invest in the country's development in ways that promote inclusive and sustainable growth. Good governance reforms will need to target increased transparency and accountability concerning natural resource revenues as a priority objective.

## **2.8 Food Security and Nutrition (FSN)**

Food security in Cambodia has improved over the last decade. Cambodia is fully rice self-sufficient, producing a surplus of over 3 Million MT of rice in 2012 and is on the way to becoming an important rice exporter in the region. Food is available all over the country and markets are well integrated. With poverty rates reducing, overall household food access and food consumption has improved considerably in recent years, although disparities by region and social groups continue to persist.

Despite these improvements, Cambodians still face a wide range of constraints affecting household food security such as low agricultural productivity and diversification, limited access and unsustainable use of forestry and fishery resources, landlessness for a large proportion of the rural population and insufficient employment and income opportunities, specifically in rural areas. As the financial and economic crisis in 2008 showed, stability of food access for the poor and near poor is easily compromised by idiosyncratic shocks, socio-economic crisis or natural disasters. Increasing coping capacities of vulnerable groups by scaling up social assistance and improved disaster preparedness and mitigation mechanisms, including climate change adaptation, remains a challenge for the future.

Improved food consumption does not automatically translate into improved child and maternal nutrition. Dietary diversity and quality of food, intra-familial food distribution, nutrition related behaviour and capacities of care takers, safe water, sanitation and hygiene as well as access to health services all affect nutrition status. Considerable improvements in child and maternal mortality and some child and maternal nutrition indicators took place between 2000 and 2010. However, overall child and maternal malnutrition has not reduced since 2005. In 2010, there was nearly 40 percent chronic malnutrition among children under 5 years of age and 20 percent female malnutrition which are unacceptably high levels. Child and maternal under-nutrition differs considerably by region and social groups. The rural, poor and non-educated have a higher incidence of under-nutrition than the rich, urban and educated. This underscores the need for well-targeted and integrated interventions. Under-nutrition during early childhood affects the entire life of an individual, leads to poorer cognitive development and educational outcome and thus seriously hampers the human capital formation, productivity and economic growth of a

country. The social and economic costs of malnutrition are high<sup>[1]</sup> whereas investments to improve FSN have been shown to provide high returns.

The National Strategy for Food Security and Nutrition (NSFSN) therefore has a clear focus on improving child and maternal nutrition over the next five years. This strategy requires a multi-dimensional and integrated approach over a large range of development themes. To improve food security and nutrition, strategies, policies, and investments in the fields of agriculture, fishery and forestry, management of water resources, health, water and sanitation, education and social protection are all relevant.

## **2.9 Development Assistance**

Development spending has more than doubled since 2004, but has gradually fallen as a proportion of GDP.<sup>23</sup> Total aid remains larger than foreign direct investment and remittances, but is now only 20 percent of the value of exports.<sup>24</sup> Donor support remains substantial as donors provide about 30 percent of government outlays and 40 percent spending on public goods.<sup>25</sup> Infrastructure recently overtook health as the main recipient of donor funding. The share of aid to infrastructure and health has risen, while aid to agriculture and rural development and governance has fallen. The proportion of grants and loans has remained steady over the past decade, with around 70 percent of aid made up of grants. The greatest growth in aid to Cambodia is coming from emerging Asian donors China and the Republic of Korea (RoK). Both have a heavy focus on infrastructure while the RoK also invests in agriculture, health, and education.<sup>26</sup>

Despite efforts to better coordinate development investments, development expenditures remain highly fragmented. Some improvements can be found in the form of program based approaches (PBAs) or sector wide approaches (SWAPs) that pool resources in the health and education sectors. Joint programming initiatives can be found in aid effectiveness, SNDD, and are being developed for gender. Other areas such as agriculture and water struggle without a clear roadmap that prioritizes and coordinates investments. Improvements in financing and implementing

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<sup>[1]</sup> Based on a recent study CARD, UNICEF and WFP estimate that Cambodia loses an estimated \$400 million in gross domestic product annually due to malnutrition throughout the life cycle and micronutrient deficiencies represents a national burden of more than \$200 million annually.

<sup>23</sup> Council for the Development of Cambodia (2012) Development Cooperation Trends in Cambodia and Proposals for Future Monitoring of the Development Partnership.

<sup>24</sup> World Bank (2013) World Development Indicators and Council for the Development of Cambodia (2012) Development Cooperation Trends in Cambodia and Proposals for Future Monitoring of the Development Partnership.

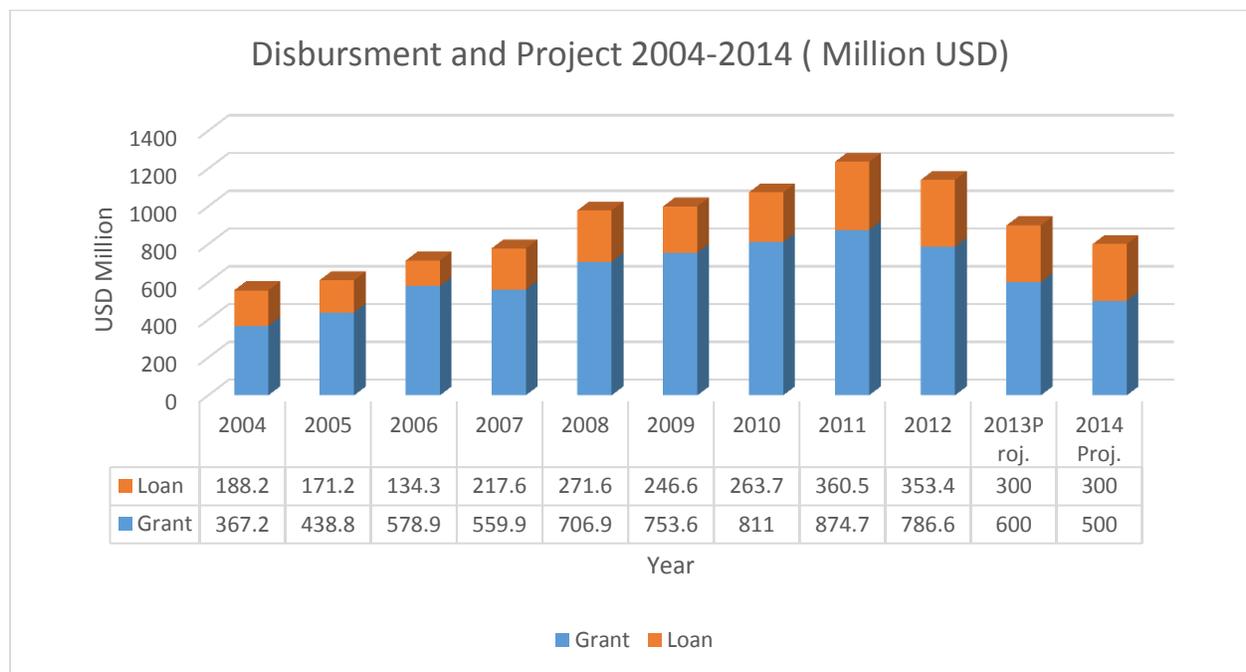
<sup>25</sup> World Bank (2011) Cambodia Integrated Fiduciary Assessment and Public Expenditure Review

<sup>26</sup> Council for the Development of Cambodia (2012) Development Cooperation Trends in Cambodia and Proposals for Future Monitoring of the Development Partnership.

development strategies will require strong leadership and ownership on the part of RGC as well as a firm commitment to the principles and practices of aid effectiveness by development partners.

Cambodia’s progress toward lower Middle Income Country (MIC) status in the near future along with emergency and development priorities elsewhere in the world is likely to affect the donor landscape in coming years. Although traditional bi-lateral partners will continue to be important sources of ODA, shifts in the availability of development resources both in terms of quantity and sectors will strongly influence the United Nations development strategies in the coming years. Of particular concern is the so-called “middle income country trap” that can occur when there are reduced donor commitments because of income growth and poverty reduction, while progress on broader social issues concerning individual and community well-being and inequalities based on gender, regions, or other forms of vulnerability, stagnate or regress and are not properly addressed.

The RGC recognizes that Cambodia’s graduation to MIC status implies changes to development cooperation financing in the near future. The RGC and DPs may consider public-private partnerships (PPP) through more active engagement with the private sector and civil society organizations. The increasing role of non-traditional donors, especially those from Asia, including new modalities of cooperation (e.g., South-South initiatives) and financing for regional and global challenges (e.g., climate change) may also provide new approaches and sources of finance.



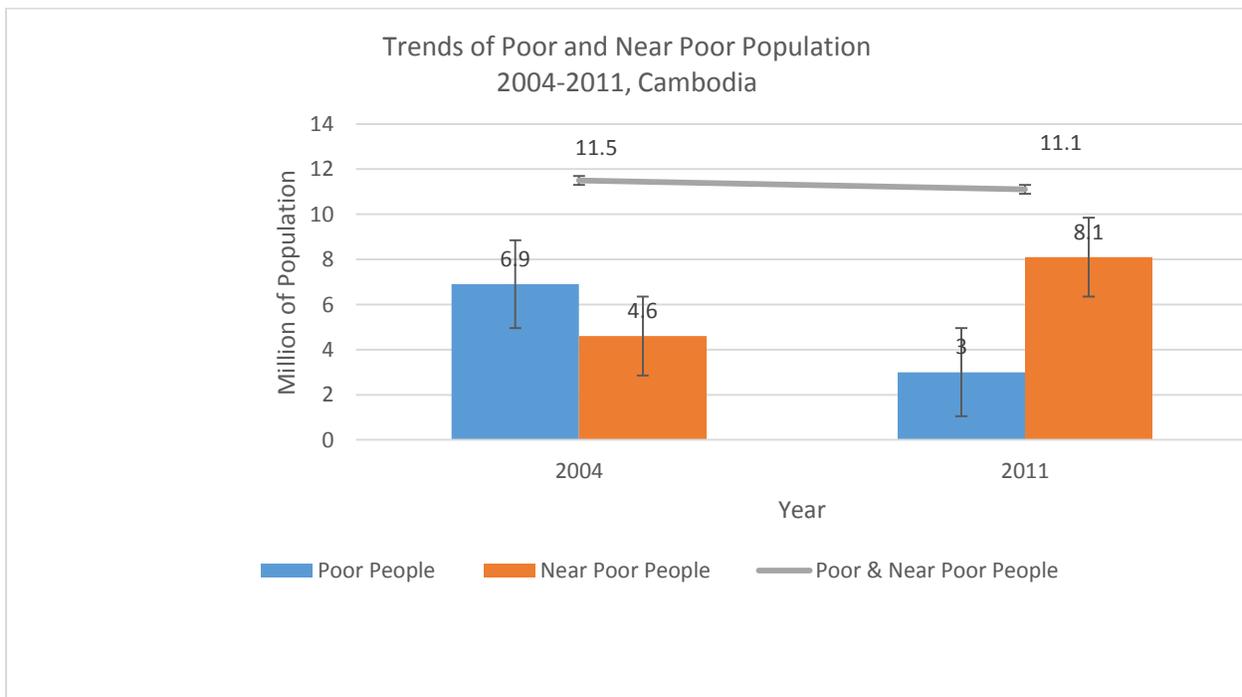
Total ODA received since 1992 to 2011 amounts to 12.13 billion USD

### Section 3: Inclusive Growth, Human Capital, and Sustainable Development

Growth is inclusive when it creates economic opportunities along with ensuring equal access to them. Cambodia will need to invest more in human capital and skill development to promote economic diversification and inclusive growth. Cambodia will also need to strike a more sustainable balance between economic development and preservation of its environment and natural resources.

#### 3.1 Inclusive growth and Rural Development

The precipitous decline in the poverty rate in Cambodia from 53.2 percent in 2004 to 18.9 percent in 2012 (MoP, 2013) is at first glance counter-intuitive as much of the reduction took place during the food and fuel price crisis and global economic slowdown in 2008-09. About 27 percent of the reduction during this period can be attributed to higher rice prices, 9 percent can be attributed to increased rice production, and better wages in agriculture accounted for 15 percent. Agriculture therefore contributed to 51 percent of poverty reduction during this period. Non-agriculture labor in rural areas contributed 25 percent of the reduction. The spike in rice prices was a one-time opportunity, and policy makers cannot rely on rice price increases to drive poverty reduction in the future.<sup>27</sup>



The distribution of the benefits of economic growth has been inconsistent, unpredictable, and above all, unequal. Although overall inequality measured by the Gini coefficient has declined from 0.374 in 2007 to 0.282 in 2011, regional and gender disparities remain and many people have not yet benefited from economic growth. For example, in the rural central areas of the

<sup>27</sup> World Bank, 2014; Where Have All the Poor Gone?

country the poverty rate in 2011 was 15 percent, while in the northeast part of the country the poverty rate was 37 percent. Poverty remained highest in rural areas (23.7 percent) and lowest in Phnom Penh (1.5 percent). In Other Urban areas, the poverty rate was 16.1 percent.<sup>28</sup>

As noted above, the percentage of wasting among children under five has increased from 8.4 to 10.9 percent between 2005 and 2010, while the level of stunting remains static at 40 percent since 2005.<sup>29</sup> Malnutrition cuts across consumption quintiles, but a disproportionate share is found in the lowest quintile. This suggests that poverty reduction associated with increased consumption is not all inclusive and does not necessarily translate into better food security and nutrition outcomes for the children of poor and vulnerable households.

The sustainability of recent gains in poverty reduction is precarious as the majority of people moving out of poverty have only marginally done so. A large proportion of Cambodia's population is situated just above the poverty line and is highly vulnerable to shocks such as health, weather, or development (e.g., relocation for infrastructure projects). In 2011, a loss of 1,200 riels (about 30 cents US) per day would cause Cambodia's poverty rate to double. This is no time to be complacent about the gains in poverty reduction.

The remaining poor, about 20 percent of the population in 2011, will be more difficult to reach. Growth is inclusive when it creates opportunities for economic participation along with ensuring access to them. Inclusive growth will require strategically targeted investments for people who have been so far excluded from the benefits of growth due to gender disparities, sexual orientation, age, disabilities and HIV, ethnicity and location (e.g. remote rural areas, migrant urban settlements), as well as absence of formal national identity (e.g. birth certificate, family book, ID card). This is critical to close income and wellbeing gaps due to poverty, gender and other aspects of inequality. This requires a thorough analysis of the barriers and bottlenecks that prevent people from receiving public services. Investments that are targeted at marginalized individuals and groups will require close cooperation between RGC and development partners working in closer cooperation with civil society organizations and the private sector.

