

APPENDIXES

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ENHANCING GOVERNANCE FOR SUSTAINABLE DEVELOPMENT IN CAMBODIA ¹

1. Good governance is an increasingly important development issue in Cambodia. During the transition toward liberal democracy and a market economy over the last decade, Cambodia's policy makers, aid agencies, and civil society increasingly recognized that the adjustment of the governance system has not matched the dramatic change in the role of the State. It is thus imperative to strengthen good governance if the State is to sustain socioeconomic development in Cambodia.

A. Key Issues of Governance Structure

1. Public Sector

2. The power to initiate legislation in Cambodia rests jointly with members of the Assembly, the Senate, and the Prime Minister. So far, the National Assembly and Senate have played a limited role in legislative drafting, primarily reviewing bills drafted by the Government. Draft laws are often considered without sufficient time (e.g., the annual budget law) and without adequate expertise. The Legislature rarely receives copies of regulations or decisions by the Government related to laws enacted by the Legislature. This reduces the effectiveness of the system of checks and balances envisioned by the Constitution. International aid agencies contribute to this imbalance by dealing primarily with the Government in terms of technical assistance, policy dialogue, and information sharing. The paucity of technical assistance to the Legislature relative to that extended to the executive branch limits the ability of the Legislature to play a meaningful role in governing the country.

3. The Royal Government of Cambodia, as embodied by the Council of Ministers, holds executive powers and consists of 163,000 civil servants, 21,000 special status employees (commune personnel and village chiefs), and 143,000 military personnel. Low public sector salaries are perhaps the most fundamental structural problem in Cambodia with direct implications for the extent of public sector accountability and transparency as well as the ultimate success of ongoing public sector reforms.

4. In addition to raising salaries of civil servants, civil administration needs sound organizational structures and institutional arrangements if its service delivery is to be more effective and efficient. The highly centralized administrative structure has serious deficiencies from a governance point of view. Local authorities are not given any autonomy or flexibility in expenditure disbursements to meet local needs. The system does not meet acceptable standards of fiscal accountability and transparency, as the problem of leakage of public funds in the expenditure process indicates. Local administrators and people have too few opportunities to participate in policy formulation and decision making that directly affects them.

5. The Government is taking important steps to address these issues, including a civil service census and functional analysis, efforts to deconcentrate public expenditures, and decentralization through commune elections. Additional plans include a computerized Human Resource Management System and the creation of core groups of civil servants.

¹ This appendix is excerpted from a summary report of a governance study of the same title prepared by the Cambodia Development Resources Institute with support from the Asian Development Bank (ADB). The study is a forthcoming publication of ADB. This excerpt was prepared by ADB staff. Any errors or changes in meaning from the original summary report are unintentional.

6. The Government also faces a long-standing challenge of inefficient management of public expenditure. The 1999 national budget started to shift expenditures away from military and security toward social and economic development. Despite substantial increases in budget allocations, however, money has not reached local public offices such as hospitals, health centers, and rural development projects. The lack of independent accountability institutions is another serious structural issue. At present, the Government has two levels of accountability institutions for audits: (i) a newly established Ministry of Parliamentary Relations and Inspection, and (ii) inspection departments within each ministry. Despite their important functions, these institutions have no real independence from the executive branch. The National Assembly recently passed the Audit Law to establish an independent audit authority with power to carry out external audits.

7. The Constitution established the judiciary (comprising a Constitutional Council to decide constitutional matters, a Supreme Council of Magistracy to oversee judges and prosecutors, the courts, and the prosecutors) as an independent branch of Government. An independent, capable, and uncorrupted judiciary is the foundation of the Rule of Law and underpins the development of a market economy. Unfortunately, separation of powers in the public sector is incomplete with frequent intrusions by the other branches into the judiciary, impairing the vital role of the judiciary in the system of checks and balances among Government branches.

8. The Cambodian judiciary suffers from the lack of both human and financial resources. Among 171 judges and prosecutors in the whole nation, only 33 percent have received any formal legal education. The Ministry of Justice received only 0.3 percent of the total government-funded budget in 1997, out of which only a small portion was allocated for the judiciary. Judges, like all civil servants, receive a salary that falls below a living wage. It is thus not surprising that Cambodia's court system is widely perceived as being riddled with corruption.

2. Civil Society

9. Elements of civil society in Cambodia include the private sector, nongovernment organizations (NGOs), and the media. The Government has vigorously promoted the transition to a market economy and the development of a private sector framework. The Council for the Development of Cambodia (CDC) is responsible for overseeing the implementation of investor incentives contained in the 1994 Law on Investment and the 1997 Law on Taxation. Although these incentives are widely regarded as favorable to investors, the Government is still working to provide a sound legal system that guarantees property rights, resolves commercial disputes, regulates anticompetitive behavior, and limits Government interference in private business.