Inclusive growth will require investments in agricultural intensification and economic diversification as well as employment creation for young people. Public and private investments in agriculture should promote productivity gains for smallholder farmers and agri-business development that will add value. Job creation must match investments in employment generating businesses with a better skilled workforce. The development of a skilled workforce will in turn require investments in human capital, (e.g., health, education, vocational training) that are specifically designed to integrate poor, vulnerable, and marginalized individuals into a more competitive and diversified economy.

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<sup>28</sup> World Bank 2013, *Where Have All the Poor Gone? Cambodia Poverty Assessment 2013*

<sup>29</sup> Cambodia Demographic Health Survey (CDHS), 2010

Intensifying and diversifying agriculture investments to promote inclusive growth should be focused on where the poor and marginalized live as well as on their endowments. As nine out of ten poor people reside in rural areas, investments should support the activities in which the poor are already engaged, which are primarily agricultural, and increase the returns to their principle endowments, which are primarily land and labor. Investments to increase the productivity of land and labor include irrigation, research and extension services, access to good quality inputs, affordable credit, secure land tenure, land mine clearance, and connectivity to markets. The poor and vulnerable will also benefit from investments in rural roads, access to electricity, good quality health services, clean water and improved sanitation and hygiene.

Better planning and targeting is required to optimize the impact of agriculture development investments on poor, vulnerable, and marginalized households. To the extent possible, investments in irrigation, extension services, rural roads and land titling should be geographically targeted to take advantage of complementarity. This requires better coordination across different ministries, and better implementation at the sub-national level. Ideally, such investments should be targeted in areas that are suitably endowed with adequate water supplies and good soil quality. In rural areas with low agricultural potential, and in urban and peri-urban areas, development investments should focus on creating alternative employment opportunities while strengthening infrastructure and improving access to social services.

Investments in rural roads should be climate resilient and focus on connecting remote and marginalized communities with markets and social services. Rural roads enable smallholder farm households, including women and children, as well as indigenous communities, to participate more actively in market exchange and social affairs. However, the development of rural roads has also contributed to deforestation by migrant households in search of land and by plantation operators. The development of rural roads should include safeguard measures against illegal logging and consultations with local communities to include steps to clarify local management and land tenure arrangements and enforcement.

Implementation also needs to be more efficient and better targeted to reach specific vulnerable groups. Civil society organizations often have a comparative advantage in this regard as they often have more technical capacity and local knowledge than does the state. They are also often mandated to work with specific vulnerable groups (e.g., PLHIV, key affected populations at risk of HIV, persons with disability, elderly, garment workers, indigenous communities). Closer cooperation with civil society organizations is warranted to improve the effectiveness of targeted interventions among poor and vulnerable groups.

Women make important contributions to agriculture and the rural economy. Women provide a significant amount of labor in agriculture production, including land preparation, transplanting rice, water management and harvesting. Women should have a greater voice in the management of irrigation systems. Women play a key role in household decisions about the purchase of inputs such as seed and fertilizer and should be included in extension services. Women who invest in

small businesses will benefit from financial inclusion that provides access to savings opportunities and affordable credit. The Ministry of Women's Affairs (MoWA) is currently coordinating the implementation of the Millennium Acceleration Framework (MAF) on Women's Economic Empowerment, which requires the cooperation of a number of stakeholders, among donors, civil society, the private sector, and across government.

As land is one of the key endowments of poor and vulnerable households, inclusive growth must rest on a foundation of secure land tenure for smallholder farmers. The lack of secure land tenure security represents a significant vulnerability for smallholder farmers. The United Nations Capital Development Fund (UNCDF) estimated that in 2010 as much as 30 percent of Cambodia's land was owned by only 1 percent of the population.<sup>30</sup> About 21 percent of rural households are involuntarily landless, while a further 45 percent are poor, owning no more than 1 hectare per household.<sup>31</sup> Women and indigenous communities are particularly vulnerable to tenure insecurity. Women's land rights within the family are often marginalized. Indigenous communities are routinely excluded from participating in decisions that affect their communal landholdings.

Land grabs and evictions increasingly threaten the livelihoods and well-being of poor and vulnerable households in both rural and urban areas. In rural areas, land and access to commons such as forests and fisheries have been an important source of livelihoods and safety net for poor and vulnerable households. As farm size decreases along with enclosures of the commons, smallholders often go into debt and/or sell land as a coping strategy in response to some form of shock. The loss of land is often the first step toward impoverishment for many households and communities. One important way to promote more secure land ownership and tenure is to improve access to better quality and affordable health services by poor and vulnerable households. The high costs of health care often push poor households to take high interest loans from local moneylenders. Many households end up selling assets, including land, to pay off such debts.

Land mines and other explosive remnants of war (ERW) continue to have a substantial negative humanitarian social and economic impact on Cambodia. While the casualty rates from landmines and ERW peaked in 1996 with 4,320 reported casualties, rates declined significantly over the years with only 111 reported casualties in 2013. During the first quarter of 2014, however, casualties were reported to be on the rise with 58 percent more casualties (60) compared to the same period in 2013 with 38 reported casualties.

The RGC has estimated that at least 1,915 square kilometers<sup>32</sup> of land in its western provinces still need to be released and will require additional effort and investment for at least 16 years

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<sup>30</sup> UNCDF, 2010 Local Development Outlook Cambodia: Trends, Policies, Governance.

<sup>31</sup> Sophal, Chan, 2008: Impact of High Food Prices in Cambodia, CDRI Policy Brief No.2.

<sup>32</sup> "Report on the Results of the Baseline Survey in 124 Districts," CMAA, 2012

given its current resources. Eastern provinces believed to contain ERW including cluster munitions need to be surveyed and released.

Mine action efforts initially focused on providing access to safe land for refugees returning from border camps, and were later extended to the entire country along with the integration of demining and development. In July 1999, Cambodia became a State Party to the Anti-Personnel Mine Ban Convention (APBMC). In 2000, with the establishment of the Cambodian Mine Action and Victim Assistance Authority (CMAA) and the introduction of a community-based prioritization system to assess communities' needs, mine action became a more complex process in support of risk reduction and socio-economic development. This led to mine action being integrated into the RGC's major national development policies and strategies and added as a ninth Cambodian Millennium Development Goal (CMDG). The UNDP's Clearing for Results project, now on its second phase, is a multi-donor initiative that supports the RGC's efforts to regulate and monitor the mine action sector and manage its resources, and release land for agricultural use by the poor.

### **3.2 Human Capital and Industrial Development**

Since the global slowdown in 2008, Cambodia's economy has remained narrowly focused on agriculture, tourism, garment production and construction. Despite steady growth in these sectors, Cambodia will need to diversify its economic base to meet the employment needs and expectations of an increasingly young labor force growing by 250,000 – 300,000 per year. This can be achieved by promoting inclusive and sustainable industrial development (ISID). Recognizing the importance of ISID for job creation and poverty reduction, the RGC is developing an Industrial Development Policy (IDP) to guide the transition to a more diversified economy by strengthening human capital development and providing meaningful employment opportunities to an increasingly skilled workforce in both rural and urban sectors. It will be important for the IDP to synchronize agriculture diversification and intensification with employment generating investments in agri-business, manufacturing and services.

The IDP should also take into account the significant contributions that young people are making to Cambodia's economic development. The IDP should be inclusive, ensuring that women, as well as vulnerable and marginalized individuals have equal access to opportunities for human capital development, including vocational training and skill development as well as equal access to employment and social services. The IDP policy should ensure that young people receive the benefits of human development commensurate with their contributions to the growth. This requires a well-coordinated and informed framework across policies related to employment and labor market as well as industrial development. The difficulties associated with developing such a framework are discussed in Section 5.

As in agriculture, women have made significant contributions to the country's economic growth through their participation in the labor force, especially in the garment and tourism sectors. In 2011, women made up 45.8 percent of all wage earners. This represents the highest rate of women's labor force participation in the region. The distribution of migrant labor in Phnom Penh tells a clear story about a gendered labor force. About 33.1 percent of female employment is in the garment industry, while 11 percent are in services and entertainment. A significant portion of the female labor force (27.7 percent) is businesses owners, although female-led businesses earn on average half of those led by males. Young men have also made important contributions to economic growth through their participation in the construction and transport sectors. About 15.9 percent of the male labor force are business owners.<sup>33</sup>

For individuals who leave the countryside, voluntarily or otherwise, the transition from farming one's own land to other forms of employment often means transitioning to low paying unskilled or semi-skilled employment in the non-farm rural sector or in urban areas. Human capital development should aim to enable men and women to find better paying jobs in decent work environments. One important step in this direction will be to provide for a fair minimum wage that is commensurate with the needs and productive contributions of workers. This should be done by an evidence-based, inclusive wage determination mechanism that respects the rights of workers to express their views, including through strike action, and allows for periodic review.

The development of human capital that promotes inclusive growth must include equal access to social assistance and services. Broadly speaking, it means ensuring that poor, near poor, and vulnerable groups in both rural and urban areas have equal access to health and education services and social safety nets as appropriate. It also means ensuring that such services are designed to respond to the special needs the poorest, the most vulnerable, and those at risk. For example, while all young women should have access to health care services, specific groups, including female garment workers, entertainment workers, women living with HIV, ethnic minority women, migrant women and adolescent girls, will require more focused attention on education about sexual and reproductive health and rights, including contraception and safe abortions. Young people who migrate to work in Thailand require information about the risks of trafficking. The issues associated with social development are discussed in the following chapter.

The development of human capital should also entail more than just providing equal access to better education and health services and social safety nets. It should also ensure that women and men, including lesbian, gay, bisexual and transgender women and men, can exercise their right to decent employment in safe working environments. It should ensure they are paid decent wages on time. It should also address child labor, especially its worst forms, as a matter of urgent priority. Importantly, it should also mean that women and men, including those with other gender identities, in the labor force enjoy the right to form unions and advocate for higher wages and better working conditions. In this way, unions help to ensure that workers can achieve a fair

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<sup>33</sup> Source: 2012 CRUMP

share of the wealth that they create, thus reducing inequality and increasing general welfare. Labor rights are an integral component of the framework around which human capital development contributes to inclusive growth.

### **3.3 Sustainable Development**

Agriculture and forestry contribute nearly 40 percent of the country's GDP. Three-quarters of the population in Cambodia are directly engaged in agriculture and depend upon the land for their daily subsistence.<sup>34</sup> Cambodia's rapid economic development is having serious, far-reaching impacts on its environment and natural resource base, including the overexploitation of fisheries and forests over the past decade. The rapid expansion of cultivated areas, illegal logging, and ELC activities have resulted in widespread deforestation. In 2010, forest cover declined to 57 percent from 73 percent in the 1960s.<sup>35</sup> Between 1990 and 2010, it is estimated that an average of 142,500 ha, or 1.1 percent of forest-cover was lost per year. This in turn has resulted in degraded soils and weakened watershed protection. The expansion of ELCs, including extractive industries such as mining, into national parks and protected areas is threatening natural landscapes and a wide range of flora and fauna.

The development of hydroelectric dams, large scale irrigation schemes, and new industries in urban and peri-urban areas are increasing the pressure on Cambodia's water resources and affecting its quality and availability. One area of particular concern is the impact on fishing resources that are an important source of income for fishing communities and an integral source of food security and nutrition for the entire population. The construction of hydro-electric dams on the Mekong River and its major tributaries, as well as diversion schemes for large scale irrigation, may also have adverse effects on regional security if conflict emerges among the riparian countries. Furthermore, large urban development and infrastructure projects that involve sand dredging to fill in lakes and portions of rivers are having adverse impacts on poor and vulnerable communities. In some areas the impact of migration and poorly planned tourism infrastructure is depleting underground water tables. In the case of Siem Reap, Cambodia's magnificent cultural heritage may even be threatened.

The ongoing degradation of the natural resource base as a result of poorly planned and regulated development is largely a matter of governance, resources, and consistent effort. Cambodia has in place the legal and regulatory framework (e.g., policies laws, strategies) required for more sustainable development. What are missing are resources, capacity, and consistent effort to implement and enforce laws and policies that are already on the books. While policies and laws are formulated at the national level, implementation and enforcement must necessarily take place at the sub-national level. Local authorities, however, routinely lack the authority and power to

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<sup>34</sup>According to the National Green Growth Roadmap (Ministry of Environment (MoE) and Economic and Social Commission for Asia Pacific (ESCAP) (2009). *The National Green Growth Roadmap*. Green Growth, ESCAP.<http://www.greengrowth.org/sites/default/files/pictures/Final%20Draft%20Roadmap,%20Feb26-2010.pdf>

<sup>35</sup> RGC, 2012: Cambodia Government Achievements and Future Direction in Sustainable Development. As referenced in Cambodia Agriculture in Transition: Opportunities and Risks ,Agrifood Consulting International, 2013.

enforce laws even when they are mandated and motivated to do so. The vast discrepancy in power and resources undermine the ability of local authorities and citizens to monitor and enforce the actions of powerful businesses and political elites.

The issues concerning the environment and natural resource management take on even more serious ramifications when climate change is considered. Cambodia's economy is currently structured around climate-sensitive sectors including agriculture, fisheries, forestry and tourism. Typhoon Ketsana in 2009 resulted in economic losses of about 4.3 percent of GDP. Poor and vulnerable populations in rural areas, the majority of whom are women, are especially vulnerable to climate change impacts on natural resources. Rural households engaged in agriculture currently have the highest incidence of poverty and are acutely vulnerable to severe weather events related to climate change. In areas impacted by migration, such events can have especially onerous effects on the elderly and children as they often make up the majority of the local population. There is a need to development adaptive social protection measures to increase the resiliency of rural communities against the adverse effects of climate and severe weather events.

Cambodia ratified the United Nations Framework Convention on Climate Change (UNFCCC) in 1996, due in large part to the recognition that the country is extremely vulnerable to the impacts of climate change. Cambodia's Climate Strategic Plan<sup>36</sup> identifies a need to mainstream gender considerations into climate change response measures so that women are not disproportionately affected by the impacts of climate change. This is an important step toward a more inclusive climate change policies. The Climate Change Strategic Plan should also consider the impacts of indigenous communities that are often invisible in matters pertaining to the environment.