10. Problems arise in a number of areas. First, land disputes represent one of the most pressing governance issues in Cambodia. The huge increase in land disputes has a devastating impact on the functioning of a market economy, particularly investment. Second, efforts to pass new laws and regulations tend to ignore the implementation capabilities of enforcement agencies. Developing mechanisms to coordinate legal reforms in different sectors is thus critical. Third, improvements in the transparency in which laws and regulations are introduced and enforced could greatly reduce transaction costs for business, provide a level playing field for all players including small business, and facilitate private sector development. Cambodia's private businesses encounter major difficulties in obtaining information about laws and regulations, particularly administrative orders (subdecrees, decisions, and circulars) issued by the Government.

11. Because the role of civil society remains largely misunderstood by the general public, NGOs have often taken on the task of representing the public in interacting with the Government. The NGO presence in Cambodia is significant, with over 400 organizations reporting expenditures of \$83 million to the CDC in 1998. The Government's approach to NGOs is generally liberal but there is currently no law that specifically regulates NGOs, a subject of heated debate. Cambodian NGOs have a generally weak financial position and are highly dependent on foreign sources of funding. Some appear to be under the strong influence of political parties, whereas others abuse their NGO status for profit-seeking purposes.

12. Developing mechanisms for more consistent, productive interactions between the Government and civil society is a critical Government responsibility. The participation of civil society promotes accountability and transparency in the public sector. It also gives people opportunities to voice opinions, and provides important sources of skills and knowledge for policy making. The emergence of civil society appears to be gradually influencing the dynamics of decision making in the public sector. Although more needs to be done, there are some good examples of recent positive change. One is the participatory approach taken in revising the draft Land Law.

13. In contrast to the 1980s, when the media served as propaganda conduits, the 1995 Law on Press Regime guarantees more freedom than other Southeast Asian countries do to the 200 national and foreign language newspapers, magazines, and TV and radio stations based in Cambodia. Journalists, however, raised concerns about the vagueness of Articles 12 and 13 in the Press Law. Terms such as "national security and political stability" or "humiliate the national organs" are not defined in the Law. The Legislature has not passed any broadcast laws to regulate TV and radio stations. From the perspective of good governance, the presence of a good broadcast law that sets clear rules and regulations will contribute to the promotion of free and balanced broadcast media. It will also help curb the pressure and influence of political parties on broadcast media during political events such as elections. This will instill political stability and provide an enabling environment for long-term investment.

14. Improving the quality of journalists is equally important. Many, if not most, journalists reportedly lack professional skills. Nor do they appear to follow any code of ethics set by journalists associations. Accepting bribes appears to be a common and widely tolerated practice. Some positive changes have been observed, however. Media have increasingly featured similar news coverage, regardless of their political background. News coverage has been broadened beyond exclusively political and toward more social and developmental issues.

B. Key Issues of Governance Reforms

15. Following Cambodia's second national elections in 1998, a coalition Government was formed. In an effort to revive the economy and reinvigorate Cambodia's engagement with the aid community, the Government committed itself to reforms in a number of key sectors, including public finance reform, public administration reform for civil service and armed forces, decentralization, legal and judicial reforms, and regional integration.

1. Public Finance Reform

16. The Government is tackling weaknesses in public finance, most notably through the 1999 introduction of a value-added tax that is generating a significant increase in revenues, allowing the Government to reduce tariffs in line with the requirements for the ASEAN Free Trade Area (AFTA), and contributing to macroeconomic stability. Significant results have been

achieved, but some issues still merit attention. First, despite serious efforts by the Ministry of Economy and Finance (MEF), measures to enhance customs and nontax revenues have not produced much improvement. To improve performance, MEF needs further collaboration and coordination with other line ministries and public institutions to collect these revenues. Political commitment at the highest level is a critical precondition. Second, for efficiency, public finance ought to shift from a pre-audit to post-audit system with more responsibilities devolving to spending units to be more effective and efficient. An important precondition for the success is the capability of human resources in the spending units and audit authorities (both internal and external) to carry out sound financial management.

2. Public Administration Reform

17. The Government is committed to both civilian and military reform. It has undertaken a civil service census and has begun eliminating ghost civil servants and retiring others. However, current program developed by a small group of senior officials lacks broad support among the international community and the civil service. Because of this, the program, which has unpopular elements, risks losing political support. The program emphasizes downsizing of the civil service despite lack of evidence that it is too large, rather than the fact that it is inefficient because of lack of meritocracy, organizational problems, and unqualified staff. An additional problem is the proliferation of interministerial reform committees, which tends to concentrate power on a small group of senior officials and takes human and financial resources away from ministries that have been given authority and responsibility for reform implementation.

18. The Government is pursuing demobilization of its armed forces as part of the larger public sector reform. It has already completed a soldier registration process and is now beginning a pilot demobilization project. However, the demobilization process under the Cambodia Veterans Assistance Program (CVAP) began before any coherent vision for the military's future structure and responsibilities was developed. Without such a vision, an informed and rational discussion of troop (and budget) reductions cannot occur. A second concern is the military's role in demobilization about which the aid agencies know little. Information on the registration process, for instance, has not been made readily available the aid agencies. An additional concern is the preparedness of provincial authorities for a major role in the reintegration process.

3. Decentralization

19. The Government's SEILA Program for promoting rural development represents the most ambitious and advanced decentralization initiative implemented to date, resulting in the creation of development committees in over 1,000 villages. Building on this progress, the Government plans the election of commune councils to administer local programs. However, the absence of legal clarity regarding the status and scope of authority of provinces, municipalities, and districts enables a top-down approach to planning and instructions to persist. Local-level weaknesses in human resources also raise questions about the ability to implement decentralization in the short to medium term. SEILA has also demonstrated problems that arise when planning is not sufficiently linked with financing. The usefulness of decentralized planning and local support for projects tend to diminish when financing later proves unavailable.

4. Judicial and Legal Reform

20. The government has taken a number of steps to strengthen the rule of law including several new laws (Penal Code, laws on criminal and civil procedures, a land and forestry laws,

an audit law, and a commercial code), a Statute of Magistrates, and investigations into corruption in Phnom Penh courts. Significantly, the law on civil servants was recently amended to revoke the immunity of public officials from criminal prosecution. However, the law still requires notification to department heads three days prior to the arrest of public officials. While this is a positive step in reform, enforcing the laws against public officials remains to be seen.

21. The absence of transparency at critical points in the criminal process, such as the weighing of evidence by investigating judges, is another weakness in the Cambodian system of justice. The mandatory presence of a lawyer for the accused and opening the proceedings to the public could have an immediate, positive impact, as would the forbidding of the practice of trial judges reviewing evidence prior to trial. Another key issue for judicial reform is the need to improve financial and human resources. Separation of the judiciary's budget from the budget of the Ministry of Justice (MOJ) is needed to establish a genuine separation of powers.

22. Equally important is the improvement of human resources. Given the low level of education among judges and prosecutors, major long-term legal training is clearly needed to improve the performance of the judiciary. A striking weakness in human resources with regard to commercial cases may call for intensive training in commercial and business-related law for judges and prosecutors. The establishment of institutions for judicial training, such as a judicial training center, might be an important responsibility MOJ, which should be moved away from management of the judiciary. A new mandate might also include drafting laws; developing and maintaining information on the criminal system, enforcing judgments, and supervising court facilities and administrative personnel.

23. The private sector has raised three critical issues regarding the legislative process in Cambodia. First is the absence of an advance notice and comment period prior to enactment of legislation that significantly impacts business operations leaves businesses unprepared for new legal requirements. Second is the need for respect for and enforcement of laws. Improvement in the implementation and enforcement of laws is without doubt a key issue of legal reform. Lack of respect for laws and difficulties in enforcement are not simply matters of ill motivation, bad practices, or political infighting, but also of weak human resources. To the extent that new laws and regulations are legislated, the need for qualified and competent judges and lawyers increases.

24. Third is the practice of rule by subdecree. A typical newly enacted law includes only a general statement of purpose and principle, often without sufficient provision of key concepts and terms. Subdecrees issued later by the Council of Ministers elaborate such crucial details. This leaves the Government, especially ministries, too much discretion and unaccountable for their decisions. One way to address this issue is to require that all draft laws forwarded to the National Assembly for consideration must be accompanied by drafts of any implementing regulations called for in the law.

D. External Assistance for Governance Reforms

1. Aid Agency Assistance Governance Guidelines

25. The following guidelines are recommended to institute dynamic interactions between the Government and aid agencies in promoting good governance in Cambodia:

- To ensure that the government is driving the reform process by setting its own priorities, building political support for policies, and demonstrating political will,

concrete reforms that improve governance should be a precondition to assistance for a given sector or institution.

- Multi-institutional policy making should be promoted through technical assistance and dialogue that targets the participation of all institutions involved in reform implementation from the outset of the program, and not just of centralized, ministerial-level committees or councils.
 - A key criterion for assistance should be concrete Government actions to ensure financial autonomy for key accountability institutions such as the courts, the Supreme Council of Magistracy, legislative commissions, the Ministry of Parliamentary Affairs and Inspection, MOJ, and the National Audit Authority.
- The Government should be encouraged to comply with Article 90 of the Constitution requiring that the National Assembly approve all loans to the Government.
- To enhance aid coordination in governance, aid agencies in Cambodia could jointly develop a set of specific governance-related criteria and performance indicators for program planning and monitoring. Major multilateral institutions such as ADB and the World Bank have been developing such assessment tools, which might be shared with other aid agencies.

2. Recommended Government Actions

26. Major structural reforms in governance require long-term efforts, substantial resources, and political will. There should be sensitivity with regard to the resource requirements and current availability of resources in Cambodia. This does not mean, however, that all important, high-impact reforms in governance require more money. Indeed, there is a set of specific reforms that can have tangible impact on good governance without injections of much money. A list of recommended actions summarized in Table A1.1 is not meant to be exhaustive, but to illustrate examples of low-cost, governance-promoting actions that the Government can undertake.