There is a need for a transition towards a green economy in the context of sustainable development and poverty reduction. The RGC's reform agenda aims to establish a green economy foundation for future generations. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services.

Beyond biodiversity loss, ancient minority cultures including languages are being lost. In addition, except for Angkor Wat and Preah Vihear World Heritage Sites, other historical sites are not properly valued, and even neglected or destroyed. Moreover, colonial and post-independence period urban heritage is disappearing rapidly as a result of urbanization. Hence, in developing the tourism sector adequate attention needs to be paid to ensure that historical and natural heritage is preserved and that local communities benefit from these preservation efforts.

#### **Section 4: Social Development and Social Protection**

Social development and social protection play key roles in promoting inclusive growth and human capital development. It is important that poor, vulnerable, and marginalized individuals

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<sup>36</sup> RGC, National Climate Change Committee 2013: Cambodia Climate Change Strategic Plan 2014-2023

and communities have equal access to health care services, educational opportunities, and social assistance and social insurance, paying specific attention to addressing gender gaps in education and improving health outcomes for women and girls.

#### 4.1 Health Care Services

Cambodia has made exceptional progress in achieving health-related Cambodian Millennium Development Goals (CMDGs) 4, 5 and 6. Under-five and infant mortality rates have been reduced from 124 and 95 per 1,000 live births in 2005 to 54 and 45 per 1,000 live births in 2010 respectively. Maternal mortality has been reduced from 472 per 100,000 live births in 2005 to 206 per 100,000 live births<sup>37</sup> in 2010. Improvements in neonatal mortality have been much slower. Cambodia has been focusing on increased coverage of the public health system, but poor and vulnerable households are underrepresented among those benefiting from these improvements. It is now recognised that health systems strengthening should now also focus on improving the quality of care at the health care provider level.

**Communicable Diseases** Adult HIV prevalence<sup>38</sup> and the number of new infections<sup>39</sup> have steadily declined, but the epidemic among marginalized populations, including female sex workers, men having sex with men (MSM), transgender persons, and people who inject drugs, remains a major challenge. There has also been a continuous decline in malaria incidence<sup>40</sup> and deaths<sup>41</sup>, which are now at the lowest levels in history. The challenge now is to contain artemisinin resistant falciparum malaria parasites and eliminate malaria as a public health burden in Cambodia. Despite significant improvement in the past decade, Cambodia still has the highest mortality rate<sup>42</sup> and second highest prevalence rate<sup>43</sup> among the 22 high TB burden countries in the world. Too many cases are missed, as only about 66 percent of the estimated TB cases in the country are being detected each year. Multi drug resistant-TB rates also rose from 10.5 percent in 2006 (DRS data) to 15.5 percent in 2013 (notification data) among retreatment cases. Neglected tropical diseases like schistosomiasis and lymphatic filariasis are targeted for elimination in Cambodia. There is significant improvement in routine immunization coverage in Cambodia and 96% infants got three doses of DTP vaccine during 2013. National Immunization Programme conducted nationwide Measles-Rubella campaign targeting 4.5 million children 9 months to 15 years in 2013. Following the campaign, MR vaccine has been introduced in routine immunization programme in 2014. Surveillance data shows that there is no Measles case since more than two years and substantial reduction of Rubella cases in the country.

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<sup>37</sup> CDHS 2010, MoH-MoP

<sup>38</sup> Adult (aged 15-49 years), HIV prevalence peaked at 1.7% in 1998-1999, declined to 0.7% by 2013.

<sup>39</sup> The number of new infections estimated to be peaked at 20,000 in 1995 and it went down to 1,210 in 2013

<sup>40</sup> Incidence of treated malaria cases per 1,000 population significantly reduced from 11.2 (n=129, 167) in 2000 to 3.2 (n= 44,634) in 2013

<sup>41</sup> Malaria mortality rate per 100,000 population significantly reduced from 5.29 (n=608) in 2000 to 0.08 (n=12) in 2013

<sup>42</sup> TB mortality rate fell from 157 (in 1990) to 63 (in 2012) per 100,000 population

<sup>43</sup> TB prevalence rate fell from 1,670 (in 1990) to 764 (in 2012) per 100,000 population

While Cambodia has made strong progress in communicable disease control, one of the remaining challenges is the emergence of new infectious diseases. Cambodia has the highest number of cases of avian influenza H5N1 subtype (47 cases between 2005- 2013) globally. Cambodia is committed to developing the core capacities required by the International Health Regulations (IHR) by June 2014. Good progress has been made in surveillance and response to outbreaks, but the development of ‘point of entry’ policies has lagged. Implementation of the IHR core capacity is not only a matter of health, as it requires multi-sector efforts such as food safety.

**Non-Communicable Diseases (NCDs)** Cambodia is beginning to experience the epidemiological transition, resulting in the double burden of communicable and non-communicable diseases. Premature mortality from NCD is of concern. The proportion of deaths under 60 years (out of all non-communicable disease deaths) is 57 percent among men and 35 percent among women. This will impact productivity and labor force availability. NCDs, which include cardiovascular disease, cancer, chronic respiratory disease, and diabetes, caused 46 percent of deaths in 2008<sup>44</sup>. This rate is projected to rise over time. The prevalence of NCD risk factors is alarmingly widespread in the Cambodian population.

Over 80 percent of adults do not eat enough fruit and vegetables to protect them from NCDs. Already one in five Cambodian adults has high cholesterol. In urban areas, 5.6 percent of adults have diabetes and 16.9 percent have high blood pressure, while in a rural areas, 2.3 percent of adults have diabetes and 10 percent are found to be hypertensive. This indicates a diet that is too high in saturated fats and salt. Alcohol is also a significant concern, with 45 percent of Cambodian men reporting heavy episodic drinking<sup>45</sup>. The problems associated with food security and malnutrition or “under-nutrition” as well as the determinants of NCDs and “over-nutrition” are largely socio-economic. Therefore, specific health care investments, which have achieved good results in other health domains, will not have a similar impact on malnutrition and NCDs. More efforts and investments in developing the multi-sector approach will be required.

The political declaration of the High Level Meeting of the General Assembly on the Prevention and Control of Non-Communicable Diseases held in September 2011 explicitly called for acceleration of implementation of the WHO Framework Convention on Tobacco Control (WHO FCTC) as a key contribution to reducing non communicable diseases.

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<sup>44</sup>World Health Organization. *Causes of death, 2008. Summary tables. Global Burden of Disease*. Geneva: World Health Organization; 2011. Available at: <http://www.who.int/evidence/bod>.

<sup>45</sup>University of Health Sciences & Preventive Medicine Department, Ministry of Health. *Prevalence of Non-communicable Disease Risk Factors in Cambodia. STEPS Survey Country Report, September 2010*. (Ministry of Health, Kingdom of Cambodia, 2010).

Tobacco control plays a critical and compelling role in advancing the non-communicable disease agenda. Taking the case to the people themselves through innovative advocacy and sustained partnerships with civil society and local authorities contribute to the changing of social norms and the enhanced appreciation of the need to hold government accountable to their obligations to the WHO FCTC and to the new political impetus to curb and reverse the non-communicable disease epidemic as Cambodia ratified and became a party to an international health treaty, World Health Organization Framework Convention on Tobacco Control (WHO FCTC) on 15 November 2005. Consequently programs and activities were carried out to reduce tobacco consumption, including establishing the high-level Inter-Ministerial Committee for Education and Reduction of Tobacco use (IMC).

In Cambodia about 1.4 million (42.5 percent of adult men and 3.5 percent of adult women with aged 18 years and older) smoke cigarettes while more than half a million (0.8 percent of adult men and 13.8 percent of adult women) consume smokeless tobacco such as betel quid. According to the mortality data released by WHO/HQ in 2012, close to 10,000 people die per year from diseases related to tobacco use in Cambodia. Consequently, tobacco use imposes enormous economic costs to the country and to individuals: Among non-communicable diseases, ischemic heart disease accounted for 176 deaths per 100,000 populations aged 30 years and older, with 20 percent of these deaths attributed to tobacco. Cancer of trachea, bronchus and lung accounted for 24 deaths per 100,000 populations with 73 percent of these deaths attributed to tobacco. More advocacy work needs to be done in this area.

**Sexual and Reproductive Health** The contraceptive prevalence rate (CPR) has increased steadily from 18.5 percent in 2000 to 35 percent in 2010. However, this remains low and off-target for the CMDG target. Unmet need for contraception remains high at 17 percent<sup>46</sup>, meaning that a significant proportion of women and couples are unable to realize their reproductive rights. Unsafe abortion remains a concern, as poorer, less educated and rural women are less likely to access safe abortion services<sup>47</sup>. Entertainment workers are particularly likely to have abortions, with 77 percent reporting they have had an abortion.<sup>48</sup> They are also less likely than other women to have accessed abortion through the public health system. Emergency obstetric and newborn care services have been improved, but have not yet reached the required standard and quality. Young people, particularly unmarried young people, still have limited access to sexual and reproductive health services.

**Environmental and Other Health Challenges** Cambodia faces a wide range of environmental health challenges caused by unsafe use of chemicals, poor hygiene, indoor and outdoor air pollution, contaminated water and soil and inadequate waste management. MOH embarked on a health vulnerability and adaptation (V&A) assessment in 2010 and formulated a Climate Change

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<sup>46</sup>CDHS 2010, MoH, MoP

<sup>47</sup>CDHS 2010, MoH, MoP

<sup>48</sup>BSS 2013, NCHADS, MoH

Strategic Plan for Public Health (CCSPH). The V&A assessment concludes that impacts of climate change on health in Cambodia are salient mainly in four areas including vector-borne diseases (e.g. malaria and dengue fever), water- and food- borne diseases (e.g. diarrhea and typhoid), food security (e.g. malnutrition) and health consequences of extreme weather events (e.g. death, injury, vector- and water- borne diseases).

As noted earlier, the percentage of wasting among children under five has increased from 8.4 percent to 10.9 percent between 2005 and 2010, while the level of stunting has remained static at 40 percent and anaemia is at 55 percent since 2005<sup>49</sup>. Cambodia is one the 15 worst countries in the world for child malnutrition. The problems associated with food security and nutrition, as well as NCDs, are cross-sectoral and therefore beyond the sole reach of specific health care investments that have achieved good results in other health areas. It is discussed in greater detail above.

Fraudulent medicines are increasingly finding their way into the Cambodian market, undermining the recovery of those who are ill and creating risks for the development of drug resistant strains.

**Health Care Services for Poor, Vulnerable and Marginalized People** The low utilization of public health facilities by poor and vulnerable groups remains an ongoing concern. Access by people in rural and remote areas to public health care services is still very low.<sup>50</sup> A key challenge is regulating services provided by the private sector. Private facilities account for an estimated 49 percent of treatment episodes, while the non-medical sector (e.g., drug vendors, traditional and religious healers, birth attendants) attract around 21 percent of patients.<sup>51</sup> Conflicts of interest, for example in relation to dual practice in public and private facilities and close links between private practitioners and pharmacies and laboratories, leading to over-prescribing, have hindered progress.

Another reason for low utilization is the low quality of public health services, including the fact that some essential medicines, vaccines and supplies are often not available. Low quality health services are also a function of discrimination against and stigmatization of poor, vulnerable, and marginalized groups by service providers. Health care workers also often lack knowledge and understanding about the specific needs of certain clients, such as women living with HIV, MSM, and transgender people. One observer remarked that “Poor people always get poor quality of health care”, characterized by perceived quality of care issues like tardy services and disrespectful attitudes toward people considered lower in status. There is no professional code of ethics for health care providers and there are few if any sanctions for not providing services equitably.

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<sup>49</sup>CDHS 2010, MoH, MoP

<sup>50</sup> CHDS2010, MoH-MoP

<sup>51</sup>Scaling Up for Better Health, WHO, p.11

The costs of accessing public health services also contribute to low utilization by poor and vulnerable households. Even when they have an ID Poor Equity Card that entitles them to free services, transport and opportunity costs along with informal fees inhibits people from seeking care from public facilities. Some poor households in fact will access private health care before accessing public services because seeing private providers is comfortable and easy and sometimes they make house calls and provide services on credit<sup>52</sup>.

Several different health financing schemes (e.g., HEF, Government subsidized funding, vouchers, conditional cash transfers for the poor, NSSF and CBHI for near poor etc.) have been implemented in order to extend social health protection (SHP) coverage to the population, especially the poor. Coverage of SHP reached around 78 percent of poor households in 2012.<sup>53</sup> There are currently 2.2 million poor covered by HEFs. However, the use of health services covered remains low (MoH-DPHI 2011).

Health coverage strategies are based on population rather than demographic factors. Difficult geographical access to health services and lack of information about health services available in rural remote areas among the poor and internal and external migrants are a big challenge. The health coverage plan has focused on the expansion of referral hospitals, health centres and health posts. There is a need to develop more inclusive health coverage strategies using demographic targeting to improve access to hard-to-reach individuals and groups, including female-headed households, migrant workers, indigenous communities, people with disabilities, and those living with and affected by HIV, and key populations at risk of HIV.

The incidence of catastrophic health expenditures among poor and vulnerable families remains one of the key drivers of poverty. The analysis of CSES 2009 shows out of pocket expenditures (OOP) per capita and per year, excluding transportation and associated costs for seeking health care, rose from 59,640 Riels in 2004 (approximately USD 14.80) to 117,852 Riels (approximately USD 28.30) in 2009<sup>54</sup> while the average amount of illness-related debt among all households increased to 49,283 Riels per household. Among households with any debt, the average amount of debt from illness also increased to 1,287,135 Riels. Additionally, the average costs for serious illness incurred by families in the previous month grew from US\$47.40 to US\$99.07 (CDHS 2005 and 2010). Inflation, traffic accidents, high interest rate loans, severe weather events, as well as increased demand for health services contribute to the increase. As these expenses routinely exceed household income, poor and vulnerable families must borrow money and/or sell assets to finance health care costs. (WB 2011a). Another important reason, total poor and near poor are not much changed (11.5 million in 2004 and 11.1 million in 2013<sup>55</sup>) evidenced that financial barriers is the main reason of low utilization of public health services, as

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<sup>52</sup> Ozawa and Walker 2011

<sup>53</sup> Rectangular Strategy Phase III, RGC

<sup>54</sup> Catastrophic health expenditures occur when a household spends more than 40% of its capacity-to-pay on out-of-pocket health expenditures

<sup>55</sup> World Bank Poverty Assessment report 2013

well as perceived low quality of care in the public sector. Importantly, non-communicable diseases are a major cause of catastrophic health expenditures.