Table A1.1: Low Cost Reforms for Good Governance

| Sector | Transparency | Accountability | Greater Participation | More Informed Policy Making | Predictability |
|---|---|--|---|--|--|
| Policy Making on Governance Public Finance | <ul style="list-style-type: none"> Issue yearly list of priority reforms Publish list of garment companies with COs, their local address and place of business Public notice of commercial banks in technical solvency Public release of monthly prakas on budget allocations No sale/lease of state property or any government contract without public tender | <ul style="list-style-type: none"> Publish list of taxpayers in arrears for more than \$5,000 Enact and strictly enforce the Law on Budget Discipline with prosecutions in court Freeze on all sale/leases of state property | | <ul style="list-style-type: none"> Ensure annual budget laws reach Assembly for review by start of October | |
| Decentralization | <ul style="list-style-type: none"> Public release of monthly expenditures by each prov'l. gov. | | <ul style="list-style-type: none"> Public release of draft Commune Admin. Law then send to National Assembly | | |
| Civil Admin. Reform | | <ul style="list-style-type: none"> Revise Law on Civil Servants; abolish Art. 51 | | | <ul style="list-style-type: none"> Develop policy and projected timetable for increase in civil service salaries |
| Military/Security Reform | | | <ul style="list-style-type: none"> Establish forum for input from civil society on reintegration program | <ul style="list-style-type: none"> Issue official policy on military reform Issue official policy on reform of security agencies | |
| Judiciary | <ul style="list-style-type: none"> Release info on legal education, experience of all judicial appointments prior to nomination Require courts to provide copies of all court decisions to parties | <ul style="list-style-type: none"> Establish separate budget lines in nat'l. budget for Supreme Council of Magistracy (SCM) and the courts Revise SCM Law to remove Executive Branch officials Require accused to have lawyer when case is before investigating judge | | | <ul style="list-style-type: none"> Automatic dismissal of criminal cases when no charge is brought within 48 hours of arrest Military courts only hear cases of soldiers violating military law/regs. Immediate transfer of cases involving non-Royal Cambodian Armed Forces (RCAF) persons to civilian court |
| Legal System | <ul style="list-style-type: none"> Law requiring ministries to send copy of all regs to National Assembly and Senate | <ul style="list-style-type: none"> Enact subdecree requiring draft regulations to accompany all laws sent to National Assembly Allow cases by private persons/companies against ministries that violate or do not properly apply laws | <ul style="list-style-type: none"> Require by law 60-day advance notice and comment period for all laws, anu-kret, prakas | | <ul style="list-style-type: none"> At start of each year, gov. issues list of priority laws and regulations to be drafted each year. |
| Accountability Institutions | <ul style="list-style-type: none"> Appoint auditor general using open nomination and selection process | <ul style="list-style-type: none"> Enact law on declaration of assets by public officials Start prosecuting officials for criminal violations | | | |
| Private Sector Framework | <ul style="list-style-type: none"> Require official translations into English of all laws/regulations | | <ul style="list-style-type: none"> Establish regular forum for private sector to Royal Government of Cambodia (RGC) contacts | | |
| Regional Integration | | <ul style="list-style-type: none"> Abolish Internal Coordination Network (ICN) and clarify duties of ASEAN-related institutions | | <ul style="list-style-type: none"> Establish National Committee on ASEAN Economic Cooperation | |

3. Recommendations for ADB Governance Program

27. ADB and other interested aid agencies should consider the areas and institutions outlined in Table A1.2 as possible entry points to promote good governance in Cambodia. The design of a specific program of support for each area or institution will require a more detailed evaluation of needs and current capacity. In most cases, this should await concrete actions by the Government before proceeding with a program.

Table A1.2: Matrix of Entry Points for Assistance

| Sector | Institutional Entry Point | Recommended Prior Government Reform | Governance Element Promoted | Objective of Assistance | Activity Supported |
|-----------------------------|--|--|---|---|--|
| Public Finance | Provincial Finance Officials | Enact regulations for Provincial Budget Law, public release of monthly prakas on budget allocations, monthly release of expenditures by each province | Transparency | More open expenditure process | Train provincial officials in financial management |
| | National Assembly and Senate Finance & Banking Commissions | | Accountability, better policy making | Ensure commissions are able to more actively participate in law-making and monitoring | Train staff in financial management |
| Decentralization | Commune Councils | Enact Commune Administration Law that gives councils clear powers, adequate budgets, and strictly defines relationship with higher government | Accountability, greater participation | More decentralized, effective local government and development planning | Building the capacity of Commune Council |
| Public Admin. Reform | Council on Demobilization Ministry of Defense | Develop reintegration program for implementation by existing institutions in provinces | Greater participation | Build links between demobilization and local rural development | Support design and implementation of reintegration, including pilot demobilizations |
| Judiciary | Supreme Council of Magistracy (SCM) | (1) amend SCM Law to remove executive and legislative branch officials from SCM | Independence of judiciary | Promote judicial independence | Building the capacity of SCM |
| | Ministry of Justice (MOJ) Courts | (2) establish separate budget line for SCM/courts Publish list of all judges and prosecutors (and all judicial appointments prior to nomination) with basic info on education, legal experience | Independence of judiciary Transparency | Promote judicial independence Provide more info to public on courts and more open judicial appointment process | Training program for judges |
| Accountability Institutions | National Audit Authority (NAA) | Establish NAA; appoint auditor general by a transparent, open selection process among qualified, neutral candidates; adequate, independent budget. | Transparency Accountability | Ensure open process for appointment for accountability institutions | Building the capacity of NAA |
| Private Sector Framework | MLMUC | Enact Land Law that enables poor families and communities to gain secure title to land through transparent process | Transparency Accountability | Create land titling system that is transparent, efficient and ensure poor title to their land | Building the capacity of institutions that implement Land Law support mapping and training for mapping Support for public-private sector forums |
| | Council of Ministers | Establish regular forum for private sector to directly meet senior RGC officials | Greater participation | Increase participation of private sector in policy making Improve effectiveness of judiciary; increase private sector confidence | Building the capacity and infrastructure for new commercial court |
| | MOJ; MOC | Establish commercial court; enact commercial arbitration law | Accountability | | |