People with high health risks are often difficult to reach. Migrant workers who live in poor urban communities, but also other vulnerable groups such as ethnic minorities, unregistered population especially in those high-risk communities in rural areas are particularly at risk because they lack access to health services and often have a low awareness of their rights. This is an area of particular concern for women who migrate for work in and outside country. They lack access to sexual and reproductive health services and are at risk for sexual abuse and lack of health services especially safe abortion services and contraceptive commodities and services. Young migrants, both men and women, are also exposed to poor and unsafe working environments and lack insurance in case of illness or injury.

Public Community actors and systems such as Health Center Management Committees (HCMC), Commune Council Women's Committees, VHSGs, and Health Equity Funds, as well as NGO supported initiatives such as Commune Reproductive Health Committees<sup>56</sup> all aim to link people, especially poor, vulnerable, and marginalized groups, with public health services. While there have been some notable achievements, including UNFPA's and UNICEF support for CWCC outreach activities, the longer term sustainability of such initiatives is uncertain.

There is a real need to increase the utilization of public health services by poor, vulnerable and marginalized people. This can be achieved by reducing the costs associated with health care, strengthening income earning potential of poor households, providing social protection assistance to poor and vulnerable households, promoting health education in schools, improving the quality of care provided in the public system, promoting comprehensive sexuality education in schools and in commune learning centres, and providing health information through targeted messaging for high risk groups. Targeting health care services for poor and vulnerable households can also be improved by improving the accuracy of the ID poor mechanism and strengthening program governance.

It will be important to continue strengthening public health care systems by investing more in human, financial and technical resources. There is also a need to strengthen the culture of health care by improving the attitudes among health care providers toward poor and marginalized individuals and groups. This can be achieved by strengthening efforts for health workers awareness and sensitization, and enforcing a professional code of ethics. Good governance in health requires community participation, demand for better quality services by health care clients, and mechanisms to ensure the accountability of health care providers to patients.

The UN has played an exceptionally important role in the health sector. There will continue to be wide scope for joint collaboration among UN agencies going forward. In fact, there will need to be improved efficiency of health system investment planning as Cambodia transitions to lower

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<sup>56</sup>RHAC Reproductive Health Network

middle income country status and enters the epidemiological transition that entails the double burden of communicable and non-communicable diseases

#### **4.2 Education Services**

Cambodia has made important progress in improving the access and quality of education, particularly at the primary education level. The net enrollment rate was 97 percent<sup>57</sup> in primary school and the Gross Enrolment rate was 53 percent and 27 percent in lower Secondary School and Upper Secondary School respectively. The net enrollment rate for girls in primary, lower and upper secondary school was 97, 37.8 and 18.1 percent respectively. Clearly there is a need to focus more on achieving gender equity by increasing the net enrolment rates for girls in lower and upper secondary schools. Despite increasing investment by the Government in secondary education, enrolment in real terms is decreasing and many children are above grade age.

The national Youth Literacy Rate for those aged between 15 and 24 has increased from 76.3 percent in 1998 to 84.7 percent in 2007 and estimated 90 percent in 2013. This reflects increased access to primary education nationwide in the last ten years and the introduction of early child education.

While there are substantial achievements in education, there is still a great deal which must be done to achieve Education for All targets in 2015, particularly at the lower secondary level. Revising education norms to be in line with ASEAN standards will be a challenge, particularly for remote provinces with low education indicators. There is a need for a phased progression which is sensitive to provincial disparities. Aligning the education system with the Cambodian economy and current and future labor market is also an important priority. But more needs to be done to better educate and train young men and women for employment and citizenship.

First and foremost, there is an urgent need to improve the quality and relevance of education at all levels of schooling. Improvements in quality begin with better teacher training including systematized in-service training and better incentives to improve performance. Better trained and better paid teachers and their students also require updated textbooks that address social issues and better didactic materials. In some cases, school facilities also need to be upgraded. These steps will require a long term planning horizon and a firm commitment to increase the national education budget. Increasing Government revenues and greater fiscal space for recurrent spending should result in an increased education budget with substantially increased salaries for teachers. Better remuneration for teachers will unlock other gains in quality. The recently approved Cambodian Qualifications Framework needs to be elaborated and implemented to bring coherence between the education and technical and vocational education and training. .

WASH facilities in schools must be improved and expanded. According to EMIS 2011-2012, MoEYS, 47 percent of primary schools and 31 percent of secondary school are without clean water and toilet facilities. Moreover, access to facilities in school particularly water supply has

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<sup>57</sup> Education Year 2012-2013, EMIS, MoEYS

been on the decrease in recent years from 66 percent to 58 percent covering owing to lack of maintenance and operational budget for schools. One of the other reasons for female dropouts is schools without toilets. The National Education for All policy should aim to ensure that all schools have clean water and toilets. Hygiene, sanitation, and clean water should be integrated into Commune and School Development Plans and school curricula as a matter of priority.

The curriculum needs to be reviewed and upgraded to integrate the skills and competencies needed to make it relevant for the social, cultural, environmental and economic needs of the country as well as for global citizenship. There is also a need to broaden the public school curriculum to better prepare young people for employment and citizenship. In the short term, the education system needs to be strengthened to better prepare young men and women for employment in an increasingly competitive job market. More emphasis will be required to promote professional and technical skill development to compete in a modernizing economy within the context of regional and global integration. The public school curriculum should be expanded to include subjects such as health education (hygiene, HIV/AIDS, comprehensive sexuality education), ecology (environment, climate change), and civic education (democracy, human rights, gender, and GBV).

More attention should also be given to the development of skills for employability through internships or volunteer programmes. Volunteerism can be leveraged as an essential mechanism for skills development, in particular soft skills often identified as missing once students leave school and enter the labor market. Volunteerism is often seen as playing a key role in reducing social exclusion when engaging the most vulnerable segment of the society. The skills that volunteers acquire often lack official recognition. Designing accreditation schemes for volunteers could benefit the growing number of Cambodian, in particular the youth engaged in community actions.

These efforts need to be linked to the roll out of a robust national assessment system that analyzes child learning outcomes. The data should feed back into improved teaching and learning at the school-level. At the national level, it should also inform policy decisions concerning curriculum and textbooks, teacher education and training, and teacher deployment.

There is a need to expand Early Childhood Education (ECE) .Early Childhood Education is an important component of education as it develops cognitive abilities that will contribute to students' early progress in school and eventually reduce drop out and repetition rates. The preschool net enrolment rate for 3 to 5-year-old children has increased from 18 to about 25 per cent over this same period (2007-2012), with an enrolment rate of five year olds of about 35 per cent, around halfway to the national target. ECE needs expansion along with increased budget and salary for teachers. The limited Government recurrent funding for pre-school teacher salaries, traditional culture of community people, low nutritional status of child under 5, perceived costs, and slow roll out of the program are the main obstacle to accelerating the ECE Program in Cambodia. In order to ensure young children's comprehensive developmental and

physical needs are met, there is also need for an integrated approach to the delivery of holistic Early Childhood Care and Development services at the local level.

School scholarships should be expanded for girls and boys from poor and vulnerable households, to enable them to continue and complete the minimum basic education of nine years and access technical and vocational training. The lower secondary net enrolment rate has stagnated around 35 per cent since 2007 and the gross enrolment rate was 54 in 2012, far below the target of 75. This is mainly due to poor flow rates and large overage enrolment in primary, poor transition rates, and high dropout rates, which at 79 and 21 per cent, respectively, represent a loss of 40 per cent in education after primary level. While the gender gap in lower secondary schools has been eliminated, regional discrepancies and income disparities are high. There is also a need to ensure that girls and boys with special needs enjoy equitable access to education. Special efforts are needed to ensure that appropriate education services are available in all indigenous communities. Multilingual education should be scaled up and funded by government to ensure effective learning in the mother tongue for children from ethnic minorities.

There is a need to expand the participatory space for civil society and community members. Parent Associations, Commune Committees for Education for All, Commune Committees for Women and Children (CCWC), School Management Committees, and Final Exam Oversight Committees represent potential contributors to improving the quality of Cambodian education. However, the RGC, development partners, and civil society organizations have tended not to invest in these institutions. Cambodia has adopted a Child Friendly School approach and early childhood education programs with the objective of fostering greater community involvement in planning and decision-making through School Support Committees (SSC). Parental and community participation can be an important entry point for improved governance at the local level and warrants financial support from the RGC and DPs.

There is also a need to better integrate formal education with the informal education efforts and progressive Technical and Vocational Education Training (TVET) in order to create systematic pathways for continued education and skills development for the persistent high number of early dropouts and the large proportion of low educated and largely unskilled workers in the current labor force. Currently, 76 percent of the existing labor force has not completed lower secondary education (CSES 2012). The risk of this large number of under-educated worker is mainly twofold.

First, from an intergenerational perspective, if these people are not able to further develop their skills and improve their productivity in order to ensure their employability for decent jobs, they will not be able to earn a sufficient income to support their families and to reduce the currently high opportunity costs of education for their children. This could lead to a “low skill, low wage” development trap or intergenerational poverty trap. Many children would keep on facing a strong trade-off between completing education and start working at early ages in order to contribute to

their family incomes. This would clearly hamper efforts to reduce drop-out rates at secondary education.

Second, without the creation of these continuous pathways, a large share of the labor force will not be equipped with the necessary skills to grasp the benefits of higher value added and better paid jobs and the opportunities of economic diversification and the shift of the economic structure to the manufacturing and service sectors. Also, the risk of limited employability of a large share of middle-aged workers and lack of accumulated savings during the one-time demographic dividend period could become both a social and economic burden in the future.

Thus, the integration of the education and TVET systems, the reorganization and creation of pathways to access TVET also with low education levels, as well as ensuring clear returns from education and training at all steps of the system through comprehensive and reliable certifications of the programs should be given high priority.

Problems of low net enrolment rate and gross enrolment rate in lower secondary school and high school are exacerbated by increasing migration of young men and women and the immediate economic returns of increasing employment opportunities. Just as with health care services, migration disrupts the ability of young people to access education. For those who leave school to migrate, the chances of eventually resuming one's education are very low. Flexible alternatives need to be considered, including accelerated learning at secondary level as well as volunteer or apprentice placements where the skills developed would be officially recognized through an accreditation mechanism established in partnership with the private sector. There is a need to strengthen the demand for education and perceived benefits of investing in post primary education. Improving the relevance of the secondary curriculum through the integration of life skills would also help to address this issue. The development of a "Life-Long Learning Approach" for internal and external migrants should be considered within the next UNDAF.

Better coordination between public and private education and vocational training and skill development is urgently needed. This is a cross-cutting issue that will involve the Ministry of Education, Youth, and Sports (MoEYS), the Ministry of Labor and Vocational Training (MoLVT), and the Ministry of Economy and Finance (MoEF). There should also be space for the private sector to contribute to such coordination. For example, business organizations such as chambers of commerce could play a role. The Government-Private Sector Forum is another vehicle for consultation. A National Annual Survey on the Quality of Cambodia Education and the Job Market should be conducted and publicly available to support such coordination.

### **4.3 Social Protection**

The National Social Protection Strategy for the Poor and Vulnerable 2011-2015 was endorsed by the Council of Ministers in March 2011. The goal of the NSPS is to increasingly protect poor and vulnerable Cambodians against "chronic poverty and hunger, shocks, destitution and exclusion,

and benefit from investments in their human capital”.<sup>58</sup> The RGC has mandated the Council for Agriculture and Rural Development (CARD) to coordinate implementation of the NSPS.

The NSPS has five strategic objectives covering (1) Basic needs in situations of emergency and crises; (2) Poverty and vulnerability of mothers and children; (3) Seasonal employment and livelihoods opportunities; (4) affordable health care for the poor; and (5) Social protection for special vulnerable groups.

In addition to social assistance interventions for poor and vulnerable households, the social protection system also includes social insurance programs: the National Social Security Fund for Civil Servants (NSSFCS), the National Fund for Veterans (NFV) and the National Social Security Fund (NSSF) for formal sector workers. The NSSF is the only compensation scheme for work-related accidents and should be expanded to include health insurance for workers. Social insurance is implemented through line ministry structures such as Ministry of Labor and Vocational Training (MoLVT), and MoSAVY, though the NSSFC has staff of its own to deliver civil servants’ pensions at provincial and municipal level. Social services and benefits for veterans under the NFV are implemented through MoSAVY’s de-concentrated structures.

The Rectangular Strategy Phase III observes that Cambodia’s social protection system faces “a number of challenges, especially with respect to fragmentation, limited coverage, and lack of complementarity”. The RGC intends to strengthen the system to be more interconnected and coordinated and consolidate it as an integrated, consistent and efficient system covering both the public and private sectors...” The NSPS is to be updated accordingly by 2015 to align with the NSDP 2014-2018. A National Social Protection Action Plan will also be developed to address these concerns. This would also provide an opportunity to mainstream gender in the NSPS.

To date the government has allocated limited resources to social protection programs. The bulk of investments for ongoing programs and new initiatives have come from Development Partners. To address issues pertaining to increased public financing for safety programs, UN agencies have supported several studies that provide more information about public financing. These include a Social Protection Expenditure Review, a Rate of Return (investment) study, a costed action plan, and a study on fiscal space.

***Current Social Assistance (Safety Net) Programs*** The architecture of the National Social Protection Strategy is constructed around social assistance interventions that are already in place. These include Health Equity Funds that enable poor households to access health care services as well as school meal and scholarship programs that provide better nutrition for primary school children and enable older boys and girls of poor families to stay in school longer. Other interventions have included labor intensive public work projects and food transfers for families living with HIV or TB. The Productive Assets and Livelihoods Support (PALS) Program and the

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<sup>5858</sup> RGC 2011, National Strategy for Social Protection for the Poor and Vulnerable, 2011-2015

Emergency Food Assistance Program (EFAP) provide public works opportunities for poor and near poor individuals. The EFAP also provides subsidized agricultural inputs (e.g., rice seed, fertilizer) to smallholder farmers in response to flooding in the Tonle Sap region.

Social assistance interventions are highly fragmented and as a result many poor and vulnerable households in rural areas remain outside the reach of existing coverage. This has the effect of excluding certain vulnerable groups, such as indigenous communities and women and children in distant villages. The limited scope and scale of coverage is due in large part to limited financial resources from government and DPs. It is also a consequence of weak coordination by line agencies and development partners across sectors to better prioritize and target complementary and integrated social protection services.

Poor and vulnerable households residing in urban areas for the most remain outside the reach of social assistance services. This has been due largely to the fact that poverty has been primarily a rural phenomenon. It has also not been feasible to identify poor and vulnerable households and assess the services they require in the absence of effective monitoring tools. The Ministry of Planning, with technical assistance from GIZ, is currently developing an ID Poor instrument for urban targeting that will be tested in 2014.

There are two important aspects concerning governance that are relevant to the implementation and management of social safety net services for poor and vulnerable households:

***Implementation by Local Administration*** New social assistance initiatives are being piloted on a small scale in various locations. These include a Productive Assets and Livelihoods Support (PALS) pilot now in its second year in Siem Reap, and a cash transfer pilot supported by the World Bank to improve maternal and child nutrition. The PALS program, a collaborative effort between WFP, NCDD, and the Ministry of Rural Development (MRD), has made a deliberate effort to situate the program within sub-national administration and has pioneered collaboration with private sector vendors, in this case, the MFI AMK, to transfer cash payments to beneficiaries. A maternal and child nutrition pilot will also be implemented by the National Committee for Sub-National Democratic Development (NCDD) through local administration structures. A Social Service Delivery Mechanism (SSDM) supported by the ILO aims to improve the capacity of local government to inform poor and vulnerable households about social services for which they are eligible. Implementing pilots in specific geographic areas would enable RGC planners to assess the cumulative impact of social services on poor and vulnerable households.

***Targeting*** It is imperative to improve the accuracy of the ID Poor targeting mechanism and strengthen the governance and monitoring of the program, as it is the gateway to social services by poor and vulnerable households. Eligible households that do not have an ID Poor Equity Card will be excluded from assistance and services not just for one year but rather for three years.<sup>59</sup>

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<sup>59</sup> Households that are not identified as poor through the “pre-ID poor” process can receive access to HEF benefits through a “post-ID” process whereby their socio-economic status is determined at health facilities.

An accuracy assessment of the ID Poor targeting mechanism in 2011 found that exclusion rates among very poor households were generally within accepted standards, while the exclusion of poor households was very high. The system does not have a mechanism for redressing grievances. Occasional “post identification” takes place on an ad hoc basis by certain service providers. There are also recent indications that the number of equity cards being issued is tied to the poverty rate. This could limit the access of households just above the poverty line to safety net services, thereby increasing their risk of falling [back] into poverty. The ID Poor system also does not adequately address the circumstances of households with members with HIV or disability or ethnic minorities.

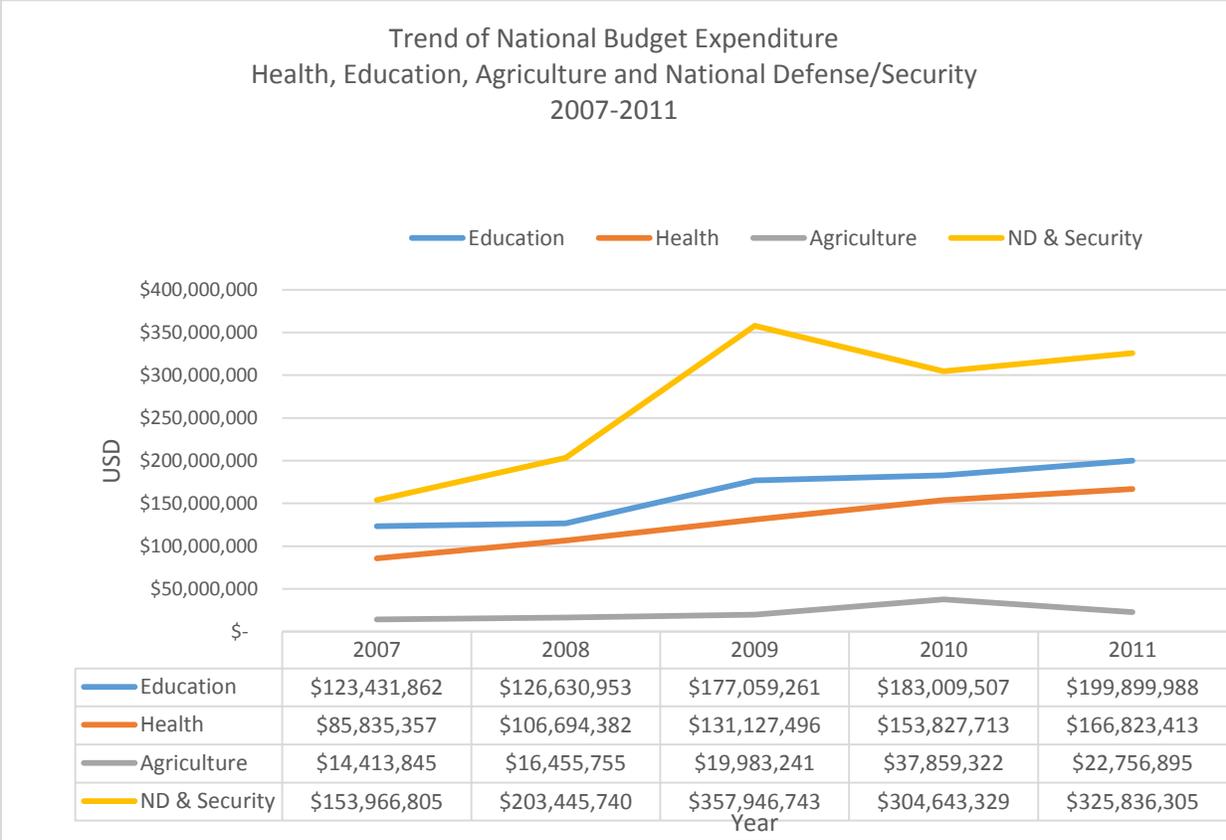
There are gaps in coverage concerning social services for certain vulnerable households. With respect to gender, Objective 2 of the NSPS specifically refers to women in the context of improved children and mothers’ access to social assistance and improving nutrition, maternal and child health. Objective 5 identifies single women with children as a vulnerable group. Objectives 1, 3, and 4 imply equal access to social assistance by men and women, as well as boys girls, but do not explicitly say so.

The reference to people with disabilities in objective 5 assumes that because of impairment, a person with a disability cannot participate in and contribute to society on an equal basis with others. This appears contradictory to other RGC commitments to disability, including the Law on Protection and Promotion of Rights of Persons with Disabilities (2009). As a result, persons with disabilities may be effectively excluded from social protection services. This is due to the inappropriate inclusion of disability on the ID Poor questionnaire. The sole scoring question related to disability refers only to heads of household or their spouses, and does not include other household members (e.g., children with disabilities). The net result is that persons with disabilities may be excluded from the very programs intended to support them. An inclusive process of identification, in consultation with disability organizations, covering both physical and intellectual disabilities, that allows for periodic review and self-correction is necessary.

A 2010 study revealed serious impacts of HIV on health status, poverty, food security and access to health and education among households affected by HIV. In nearly all indicators, HIV affected households were worse off than non-affected households. The disproportionate impacts of HIV provide a strong rationale for social protection mechanisms that are sensitive to the unique needs of people living with and affected by HIV. Social protection schemes such HEFs that use ID Poor as eligibility criteria should consider categorical inclusion of special vulnerable groups as defined in the NSPS, which include people living with and affected by HIV and key populations at risk of HIV.

Environmental impacts can also have an adverse impact on social development and social protection. For example, floods impact negatively on infrastructure, migration, food security,

water and sanitation, biodiversity (e.g., livelihoods, food and nutrition), and urbanization (e.g., waste management, sanitation, pollution).<sup>60</sup> The response to recent severe weather events have been primarily involved ad hoc emergency assistance that is often delayed as RGC and donors scramble to mobilize resources. A sustainable rapid response mechanism would enable the RGC to respond more quickly to severe weather events. The RGC’s Food Reserve initiative is a useful step in this direction. More attention is also required to strengthen the resiliency of poor and vulnerable households through adaptive social protection measures that will enable them to better withstand the impacts of severe weather events and diminished productive capacity over time.



Source: National Budget Law 2007-2011

**Section 5: Governance and Human Rights**

Inclusive growth, good governance and human rights are inextricably linked. At the heart of this relationship are the rights of citizens, in their role as rights holders, to actively participate in political affairs and have equal access to social services that promote well-being and human capital development.

<sup>60</sup>Issues identified by UN staff at UNDAF HRBA workshop

Good governance is at the core of the Rectangular Strategy Phase III of the RGC. This includes fighting corruption and transnational organized crime, legal and judicial reforms (LJR), public administration reform (PAR), and reform of the armed forces. Public administration, D & D and public financial management (PFM) reforms are crucial for strengthening social service delivery that promotes inclusive and sustainable development. Legal and judicial reforms are also required to improve and strengthen Cambodia's commitment to human rights for all citizens.

Corruption is a cross-cutting phenomenon and a barrier to development, diverting resources away from poverty-eradication efforts, while aggravating inequality and injustice. It stifles growth and diverts desperately needed funds from education, healthcare and other public services. It harms the most vulnerable groups by depriving them from access to basic public services that others can pay to access. Fighting corruption and money generated by crime is therefore essential for making progress in advancing good governance and human rights.

Good governance and human rights must also be considered in the context of the national election in July 2013 which has sent shock waves throughout Cambodian society, including the diaspora of overseas Cambodian communities. As a result, the character and composition of public discourse concerning the allocation of resources and the distribution of power is undergoing significant changes as new voices try to participate in an expanding arena. There now appears to be scope for reform in the area of social service delivery in support of more inclusive economic growth. For example, there has been some initial work on mainstreaming gender in governance reforms. This is particularly visible in D&D, and scaling up in PAR; but more efforts are needed to engage with PFM and LJR. The scope for reform concerning access to and control over the actual instruments of political authority and power is, however, uncertain.

### **5.1 Decentralization and Deconcentration (D&D) Reform**

Cambodia's D & D reforms are designed to bring government closer to the people in ways that enable citizens (rights bearers) to engage more directly with local officials (duty bearers) and participate in local decision-making. Over time, electoral incentives are expected to motivate local officials to be more accessible to their constituencies and responsive to their demands for better service delivery. Strengthening social demand and community participation and improving the responsiveness of local officials are crucial components for sustaining D & D reforms.

Progress in this area has been slow as the implementation of the reforms faces many challenges. The capacity of local council members is uneven and generally low. The delegation of functions to local governments is slowed by resistance from line ministries. The mandate of the commune councils is limited, such as restrictions on engaging in issues related to land conflicts. There are significant budget constraints and local government cannot collect revenue. Direct lines of control from the national level, interventions by elite business interests, and resistance within National Committee for Democratic Development (NCDD) also prevent the local councils from realizing their full potential. Progress is also constrained by a lack of progress in the other areas of reform, including Public Financial Management and Public Administration.

In spite of these challenges, citizens appear to be increasingly turning to their local councils for support to address community problems, suggesting greater engagement at least at the local level. The NCDD has been piloting a broad social accountability strategic framework for local governance since July 2013. The framework is expected to be “demand-side” focused with substantial involvement of local NGOs to support, facilitate and enable citizens to engage with their councils and local service providers. This represents a real opportunity for wide-scale citizen engagement, including an opportunity to increase women’s voice at the local level in terms of accessing gender responsive services.

Planning at commune level in many cases lacks proper identification of local needs and priorities. Commune Councils have tended to play a management role for local infrastructure projects (e.g., rural roads, irrigation), and have been less engaged in social development activities. The apparent preference for infrastructure has often been attributed to problems associated with capacity and rent seeking opportunities. However, there are also encouraging indications that there is space for experimenting with different approaches to service delivery and integration, and that the capacity of commune councils to oversee and manage the provision of certain services can be strengthened with well-designed training of interventions.

Engagement in support of inclusive growth is a two way street. On one hand, sub-national institutions must have the resources to provide services. They must also have the ability to identify poor and vulnerable households. Local administrations at the village and commune council level play key roles in implementing the ID Poor program that pre-identifies poor and vulnerable households. On the other hand, citizens need to be aware of the available services and have access to such services. Many poor and vulnerable households lack awareness about services and cannot afford to access social services.

There is a real need for a bridging function to link social services providers and poor and vulnerable households with one another. The establishment of WCCCs at the provincial and district level and the Commune Council Women’s Committees (CCWCs) aim to address issues of women, children, youth and other vulnerable groups. However, implementation within this vertical mechanism requires improvement. The role of CWCCs in promoting access to social services by people may be particularly important. UNFPA and UNICEF have both helped to support the CCWC’s efforts to households in need of particular services and then assist them with accessing services. As indicated above, the ILO is also piloting a Social Service Delivery Mechanism (SSDM) that is designed to play a similar role. It will be important to monitor these initiatives to learn more about how linking functions can be strengthened over time.

Representation in local government is another import avenue for poor, vulnerable, and marginalized individuals to voice their needs and expectations to service providers and local authorities as well as participate in community and commune planning. However, many of these people, including those who may be stigmatized because of HIV or otherwise excluded, may be reluctant to participate in such events. They may also be discouraged from participating by

partisan village leaders and council members if they are perceived to have different political affiliations.

Local government needs to be more representative of constituents in order to effectively promote inclusive growth. The proportion of women elected to commune councils is disproportionately low compared to their actual share of the population and social and economic participation. The percentage of women elected at the commune council level increased from 8 percent in 2002 to 14.6 percent in 2007, and then again increased to 17.9 percent in 2012. But there is certainly still some way to go. There is a real need to increase the proportion of women's representation in both sub-national and national fora, as well as designing and monitoring strategies for achieving this goal.

Representation avenues are further constrained by institutional arrangements, the so-called rules of the game. For example, the indirect election of council members (via party lists) ensures council members are primarily accountable to their parties. Commune Councils are still strongly controlled from the center via local party working groups and through Ministry of Interior (MoI) appointment of commune clerks. There are, however, some rare examples where councils have effectively removed and replaced difficult clerks.

District governments are envisioned to eventually be the focal points of local service delivery, but as yet remain weak and lack a clear sense of purpose. District Councils have mandated oversight over District Governors, but often see the governor as their supervisor. Indeed, many District Council members are former deputy governors. At the same time, "District Forums" represent yet another potentially viable avenue for civic engagement.