GENDER BALANCE IN THE ADB PROGRAM FOR CAMBODIA

A. Gender Profile

1. Traditional Khmer culture and religion influence the extent to which Cambodian women can contribute to and benefit from the economic development of the country. Buddhist or royalty monks are afforded the highest status in the Khmer social hierarchy. Otherwise, age and sex as well as other socioeconomic and individual factors such as wealth, position, and reputation determine status. Traditionally, the ideal woman is a protected and meek daughter who, after a marriage arranged by her parents, manages the household, including the finances. Sharing in day-to-day household decisions, an ideal wife defers to her husband on major decisions and in public. However, because young couples traditionally stay with or near the wife's kinsmen, wives have some access to protection and support.

2. Three decades of conflict disrupted this traditional family life. Most Cambodian families lost family members, many families were torn apart, and whole communities were displaced. Social cohesion and the spirit of cooperation and trust among neighbors have been eroded, reducing the traditional mechanisms of protection afforded women (and men) as well as the level of extended family assistance for household tasks such as child care. This is particularly devastating for the many older women without families and the 25 percent of households headed by women. Moreover, the legacy of violence, particularly among military or ex-military personnel, translates into much higher levels of domestic abuse than were the norm prior to 1975.

3. Constitutionally, the level of protection from discrimination afforded women is consistent with the United Nations Charter on Human Rights and compares favorably with that of many industrial democracies. Women can vote and stand for office. They have the right to maternity leave, to equal pay, to inherit and own property, to divorce, and to equal treatment before the law. In practice, however, these rights have not, for the most part, materialized. Despite the fact that women are a majority of registered voters, the Government formed in late 1998 includes only two female ministers (of Women's and Veterans Affairs and Cultural and Religious Affairs) out of 25 and 10 female members in the 122-member National Assembly. There are no female governors and only a few judges are female. Women thus have very little representation in the corridors of power and, not surprisingly, in courts, which are perceived as weak and subject to influence and tend to favor men, particularly in domestic disputes.

4. Discrimination in favor of men extends to formal labor markets as well. The 1997 Labor Law, which guarantees equality of treatment for women in employment, is poorly written and poorly enforced. Females represent 53 percent of the labor force, have higher rates of participation between 10 and 19 years of age, and have lower rates of participation after age 20. Women are underrepresented in wage labor and professional positions with 42 percent of women compared with 17 percent of men, classified as unpaid family workers in 1997. Men earn, on average, 50 percent more than women as a consequence of wage discrimination, nonwage discrimination, and unequal educational outcomes. The main nontraditional economic activities for women are in garment factories, in breweries and construction as casual workers, in informal retail and trade, in prostitution, and in low-paid service jobs.

5. The relationship between men and women in agricultural production is complex and generally more cooperative, yet evidence of inequality exists. Traditionally, male tasks such as plowing require strength as opposed to female tasks such as transplanting. Because of

variations in family composition and the war-related shortage of men, women often carry out traditional male tasks. However, when agricultural tasks are done for wages or barter, men carry out male tasks, which are valued more highly. In addition to their roles in agricultural production, women are responsible for household chores. Thus, they have less time for leisure activities, education, or participation in local politics, a male-dominated activity despite a Government mandate that there be at least two women on every village development committee.

6. Gender disparities in educational attainment both reflect and are reflected in the social and economic gender discrimination described above. Literacy rates in rural areas show the widest disparity with about 80 percent of males but only 55 percent of women classifying themselves as literate. Disparities in formal school attendance increase. Girls represent 45 percent of primary school students but only 35 percent of secondary school students and perhaps less than 20 percent in tertiary school. These disparities in educational attainment reflect the higher opportunity costs of sending girls to school and the lower perceived benefits. Additional difficulties include parents' concern about security for their daughters when distance is significant, a greater need for latrine and washing facilities for girls, underrepresentation of women in school staff, and gender bias in teacher attitudes.

7. Poor health conditions in Cambodia are linked, in part, to poor female educational attainment as well as poverty and the low quality, high cost, and limited accessibility of health care. Although men are at greater risk of injury and death due to violence or accident, women also face gender-specific health risks. Reproductive health care is particularly poor. The prevalence of home birth, stunting, and poor health give rise to a high 1998 maternal mortality rate of 500 per 100,000 live births compared with a regional average of 120. Knowledge of family planning methods is low, resulting in a relatively high total fertility rate of 5.2 births per women and a relatively high population growth rate of 2.4 percent. The prevalence of HIV¹ in 1998 was 2.6 percent among women of childbearing age compared with 3.9 percent for both sexes, and 42 percent among commercial sex workers.

B. National Strategy for the Promotion of the Status of Women

8. The Ministry of Women's Affairs (now Women's and Veterans' Affairs) was established in January 1996, replacing the Secretariat of State for Women's Affairs, itself created in 1993. A primary mission of the ministry is to act as a catalyst for mainstreaming gender issues into the policies and programs of public and private institutions. The ministry's 1999-2003 strategic plan includes programs to develop the institutional, financial, and staff capacity in the ministry and in the Royal Government of Cambodia to promote the status of women. The main goals are to improve reproductive and sexual health, educate the public about women's rights under the law, enhance women's educational attainments, and increase the opportunities for women to participate in economic development.

C. ADB Gender Strategy in Cambodia

9. The incidence of poverty in Cambodia is high—about 36 percent. Poverty reduction is thus the primary goal of the Asian Development Bank's (ADB's) strategy. In implementing this strategy, it is important to acknowledge the key role of women—as mothers and primary family caregivers—in breaking the cycle of poverty. Thus, to maximize efficiency and equity, ADB will do the following to ensure gender balance in the program of assistance:

¹ Human immunodeficiency virus.

- i) Promote the active participation of MWVA and relevant Nongovernment organizations (NGOs) by
 - providing assistance to build the capacity of the MWVA to serve its intended advocacy and advisory role to the Government on gender issues;
 - routinely consulting MWVA and relevant NGOs in the course of project development to avoid gender bias in programs and ensure that cultural sensitivities are observed; and
 - considering, in some instances, the use of MWVA provincial and district office networks or relevant NGOs to implement gender aspects of an intervention.
- ii) Enhance the employment and business opportunities of women through
 - increasing the level of funds available to microfinance institutions, which tend to have a high percentage of women clients; and
 - employing significant numbers of day laborers on rural infrastructure components of rural development projects, about 30 percent of which are women.
- iii) Improve access of women to social services by
 - addressing gender and development issues in the design of education interventions so as to promote increased enrollment and educational attainment of female students; and
 - addressing the gender and development issues in the design of health interventions so as to promote the improvement of reproductive health, HIV/AIDS² prevention, and female utilization of health services.
- iv) Avoid unintended gender bias in the ADB program by
 - ensuring that the special needs of women are considered in designing resettlement plans;
 - promoting the active involvement of women in water user associations and irrigation management schemes;
 - assessing and mitigating the potential gender impact of new technologies introduced in ADB agricultural interventions; and
 - guarding against gender inequity in all new laws, policies, and regulations promoted in the ADB program.

² Acquired immunodeficiency syndrome.

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Table A3.1: ADB Technical Assistance to Cambodia, 1992-1999