In the future, key sector functions will be delegated to sub-national levels, especially to the district level. Commune and district councils in both rural and urban areas will be expected to play important roles in a number of areas, including natural resource management, disaster risk reduction (DRR) and adaptive social protection in response to the impacts of climate change. More attention needs to be devoted, beginning now, to exploring how to build the institutional capacity and provide the resources required to effectively play these and other roles.

Most importantly, it is essential to highlight the obligation of the commune and district councils to proactively organize meaningful consultations with the local population about the delivery of basic social services, infrastructure projects, land concessions, budget monitoring, and other matters of relevance to local governance, particularly those affecting daily life. It will be important to clarify and monitor upstream accountability mechanisms concerning such consultations.

## **5.2 Public Administrative Reform (PAR)**

Reform of the National Public Administration is required for promoting inclusive growth by improving the quality and delivery of public services. The objective of the PAR reforms is to strengthen the capacity, efficiency and quality of public services to increase public confidence in

government and respond to the needs and aspirations of the people and the business community.<sup>61</sup> Reform in key service sectors such as health, education, and land management are key components for inclusive growth, sustainable development, and human capital development.

The main components for improving the quality and delivery of public services include the following three strategic priorities: Developing and implementing a certain standard of quality of public service; Establishing a policy for capacity development in public administration; and, reforming civil service compensation.

National Public Administrative Reform (NPAR) M&E guidelines and standards have been developed and piloted to enable CAR-S to monitor and evaluate the implementation and enforcement of a NPAR and Human Resource Policy. However, it is inherently difficult to monitor and enforce implementation of standardized approaches across different line agencies that essentially operate their own systems. It is also difficult to coordinate a shared commitment to improving the quality of services when capacity is uneven across line ministries. This challenge is further exacerbated by low salaries for civil servants, ineffective deployment of staff, cumbersome bureaucratic systems, and inefficient use of technology.

The PAR reform process has largely been supply driven in an environment of inadequate political will to implement a meaningful reform agenda. Issues associated with rent-seeking behavior and structures built around nepotism and patron-client networks undermine the resolve for reform. Moreover, the demand for improved service delivery has until recently not been articulated with a clear voice from rights holders. The 2013 national election has increased expectations that electoral responsiveness at both the national and sub-national levels will result in more progress for reform.

The issue of civil service compensation is especially relevant to inclusive growth as reform is needed to provide sufficient salaries to motivate improved performance by public service providers. The process through which donors provided additional compensation to civil servants engaged with development programs funded by donors was institutionalized in a Merit Based Payment Initiative (MBPI). This was eventually scrapped by the government out of concerns about fairness to other civil servants and the armed forces who were not eligible. The seriousness of the issue was underscored when the implementation of development programs slowed, and the provision of public services in certain sectors dropped off considerably. A new Priority Operating Costs (POC) scheme was eventually developed to replace the MBPI. However, it proved to be administratively cumbersome and unworkable. Development partners have since continued to resist making direct payments to civil servants, but have experimented with other approaches such as performance based contracting.

There continues to be no serious consideration about how to reflect performance standards, merit-based promotions and concrete accountability mechanisms and procedures for public

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<sup>61</sup> RGC 2014, Rectangular Strategy Phase III 2014-2018

servants who fail to meet them. These elements will be key to determining the success of public administration reform, and specific indicators of progress will need to be introduced.

The Royal Government has set an annual increase of base salary of civil servants by 20 percent. This is a politically contentious issue as the opposition party platform includes a minimum wage of USD250 for civil servants and armed forces. This is a key area of debate in the current political climate.

Targets have been set for increasing the proportion of women in the civil service. These have been met overall, but are still lagging in terms of higher level decision making and leadership positions.

### **5.3 Public Financial Management Reform (PFM)**

The issues associated with the public financial management (PFM) reform program are also critical for promoting inclusive growth through improved social services, such as health and education, as well as providing resources to sub-national administration units in a timely and predictable manner. The PFM reforms are intended to improve overall financial management and accountability. Reform efforts have improved national revenue collection, budget formulation and execution, and expenditures. These technical aspects of public financial management, along with salary increases that can improve motivation, are core components of improved transparency and accountability that promote inclusive growth. For example, unpredictable (low and late) financial transfers can adversely affect the material needs of students and staff at schools.

The establishment of a broader tax base will serve two purposes for promoting inclusive growth and sustainable development. First, in the near term it would serve to increase needed funding for development activities. This is especially important as Cambodia approaches middle income country (MIC) status at which point the modalities for donor financing may change. Second, over time tax payers who see themselves as contributors to government funds are likely to more actively participate in decisions about how those funds are utilized. This has already been observed at the local level where commune projects involving monetary contributions from citizens have elicited more active oversight and demands for accountability<sup>62</sup>.

Progress in PFM reform has been mixed. Efforts to encourage transparency have been largely met with resistance, especially in sectors containing high rent seeking opportunities. There is a lack of legal requirement to provide public access to information about financial management and NAA reports are not made public. Article 84 of the Public Finance Law (2008) made a clear commitment to publish budget information. However, there have been no decrees or prakas, or guidelines for implementing this provision of the law in practice.

Nevertheless, some precedents for improved budget transparency at the national level exist. These are generally linked to major donor-funded projects that expressly mandate transparency,

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<sup>62</sup> Voice Choice and Decision 1

particularly at the service delivery level. The best examples of progress concerning budget transparency are found at the commune level where established social accountability mechanisms have been introduced and strict donor requirements compel state actors to work with citizen oversight groups in planning and budgeting. The challenge is institutionalizing such a system nationwide.

#### **5.4 Human Rights**

The situation concerning human rights is a matter of ongoing concern. Freedoms of association, assembly and expression are subject to arbitrary restrictions. The rights associated with electoral processes remains contentious. The main opposition party, as well as several civil society organizations, has called for an investigation into alleged election irregularities in 2013 and reform of the National Election Committee (NEC) to ensure that future elections are conducted freely and fairly and that voter complaints receive impartial consideration. Opposition rallies protesting the national election results have been curtailed, some violently.

There has also been increased labor unrest, especially in the garment industry, as workers demand higher wages and better working conditions. Some strikes have been broken up forcefully by the government, resulting in injuries and fatalities. This has been fueled in large measure by the absence of a properly functioning wage fixing system, which should be addressed as a matter of priority. There has been a steady erosion of land rights of smallholder farmers and indigenous communities, as well as labor rights. Cases of arbitrary and excessive detention are still common. The rights of children are unevenly upheld as evidenced by widespread child labor and instances of gender-based violence continued unabated. There is a lack of legal protection from gender based discrimination and violence, which needs to be addressed. Gender issues pertaining to legal protection for women and girls, as well as LGBT, should be mainstreamed within legal and judicial reform. The court system does not provide victims of human rights violations with effective remedies. Access to justice is hampered by the limited availability of legal aid services.

Arbitrary arrests and detention continue to take place. Ill-treatment during police custody in order to extract forced confessions is still common. There are many cases of excessive detention in the prisons, mainly because according to the General Department of Prisons, there are about 5,000 prisoners without final judgments. While the RGC has publicly pledged in recent months to reform the justice system, progress remains very slow and tentative. The court system suffers from a lack of independence, a lack of resources and widespread corruption. Access to justice remains limited as the provision of legal aid is almost non-existent in some provinces.

The causes and consequences of protests threaten to undermine social stability and economic progress in the absence of more mature political institutions that facilitate participation and dialogue. Indeed, the World Bank has recently lowered its growth projections for 2014 partly due to concerns about political uncertainty. At the same time, the causes and consequences of protests appear to be stimulating a broad-based awareness of people's rights. The fact that many

of the protests have involved large numbers of women suggests they are increasingly motivated to advocate for their rights. For now, people are taking action on the street because they believe the formal political system does not represent their interests. There is an urgent need to improve the politics of representation and strengthen the independence of institutions in support of democratization, inclusive growth and the protection of human rights.

Participation in public debates can only take place if people are informed about the issues. However, access to information remains patchy and diversity within the media needs to be promoted. The Government has recently declared its commitment to adopt legislation on freedom of information. Such legislation would help to promote transparency and accountability.

Progress to date in this regard has been slow. For example, judicial and legal reform efforts to ensure that an independent judiciary objectively upholds the law have been lethargic and opaque. The Law on the Organization and Functioning of the Courts, the Law on the Supreme Council of Magistracy, and the Law on the Status of Judges and Prosecutors have recently been finalized by the Council of Ministers but have so far not been subject to public consultation. In light of the weaknesses of democratic institutions, it is even more important that the legislative process be open to public participation and debate. Mechanisms should be put in place to ensure such participation. In addition, there should be some procedure to systematically review and ensure that all draft legislation conforms to international human rights standards.

Cambodia is a signatory to a wide range of international human right conventions and fundamental labor standards. Many laws have also been enacted and some government institutions created to protect human rights and fight corruption, but implementation has been lethargic. The effectiveness of this framework is undermined by the absence of meaningful commitments to implement the law. For example, an anti-corruption law in 2010 established a National Anti-Corruption Council and the Anti-corruption unit. However, only a small number of cases involving low level officials have been brought forward and corruption continues to be a serious concern to the business sector and society in general. The lack of transparency in law making is also a concern.

The government of Cambodia ratified ILO Convention No.87 on Freedom of Association (FoA) and Protection of the Right to Organize (1948) and Convention No.98 on Right to Organize and Collective Bargaining (1949). However, government efforts to implement and promote these conventions are lacking; rather, a number of serious cases violating FOA and Collective Bargaining (CB) have been witnessed at workplaces. The International Trade Union Confederation (ITUC) has already expressed its grave concerns with the misuse of fixed-term employment contract, which discriminates against union leaders and undermines trade union activities. Workers demonstrations demanding an increase of the minimum wage were cracked down on by armed police, which resulted in the killing of four workers, injuries of several dozen people, and detention of 23 unionists and activists. It is also a matter for concern that the Cabinet Office of the Ministry of Labor and Vocational Training (MoLVT) has put numerous

applications of union registration on hold without notice of any proper reasons, which has caused the dismissals of active union leaders and members and threatened the growth of independent trade unions. Also, shop stewardship as workers' consultation body is promoted, undermining genuine collective bargaining at workplace.

The government appears intent to move forward with a draft law on NGOs despite widespread concerns that such a law may be used to restrict NGO activities, including those working on human rights. After some consultations with the NGO sector, the government has proceeded on its own without meaningful dialogues with civil society. A trade union law is in the works, but many fear it could be used to restrict workers' rights to form independent unions that would advocate for better working conditions and wages. Recently there has been discussion of a "Cyber Law" to regulate the internet. Many fear such a law could be used to restrict access to information, including social media. The use of social media, particularly among young people in the run up to the national election, represents an expansion of political space largely outside the control of the government. It is not yet clear if such legislative initiatives are intended to restrict public debates and activities which are seen as opposing the government.

Cambodia is in the midst of profound changes in how it will be governed in the future. As noted above, there may be grounds for cautious optimism concerning the prospects for reform in social service delivery. However, the scope for reform concerning access to and control over the actual instruments of political authority and power is uncertain. The ruling party and the main opposition party are negotiating a political settlement to enable a full National Assembly to be seated. Issues pertaining to human rights reforms can then be debated in the public arena. In this sense, Cambodia is at a historical crossroad concerning human rights.

The UN Special Rapporteur for Cambodia has played an important role keeping human rights in the governance spotlight, and has succeeded in establishing a constructive dialogue with the RGC. Going forward, the role of the Special Rapporteur will be increasingly important in engaging both the government and the opposition on issues pertaining to human rights.

### **5.5 Transnational Organized Crime**

Cambodia is a growing hub for transnational organized crime, due to its central location, access to the ocean, long and porous border, and limited law enforcement capacities. The crimes that most significantly affect development in the country can be categorized in four main groups: trafficking of opiates and methamphetamines; illegal trade in wood-based products and e-waste, smuggling of migrants and trafficking for labor and sexual exploitation, and; counterfeit consumer goods, including fraudulent medicines. All these illicit flows are fuelled by corruption and in turn contribute to corruption and money-laundering in the country.

Cambodia has ratified the *United Nations Convention Against Transnational Organized Crime*, as well as the *United Nations Convention Against Corruption*.<sup>63</sup> There is a need to identify and close gaps in its legislative and regulatory framework, establish accountability and oversight mechanisms, and improve the technical capacities of law enforcement and the judiciary. The money flows associated with illegal activities in Cambodia are significant, and have a distorting effect on the economy. As rapid economic growth and regional integration provide ample economic opportunities for Cambodia, it is also imperative that the accompanying challenges of corruption, illegal money flows and transnational crimes are effectively countered as well.

## **Section 6: Causal Analysis of Major Development Issues: A Duty Bearer-Rights Holder Perspective**

The causal analysis discussed in this chapter focuses on three levels. The first level focuses on policy processes from a supply and demand perspective of duty bearers and rights holders. The second level focuses on implementation at the sub-national level, again from a supply and demand side perspective of service providers (duty bearers) and prospective clients (rights holders), in this case poor, vulnerable, and marginalized individuals and groups. The third level considers the interactions between policy processes and implementation.