| TA No. | TA Title | Amount (\$) | Date | Sector |
|------------------------------------|--|-------------------|-----------|-----------------------|
| A. Macroeconomic Management | | | | |
| 1694 | 1. Strengthening Macroeconomic Management | 3,855,200 | 21-Apr-92 | Others |
| 2261 | 2. Statistical System Development | 1,200,000 | 12-Dec-94 | Others |
| 2488 | 3. Strengthening Capacity in Development Planning | 850,000 | 19-Dec-95 | Others |
| 2566 | 4. Developing Capacity in Audit and Inspectorate Function | 600,000 | 8-May-96 | Others |
| 2645 | 5. Capacity Building in External Aid Management | 595,000 | 13-Sep-96 | Others |
| 2976 | 6. Capacity Building in Development Planning, Phase II | 910,000 | 31-Dec-97 | Others |
| 3287 | 7. Strengthening External Aid Portfolio Management | 750,000 | 2-Nov-99 | Others |
| 3293 | 8. Statistical System Development (Phase III) | 1,000,000 | 10-Nov-99 | Others |
| | Subtotal | 9,760,200 | | |
| B. Project Implementation | | | | |
| 1794 | 1. Project Implementation in the Transport and Agriculture Sectors | 4,200,000 | 26-Nov-92 | Multisectoral |
| 1802 | 2. Seminar on Bank's Operational Policies and Procedures in Cambodia | 26,000 | 12-Nov-92 | Others |
| 1878 | 3. Project Management Coordination and Project Implementation in the Power and Education Sectors | 3,200,000 | 23-Apr-93 | Multisectoral |
| 2078 | 4. Strengthening Environmental Impact Assessment Procedures and Capabilities | 550,000 | 13-Apr-94 | Others |
| 2150 | 5. Establishment of a Central Procurement Office & Regulations & Procedures for Procurement of Goods & Works | 600,000 | 14-Sep-94 | Others |
| 2370 | 6. Extension of Project Implementation Assistance under the Special Rehabilitation Assistance Loan | 2,600,000 | 25-Jul-95 | Multisectoral |
| 2427 | 7. Institutional Strengthening of the Department of Public Procurement | 520,000 | 17-Oct-95 | Others |
| 2600 | 8. Training Seminar in Bank Policies and Procedures | 96,000 | 7-Mar-96 | Others |
| 2723 | 9. Institutional Strengthening and Expanding Environmental Impact Assessment Capacity | 1,000,000 | 19-Dec-98 | Others |
| 3160 | 10. Improvement of Project Implementation in Cambodia | 150,000 | 27-Jan-99 | Others |
| 3164 | 11. SSTA for Project Preparation and Implementation Assistance to MPWT | 150,000 | 3-Feb-99 | Others |
| | Subtotal | 13,092,000 | | |
| C. Agriculture | | | | |
| | 1. General | | | |
| 1971 | 1. Agricultural Development Options Review | 515,000 | 27-Oct-93 | Agriculture |
| 2591 | 2. Agricultural Policy Reform Support | 1,500,000 | 20-Jun-96 | Agriculture |
| | 2. Rural Development | | | |
| 2059 | 3. Rural Infrastructure Improvement (PP) | 98,000 | 9-Feb-94 | Agriculture |
| 2406 | 4. Strengthening of the Ministry of Rural Development | 1,500,000 | 28-Sep-95 | Agriculture |
| | 3. Water Resources | | | |
| 2554 | 5. Community Irrigation Rehabilitation (PP) | 100,000 | 9-Apr-96 | Agriculture |
| 2592 | 6. Stung Chinit Water Resource Development (PP) | 800,000 | 25-Jun-96 | Agriculture |
| 3275 | 7. Study for Stung Chinit Water Resources Development (PP) | 150,000 | 13-Oct-99 | Agriculture |
| 3292 | 8. Capacity Building in the Ministry of Water Resources and Meteorology | 796,000 | 10-Nov-99 | Agriculture |
| | 4. Microfinance | | | |
| 2601 | 9. Rural Credit Review | 100,000 | 4-Jul-96 | Agriculture |
| 2818 | 10. Rural Credit and Savings (PP) | 600,000 | 26-Jun-97 | Agriculture |
| 3270 | 11. Capacity Building for Rural Financial Services | 1,450,000 | 5-Oct-99 | Agriculture |
| | 5. Forestry | | | |
| 3152 | 12. Sustainable Forest Management (PP) | 980,000 | 31-Dec-98 | Agriculture |
| | Subtotal | 8,589,000 | | |
| D. Social Infrastructure | | | | |
| | 1. Education | | | |
| 1889 | 1. Emergency Training of Teachers | 1,300,000 | 14-May-93 | Social Infrastructure |

| TA No. | TA Title | Amount (\$) | Date | Sector |
|---|--|-------------------|-----------|-----------------------|
| 2067 | 2. Skills Development (PP) | 100,000 | 11-Mar-94 | Social Infrastructure |
| 2121 | 3. Basic Education (PP) | 100,000 | 12-Jul-94 | Social Infrastructure |
| 2331 | 4. Basic Education Management and Coordination | 500,000 | 10-May-95 | Social Infrastructure |
| 2516 | 5. Capacity Building for Technical and Vocational Education and Training | 980,000 | 27-Dec-95 | Social Infrastructure |
| 2555 | 6. Textbook Publishing Planning and Management | 600,000 | 15-Apr-96 | Social Infrastructure |
| 3169 | 7. Secondary Education Investment Plan | 650,000 | 8-Mar-99 | Social Infrastructure |
| | 2. Water Supply and Sanitation | | | |
| 2031 | 8. Water Supply and Sanitation Sector Needs Assessment Study | 100,000 | 27-Dec-93 | Social Infrastructure |
| 2280 | 9. Urban Water Supply and Sanitation (PP) | 600,000 | 4-Jan-95 | Social Infrastructure |
| 2281 | 10. Urban Development Strategy Study | 500,000 | 4-Jan-95 | Social Infrastructure |
| 2669 | 11. Institutional Support to the Water Supply Subsector | 500,000 | 24-Oct-96 | Social Infrastructure |
| 2689 | 12. Integrated Urban Development (PP) | 800,000 | 24-Nov-96 | Social Infrastructure |
| | 3. Women in Development | | | |
| 2157 | 13. Women in Development | 546,000 | 20-Sep-94 | Social Infrastructure |
| 2503 | 14. Employment Promotion For Women(PP) | 600,000 | 22-Dec-95 | Social Infrastructure |
| 3327 | 15. Capacity Building for the Ministry of Women's and Veterans' Affairs | 400,000 | 8-Dec-99 | Others |
| | 4. Health | | | |
| 2223 | 16. Basic Health Services (PP) | 300,000 | 7-Dec-94 | Social Infrastructure |
| 2567 | 17. Managing Basic Health Services | 500,000 | 8-May-96 | Social Infrastructure |
| | 5. Tourism | | | |
| 3200 | 18. Strengthening Tourism Planning | 150,000 | 4-Jun-99 | Social Infrastructure |
| | Subtotal | 9,226,000 | | |
| E. Transport | | | | |
| 1866 | 1. Transport Rehabilitation Study | 1,319,400 | 31-Mar-93 | Transport |
| 2197 | 2. Airports Improvement (PP) | 500,000 | 3-Nov-94 | Transport |
| 2416 | 3. Developing a Planning Capacity in the Ministry of Public Works and Transport | 800,000 | 2-Oct-95 | Transport |
| 2706 | 4. Institutional Strengthening of the State Secretariat of Civil Aviation | 550,000 | 12-Dec-96 | Transport |
| 2722 | 5. Transport Network Improvement (PP) | 600,000 | 19-Dec-96 | Transport |
| 2722 | 6. Transport Network Improvement (Supplementary) (PP) | 395,000 | 17-Mar-98 | Transport |
| 3398 | 7. Primary Roads Restoration | 860,000 | 21-Sep-99 | Transport |
| 3257 | 8. Strengthening the Maintenance Planning and Management Capabilities | 735,000 | 21-Sep-99 | Transport |
| | Subtotal | 5,759,400 | | |
| F. Energy, Finance, and Industry | | | | |
| 2241 | 1. Strengthening the Institutional & Legal Framework for the Energy and Mineral Sectors | 595,000 | 14-Dec-94 | Energy |
| 2243 | 2. Power Sector Manpower Development and Training | 500,000 | 15-Dec-94 | Energy |
| 2629 | 3. Power Rehabilitation II (PP) | 450,000 | 20-Aug-96 | Energy |
| 2330 | 4. Institutional Strengthening of the Centre for Banking Studies and State-owned Banks' Staff Training | 340,000 | 10-May-95 | Finance |
| 2796 | 5. Enhancing Banking Skills | 400,000 | 19-May-97 | Finance |
| 2570 | 6. Strengthening Capacity in the Trade and Industry Sectors | 600,000 | 14-May-96 | Industry |
| 3256 | 7. Update of Power Rehabilitation II Project Preparation Study (PP) | 150,000 | 17-Sep-99 | Energy |
| 3298 | 8. Developing the Strategy for the ADB's Involvement in Cambodia's Power Sector | 150,000 | 16-Nov-99 | Energy |
| | Subtotal | 3,185,000 | | |
| | Total | 49,611,600 | | |