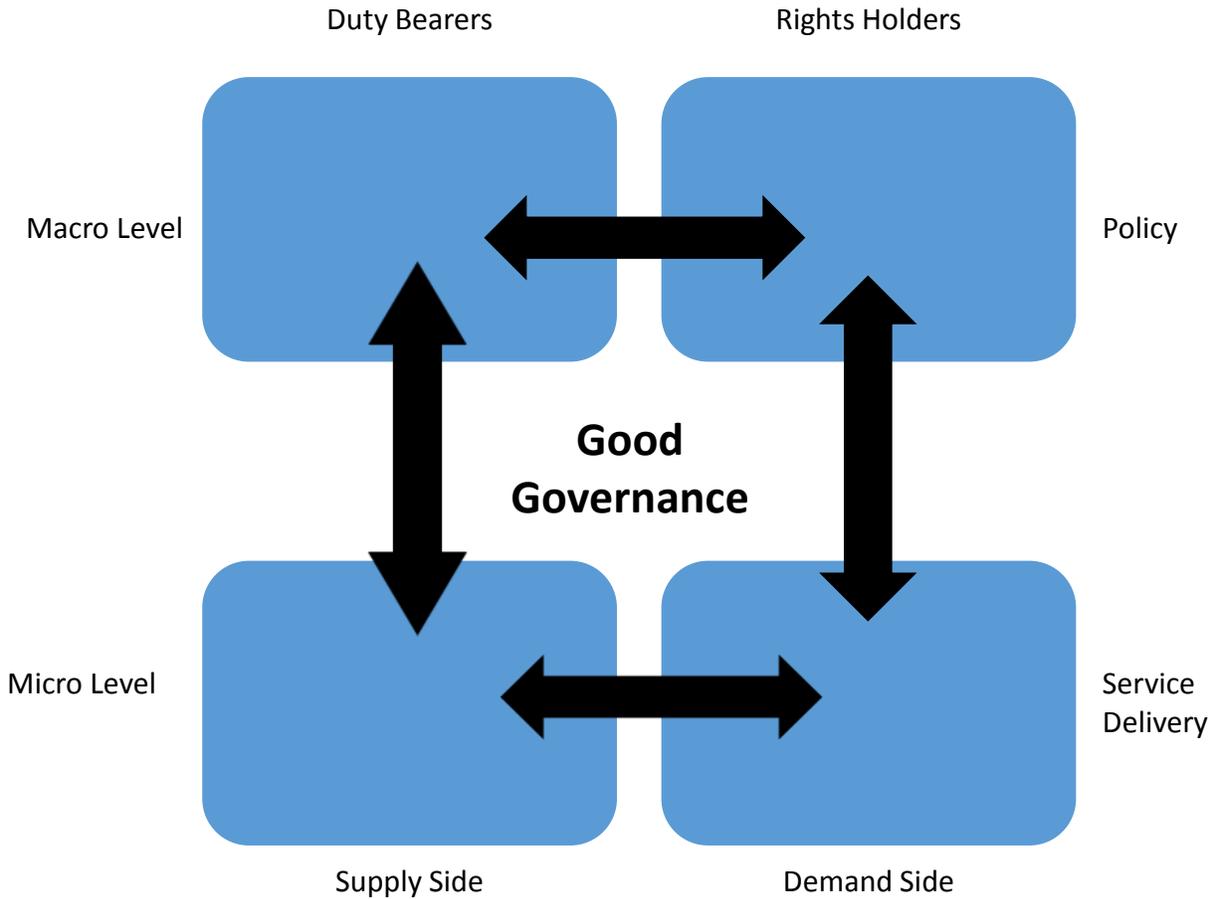
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<sup>63</sup>As a State Party to the *United Nations Convention against Corruption (UNCAC)* Cambodia is undergoing a review of its implementation of the Convention in 2014. The review process includes completion of a *Self-Assessment Checklist* by RGC, and a peer review leading to adoption of a final report which will identify challenges, gaps, good practices as well as technical assistance needs of RGC in the area of anti-corruption.

- Capacity
- Incentive
- Structure

**Constraints**

- Cost of Access
- Quality
- Equity



- Reform Agenda
- Increased Capacity
- D&D

**Opportunities**

- Youth Movement
- Women Empowerment
- Civil Society Groups

## **6.1 Policy Processes at the Macro Level**

The capacity of duty bearers at the national level to generate development policies and strategies exceeds the institutional capacity for implementation. One reason for weak implementation is that development strategies are inadequately resourced and often lack a clear sense of prioritization and sequencing of investments. A second reason concerns a lack of appropriate ownership over particular strategies. Cross-cutting issues, such as gender equality, are difficult to manage across different line ministries, and a key focus now is on capacity development for partnership and coordination across government as well as donors. There are few incentives to share information and coordinate complementary development investments across different ministries, and even across departments within the same ministry.

As a result, development investments are routinely fragmented, poorly targeted, and inefficient. The technical capacity of line ministry staff remains low. There are inadequate incentives to motivate improved performance. Strategies do not adequately reflect issues pertaining to inclusive growth and sustainable development. Strategies and priority investment decisions have been focused on security and infrastructure development to support rapid economic growth. Issues pertaining to protocol and rank inhibit discourse within and across line agencies. Such issues also constrain dialogue between duty bearers and civil society organizations. Administrative processes are often overly bureaucratic and cumbersome.

In a democratic system of checks and balances, the actions of the government should be scrutinized by Parliament. At the moment, the legislature does not play this function of monitoring the activities and performance of the executive. As a result, an essential mechanism of accountability is not functioning.

The capacity of rights holders to participate in the formulation of development strategies has been constrained by a lack of political awareness, education and technical capacity, and weak organization. While awareness, capacity, and organization are improving, the most significant constraint remains the narrow avenues available to rights holders to articulate their demands and expectations and participate in policy decisions. Citizens need to have access to information in order to be able to participate in the decision-making process. The lack of political space in the formal arena to participate in discussions about social and economic development has channeled the public discourse to the street and social media where people are making their own political space. A rights holder demand side approach to policy making centers around more active participation by citizens and a broader range of civil society organizations, including NGOs (e.g., environment, human rights), labor unions, and civic associations. This suggests a multi-dimensional policy process that provides voice to people's needs and expectations and affirms human rights.

## **6.2 Implementation at Sub-national Level**

A causal analysis at the sub-national level considers the institutional environment that governs incentive structures and interactions between service providers (duty bearers) and poor and

vulnerable households (rights holders). These interactions are structured according to the ethics and logic of patron-client relationships that characterize social discourse in much of Cambodian society. The system of service provision is comprised of front-line service providers who interact directly with clients and the managers who supervise them. Given the distance that often exists between administrative levels, service providers and their managers have a considerable degree of autonomy relative to higher up supervisors and or policy makers. They are routinely confronted with indeterminate and conflicting policy objectives, inadequate resources, and ambiguous levels of client demand. In order to manage these constraints, service providers take advantage of their autonomy to regulate the services that reach poor and vulnerable households. As a result, the distribution of scarce services is frequently characterized by variability in the amount and quality of services provided to clients across different locales and over time. In the course of determining which households receive how much, and when, duty bearers at the local level act as informal and autonomous policy makers.

The challenges associated with how the institutional environment impacts the distribution of services are exacerbated by a range of social and economic factors as well. Duty bearers often lack the necessary qualifications and incentives to perform their jobs well. The management of the service provision is often poor and lacks accountability. Attitudes and beliefs about class and gender often bias the distribution of social services. Social transaction costs associated with disabilities or ethnicity can distort the interactions between service providers and clients. For example, clients who are marginalized and stigmatized are often subjected to long waits, informal fees, and discriminatory behaviors.

From the perspective of rights bearers, the costs associated with accessing services, the inconsistent quality of service delivery, and the prospects of poor treatment can discourage poor and vulnerable individuals from seeking services. Rights holders, especially those belonging to marginalized groups, are often unaware of their rights to information and basic services that should be made available to them. Importantly, poor and vulnerable households may not feel they have a stake or a role to play in voicing demand for better service delivery that is relevant to their needs and circumstances. As a result, they may not join civic associations or participate in local affairs such as village development meetings or commune development and investment planning. A general lack of education and social ennui due to poor health and nutrition also act as powerful barriers to access and participation.

### **6.3 Linking Policy Processes and Implementation**

Linkages between duty bearers at the macro and local level have generally been governed by hierarchical top-down approaches that are structured according to patronage and personal allegiances. The approach to policy making generally involves a narrow range of actors engaged in problem identification, solution formulation, and calls for action cascaded downward to lower administrative levels. The process is opaque and subject to influence by powerful domestic and external economic and political interests. The monitoring of implementation is weak and there

are generally few feedback loops that transmit implementation lessons back up the hierarchy to policy makers.

Linkages between rights holders at the local level and macro level have faced many of the same obstacles that characterize the relationship between duty bearers and rights holders at the local level. Issues of status and social hierarchy may also influence how local and macro duty holders interact with one another. Similar barriers that inhibit local rights bearers from participating in civic affairs may inhibit them from linking directly with macro duty bearers.

These relations are now changing. The NCDD is playing an active role in channeling implementation lessons from the local level back to the macro level. Well-designed policy research that is owned by government is informing duty bearers about the actual circumstances and needs of poor, vulnerable, and marginalized people. Meanwhile, NGOs and civic organizations are actively facilitating linkages between local and macro rights holders as well as with duty bearers at the macro and lower level. The challenges and obstacles are still significant, but the fact that there is discernible progress is encouraging.

In the context of today's policy environment, increasing tension between supply side and demand side approaches to policy making can be observed. The challenge for government, special interest groups, the broad spectrum of civil society, and development partners, including the United Nations, will be how to manage and support a peaceful transition to more participatory approaches to policy making and implementation.

## **Section 7: Conclusions, Emerging Issues and Lessons Learned from the Current UNDAF**

Agriculture continues to be the main source of livelihoods for the majority of Cambodia's population and the key to sustainable poverty reduction. Inclusive and sustainable growth will require more public and private investments to increase agricultural productivity and incomes while preserving Cambodia's environment and natural resources. There is also a need to identify and invest in new sources of growth, including the manufacturing, service, and knowledge sectors that will create employment for a rapidly expanding labor force in both rural and urban areas. Investments in health, education, including vocational training, and social protection are key for promoting human capital development, economic diversification, gender equality and women's empowerment. Good maternal health, early childhood development, and food security and nutrition are also essential for learning and skill development. Investments in rural and urban infrastructure, including roads, bridges, electricity and clean water and sanitation are also needed. Inclusive growth, good governance and human rights are inextricably linked. At the heart of this relationship are the rights of citizens to participate in political affairs and have equal access to social services that promote well-being and human development.

This concluding chapter identifies ongoing and emerging priorities and issues that warrant attention and action. It also identifies partnership opportunities for UN collaboration to address these issues. It then discusses processes by which these issues may be better addressed.

## **7.1 Key Program Principle and Priorities**

Climate change and adaptive social protection and services are an urgent priority. The RGC, development partners and civil society agree that climate change and severe weather events now pose a significant threat to poor, vulnerable, and marginalized people in both rural and urban areas. There is a need to increase the resiliency of these people, and their communities, to weather shocks. Mainstreaming climate change into sector development plans and mainstreaming DRR and adaptive social protection into Commune Investment Programs (CIP) are important steps in this direction. The UN is well placed to provide support in the areas of environment and natural resource planning, urban planning and housing, and adaptive social protection and services.

Economic development is having far reaching impacts on Cambodia's environment and natural resources base. The current trajectory of development is not ecologically sustainable. There is an urgent need to re-think the over-arching development model that places economic growth at the center of development policy and practice at the expense of social development and the environment. A "green growth development agenda" will require significant investments in intellectual and financial capital and far-sighted political leadership.

Human rights issues are a source of increasing concern. Protests and heavy handed government responses represent a destabilizing cycle that undermines economic, social, and political stability. The root causes of protest, including land tenure rights and labor conditions, must be addressed. The UN should continue its close engagement in these issues, including the work of the Special Rapporteur.

Gender equality as well as youth's and women's empowerment are essential components of inclusive and sustainable economic growth and social development. Overall gender equality and women's empowerment remains an area that requires institutional capacity development support and political will to move the agenda forward. While many policies are in place, implementation and outcomes are not reflected in gender analysis of the current situation. Financial inclusion, women's voice and agency in politics, gender based violence, and investment in human development of women and girls, including addressing gender gaps in education and improving sexual and reproductive health outcomes, continue to require special attention.

Young people represent a powerful force contributing to economic growth and social development. The increased population of young men and women represents a window of opportunity for sustaining growth provided they can actively and productively contribute to economic and social development through more decent employment opportunities. Issues pertaining to youth should also be mainstreamed into sector development strategies, as well as Commune Development and Investment Planning. There are important opportunities for joint programming focusing on youth development and participation.

## **7.2 Key Issues for Action**

Cambodia's regional integration within the ASEAN Economic Community (AEC) will result in more movement of goods and people across borders. However, the opportunities and challenges of AEC integration for Cambodia are not clearly understood. Research is required to better understand the impacts, both positive and negative, that AEC integration may have on Cambodia. Such research should inform the RGC, donor community, civil society, and the private sector about realizing the potential benefits and mitigating possible risks.

Food security and nutrition, especially maternal and child nutrition, is a matter of urgent priority. Early childhood development is key to human capital development. Early childhood malnutrition affects cognitive development which in turn has adverse effects of school performance and employment. Studies show investments in early childhood yield the highest rates of return. The UN is especially well placed to move forward to fast track joint programming to address maternal and child nutrition as a priority.

ID Poor targeting is a cornerstone for inclusive growth as it provides poor and vulnerable households access to social assistance and services. There is an urgent need to improve the accuracy of the targeting procedures and strengthen the governance of implementation and monitoring. There is also a need for forward looking assessments of universal or categorical social service provision. The UN is well-positioned to provide meaningful support for both processes.

Migration will have far reaching consequences for Cambodia's social and economic development. It has generated increased economic participation by young women but has also contributed to the fragmentation of the social fabric of rural society and more poor communities in urban areas. Social service delivery will need to consider how to reach increasingly mobile young men and women, including LGBT.

Sexual and reproductive health and rights for women and young people remain a priority for Cambodia in order to further improve reproductive, maternal, and newborn health and reduce maternal and newborn mortality and morbidity. The UN has a critical role to play in providing technical and financial support to the government and civil society to achieve established national targets and objectives, while ensuring that marginalized groups are able to realize their sexual and reproductive rights.

Social development is a crucial component of human capital development. More efforts to strengthen equal access to and the utilization of public health services by poor, vulnerable, and marginalized people are required. Education needs to be improved as a matter of priority in order to better prepare young people for employment and citizenship. Education needs to be provided to young people in indigenous communities in their respective mother tongues as well as in Khmer.

Transnational organized crime poses an emerging challenge. The trafficking of people, drugs and counterfeit goods violates human rights and undermines development. There is a need to improve the legislative and regulatory frameworks, as well as capacity of law enforcement and the judiciary to abide by international agreements and combat transnational organized crime and corruption.

Urbanization will be an increasingly important feature of Cambodian society and will require an increasing share of development resources. Large scale infrastructure projects (e.g., transportation), economic development (e.g., housing) and social services (e.g., health, education, elderly) will compete with investment resources for rural development. There is also an urgent need to secure land tenure and decent housing for vulnerable families in poor urban communities. Planning Cambodia's urbanization is a matter of priority.

Water resource management and conflict resolution will become increasingly important. Conflicts between upstream and downstream users have emerged as contentious issues, especially with respect to irrigation. Such conflicts are particularly difficult to manage when water sources cut across administrative boundaries. Such issues will challenge local duty bearers, and new mechanisms for conflict resolution will be needed. At the regional level, conflicts concerning large scale infrastructure development (e.g., hydro-power dams) may undermine regional security among the Mekong riparian countries.

### **7.3 Partnerships**

Civil society organizations have a comparative advantage for reaching marginalized individuals and groups at risk due to their local knowledge and specific mandates. The capacity of civil society organizations continues to strengthen. There are strategic opportunities for UN agencies to more actively engage civil society in both policy design and program implementation. Areas for collaboration include agriculture extension, family planning and sexual and reproductive health, food security and nutrition, substance abuse, human rights, and gender based violence. Another area of potential collaboration concerns UN agency support for strengthening civil society capacity, and that of the RGC as well, to better monitor Cambodia's compliance with international standards.

Commune councils and civic organizations are increasingly important partners in support of inclusive growth. There are important opportunities for stronger engagement with commune and district councils. There is expanding space for experimentation and learning at the commune level in community development, water resource management, social services and social protection. Civic organizations should also be actively engaged in commune development and investment plans. Civil society organizations can play an important role in facilitating this engagement. UNFPA and UNICEF support to CWCC outreach activities clearly demonstrates that capacity can be strengthened and services improved with appropriate intervention modalities.

As more agencies plan to work directly at the sub-national level, there is a need to better coordinate commune and district level interventions across UN agencies. A proliferation of pilot projects and other activities could overwhelm local administration. A comprehensive local engagement strategy is needed. UN agencies should jointly map out their respective activities at the sub-national level to enhance coordination and opportunities for joint programming and capacity building.

Private sector investors are playing an increasingly significant role in Cambodia's economic and social development. The Cambodia economy is populated by a large number of micro, small and medium enterprises (MSMEs), many of which are led by women. The business enabling environment needs to be strengthened through appropriate policies, including the promotion of financial inclusion of poor households. It will also be important to strengthen business development services for MSMEs so they can become more competitive when regional integration occurs.

#### **7.4 Processes**

Government ownership is essential for sustainable institutional development and reform. Government capacity and confidence in managing development planning is strengthening. However, there is a mismatch between the capacity to develop policies and strategies and an ability to implement them. Technical assistance (TA) will continue to be an important component of UN and RGC partnership. RGC and DPs need to reconsider how TA can most effectively support government ownership and capacity development.

However, fragmentation of development investments by RGC and development partners continues to undermine aid effectiveness. The track record for development coordination shows inconsistent performance and mixed results across sectors and Technical Working Groups. There is a need for forward looking dialogue about the division of labor between the RGC, development partners, civil society organizations and the private sector. This is particularly important as Cambodia nears MIC status. Partnerships between government agencies, and among DPs working in the same sectors need to be increased. PBAs are being implemented and developed in a number of sectors including health, education and gender equality.

Program based approaches that involve pooled resources by donors and improved planning with relevant government institutions have made significant contributions to improved health and education outcomes. The institutional obstacles to program based or sector wide approaches can be overcome with a shared commitment to development cooperation and effective leadership. UN agencies have played a prominent role in promoting this in both sectors. There are opportunities for joint UN programming in the areas of social protection, food security and nutrition, women's sexual and reproductive health and rights, women's economic empowerment, and gender-based violence.

Governance and accountability mechanisms also need to be strengthened in order to improve aid effectiveness. Mechanisms for participation of relevant stakeholders in program design would improve the relevance of such programs and encourage the same stakeholders to be more involved in the monitoring of their implementation. UN agencies should continue to promote public participation and accountability in all areas of UN programming.

Research can play an important role in contributing to evidence based policy making when the policy research agenda is owned by government. It can also contribute to improving program design and implementation as well as monitoring and evaluation by government, development partners and civil society. UN agencies have made important contributions in both regards. Examples include ILO and UNICEF support for social protection finance research, FAO's leadership in supporting a government led national agriculture census, WHO research on violence against women, and UNDP's coordination of the Cambodia Gender Assessment.

UN agencies should continue to support government-led policy research agendas including research on changing population dynamics and their implications. Moreover, harmonization of the national statistics system and strengthening capacities of data producers, providers, and users for evidence-based policy advocacy and dialogue, and for socio-economic development planning and monitoring of a set indication in result framework of national strategies, plans and programs is a priority.

Scaling up initiatives that promote inclusive growth requires a long term planning horizon and financial commitment from development partners and RGC. It also requires a shared commitment to dialogue from the very beginning and ongoing experimentation and learning. The journey from Seila to NCDD is a good example. The examples of the ID Poor Program and the Health Equity Funds (HEFs) also illustrate the need for such processes to be owned and led by government while supported by funding and TA from DPs.

## **7.5 Conclusion**

Three important and interrelated messages emerge from the current UNDAF. First, sub-national government, especially commune councils, is an increasingly important partner in support of inclusive growth, sustainable development, and social development. Second, civil society organizations have a comparative advantage for reaching poor, vulnerable and marginalized individuals and groups due to their technical capacity, local knowledge and mandates. Third, UN agencies have played important roles in promoting technical capacity building, financing program implementation, supporting evidence-based policy making through research, and facilitating dialogue between duty bearers and rights holders at national and sub-national level.

Going forward in a development environment characterized by increasing regional integration, new emerging issues (e.g., youth, rural migration, climate change, adaptive social protection, urbanization, water resource management) and shifting ODA modalities, UN agencies will need

to be increasingly strategic in how and what they finance, and with whom they partner. The UNDAF lessons suggest that on-going capacity development as well as technical assistance and advice at the national policy level can be more effectively balanced with investments that promote partnerships between civil society organizations and local institutions of governance. UN agencies will also need to strengthen their capacity for joint programming in collaboration with the RGC and civil society organizations in order to better support such partnerships and improve the effectiveness of their support to national development priorities overall.

## **Annexes**

### **Annex1. Abbreviations and Acronyms**

<b>ASEAN</b>	<b>Association of South-East Asian Nations</b>
<b>CBHI</b>	<b>Community Based Health Insurance</b>
<b>CAR-S</b>	<b>Cambodia Administrative Reforms</b>
<b>CARD</b>	<b>Council for Agriculture and Rural Development</b>
<b>CCA</b>	<b>Common Country Assessment</b>
<b>CCCA</b>	<b>Cambodia Climate Change Alliance</b>
<b>CCSP</b>	<b>Cambodia’s Climate Change Strategic Plan</b>
<b>CCWC</b>	<b>Commune Committee for Women and Children</b>
<b>CDC</b>	<b>Council for the Development of Cambodia</b>
<b>CDHS</b>	<b>Cambodia Health Demographic Survey</b>
<b>CIP</b>	<b>Commune Investment Plans</b>
<b>CMDGs</b>	<b>Cambodia Millennium Development Goals</b>
<b>CPAP</b>	<b>Country Programme Action Plan</b>
<b>CPD</b>	<b>Country Programme Document</b>
<b>CPR</b>	<b>Contraceptive Prevalence Rate</b>
<b>CRRT</b>	<b>Cambodia Resource Revenue Transparency</b>
<b>D&amp;D</b>	<b>Deconcentration and Decentralization</b>
<b>DP</b>	<b>Development Partners</b>
<b>DPHI</b>	<b>Department of Planning, and Health Information</b>
<b>ECCC</b>	<b>Extraordinary Cambodia Criminal Court</b>
<b>ECE</b>	<b>Early Child Education</b>
<b>ELC</b>	<b>Economic Land Concessions</b>

<b>EFAP</b>	<b>Emergency Food Assistance Program</b>
<b>EMIS</b>	<b>Education Management Information System</b>
<b>EW</b>	<b>Entertainment Workers</b>
<b>FSW</b>	<b>Female Sex Workers</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>GNI</b>	<b>Gross National Income</b>
<b>HCMC</b>	<b>Health Centre Management Committee</b>
<b>HDI</b>	<b>Human Development Index</b>
<b>HEF</b>	<b>Health Equity Fund</b>
<b>IDP</b>	<b>Industrial Development Policy</b>
<b>ID-Poor</b>	<b>Identification Poor Households</b>
<b>IDUs</b>	<b>Injection Drug Users</b>
<b>IMC</b>	<b>Inter-Ministerial Committee for Education and Reduction of Tobacco</b>
<b>IPC</b>	<b>Indigenous People Communities</b>
<b>LGTB</b>	<b>Lesbian, gay, bi-sexual, and transgender</b>
<b>MAFF</b>	<b>Ministry of Agriculture, Forestry and Fisheries</b>
<b>MBPI</b>	<b>Merit Based Payment Initiative</b>
<b>MEF</b>	<b>Ministry of Economy and Finance</b>
<b>MMR</b>	<b>Maternal Mortality Ratio</b>
<b>M&amp;E</b>	<b>Monitoring and Evaluation</b>
<b>MoE</b>	<b>Ministry of Environment</b>
<b>MoEYS</b>	<b>Ministry of Education, Youth and Sport</b>
<b>MoH</b>	<b>Ministry of Health</b>
<b>MIC</b>	<b>Middle Income Country</b>
<b>MoWA</b>	<b>Ministry of Women's Affairs</b>

<b>MSM</b>	<b>Men Who Have Sex With Men</b>
<b>MSMEs</b>	<b>Micro, Small and Medium Enterprises</b>
<b>MTR</b>	<b>Mid-Term Review</b>
<b>NACD</b>	<b>National Authority for Combating Drug</b>
<b>NCHAD</b>	<b>National Centre for HIV/AIDS and Dermatology</b>
<b>NCDD</b>	<b>National Committee for Democratic Development</b>
<b>NCD</b>	<b>Non-Communicable Disease</b>
<b>NGOs</b>	<b>Non-Governmental Organizations</b>
<b>NHDR</b>	<b>National Human Development Report</b>
<b>NSSFCS</b>	<b>National Social Security Fund for Civil Servants</b>
<b>NSPS</b>	<b>National Social Protection Strategy</b>
<b>NFV</b>	<b>National Fund for Veterans</b>
<b>NPAR</b>	<b>National Public Administrative Reform</b>
<b>NSSF</b>	<b>National Social Security Fund</b>
<b>NSDP</b>	<b>National Strategic Development Plan</b>
<b>ODA</b>	<b>Official Development Assistance</b>
<b>PALS</b>	<b>Public Assets and Livelihoods Support</b>
<b>PFM</b>	<b>Public Financial Management</b>
<b>POC</b>	<b>Priority Operating Costs</b>
<b>PPP</b>	<b>Public-Private Partnerships</b>
<b>PWHIV</b>	<b>People Living With HIV and AIDS</b>
<b>PWID</b>	<b>People Who Inject Drugs</b>
<b>PWUD</b>	<b>People Who Use Drugs</b>
<b>RGC</b>	<b>Royal Government of Cambodia</b>
<b>RSIII</b>	<b>Rectangular Strategy</b>

<b>SHP</b>	<b>Social Health Protection</b>
<b>SNEC</b>	<b>Supreme National Economic Council</b>
<b>SRH</b>	<b>Sexual and Reproductive Health</b>
<b>SSC</b>	<b>School Support Committee</b>
<b>SSDM</b>	<b>Social Service Delivery Mechanism</b>
<b>STI</b>	<b>Sexually Transmitted Infection</b>
<b>SWAps</b>	<b>Sector Wide Approaches</b>
<b>TA</b>	<b>Technical Assistance</b>
<b>UNCDF</b>	<b>United National Capital Development Fund</b>
<b>UNDAF</b>	<b>United Nations Development Assistance Framework</b>
<b>UNFCCC</b>	<b>United Nations Framework Convention on Climate Change</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>UNCT</b>	<b>United Nation Country Team</b>
<b>USG</b>	<b>United National Steering Group</b>
<b>VHSG</b>	<b>Village Health Support Group</b>
<b>WASH</b>	<b>Water Sanitation and Hygiene</b>
<b>WB</b>	<b>World Bank</b>
<b>WHO</b>	<b>World Health Organization</b>
<b>FCTC</b>	<b>Framework Convention on Tobacco Control</b>

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### Annex 3. CMDG Progress Update

MDG1	<p>Targets relating to income poverty or food poverty appear to have been already met, or will most likely be met. However, child nutrition, Child Labor are considerably behind their set targets. Poor and Vulnerable Groups such as elderly, IP, Migrants, People Living With HIV, LGTB, SW, DU/IDUs and poor families should receive more attention.</p> <p><b>Poverty Rate is 20.5 percent (WB 2013) , Target 19.5 percent</b></p>
MDG2	<p>The primary education targets are most likely to be met. The major challenges lie beyond primary education. Access to and the quality of pre-school education requires special attention. The quality of education at all levels requires attention.</p> <p><b>Net Enrollment Rate at Primary School is 96 percent (Target 2015 is 100%)Net Enrollment Rate at Lower Secondary School is 36% ( Target 2015 is 100%)</b></p>
MDG3	<p>A great deal has been achieved, but gaps in education, health and employment remain. Of particular concern are women’s health and their representation in elected and non-elected bodies.</p> <p><b>Female share of wage employment ( Agriculture 49.2% , Industry 47.6% and Service 32.5% )</b></p> <p><b>Level of awareness that violence against women is a crime (70%), Target 80%</b></p>
MDG4	<p>The Infant Mortality Ra and Child Mortality Rate targets have generally been met, although malnutrition and the problems ensuing from it remain a major challenge. Stunting, wasting and underweight and among under five require more attention in the coming years.</p> <p><b>Infant Mortality Rate is 54 per 1,000 live birth (CDHS 2010, MoH), Target 2015 is 50</b></p>
MDG5	<p>The Measles Mumps Rubella (MMR) targets have generally been met (down from 472 in 2005 to 206 in 2010 per 100,000 live births). Anemia among Cambodia Women (44%) and Cambodia Pregnant Women (57.1%) are still very high.</p> <p><b>Maternal Mortality Ratio is 206 per 100,000 live birth , Target 2015 is &lt;250</b></p>
MDG6	<p>While the targets of identified communicable diseases, along with HIV/AIDS, are most likely to be met, they will require continued concentrated responses among EW, MSM, DU/IDU to achieve 3.0 Target (Zero Infection, Zero Death and Zero Discrimination).</p> <p><b>HIV prevalence rate is 0.6% , Target is 0.4% in 2015</b></p> <p><b>Malaria case fatality rate reported by public health facilities is 0.90% , Target</b></p>

	<b>0.80% in 2015</b>
	<b>Prevalence of all forms of TB is 645 per 100, 000, Target 626 per 100,000 population</b>