Table A3.2: Cumulative Lending (ADF) by Year of Approval (1992-1999)

| Ser. No. | Loan No. | Project Name | Loan | Terms (Yr) | Interest | Date | Sector | Subsector |
|----------|----------|--------------------------------------|------------------------|------------|----------|-----------|---------------------------|-------------------------------|
| | | | Amount (\$ million) | Grace Pd. | | Approved | | |
| 1 | 1199 | Special Rehabilitation Assistance | 67.700 | 40 () | 1 | 26/Nov/92 | Multisector | Multisector |
| | | Subtotal | 67.700 | | | | | |
| 1 | 1345 | Power Rehabilitation | 28.200 | 40 (10) | 1 | 15/Dec/94 | Energy | Electric Power |
| | | Subtotal | 28.200 | | | | | |
| 1 | 1368 | Basic Skills | 20.000 | 40 (10) | 1 | 29/Aug/95 | Social Infrastructure | Education |
| 2 | 1385 | Rural Infrastructure Improvement | 25.100 | 40 (10) | 1 | 28/Sep/95 | Agriculture/Agro-industry | Irrigation/Rural Development |
| | | Subtotal | 45.100 | | | | | |
| 1 | 1445 | Agriculture Sector Program | 30.000 | 40 (10) | 1 | 20/Jun/96 | Agriculture/Agro-industry | Agricultural Support Services |
| 2 | 1446 | Basic Education Textbook | 20.000 | 40 (10) | 1 | 20/Jun/96 | Social Infrastructure | Education |
| 3 | 1447 | Basic Health Services | 20.000 | 40 (10) | 1 | 20/Jun/96 | Social Infrastructure | Health/Population |
| 4 | 1468 | Phnom Penh Water Supply and Drainage | 20.000 | 40 (10) | 1 | 26/Sep/96 | Social Infrastructure | Water Supply/Sanitation |
| 5 | 1503 | Siem Reap Airport | 15.000 | 40 (10) | 1 | 12/Dec/96 | Transport/Communications | Airports/Civil Aviation |
| | | Subtotal | 105.000 | | | | | |
| 1 | 1659 | GMS: Phnom Penh HCMC Highway | 40.000 | 40 (10) | 1 | 15/Dec/98 | Transport/Communications | Roads |
| | | Subtotal | 40.000 | | | | | |
| 1 | 1697 | Primary Roads Restoration | 68.000 | 32 (8) | 1.0/1.5 | 21/Sep/99 | Transport/Communications | Roads |
| 2 | 1725 | Provincial Towns Improvement | 20.000 | 32 (8) | 1.0/1.5 | 17/Dec/99 | Social Infrastructure | Urban Dev't. & Housing |
| | | Subtotal | 88.000 | | | | | |
| | | Grand Total | 374.000 | | | | | |

ADF-Asian Development Fund, GMS-Greater Mekong Subregion

Table A3.3: Sector Disbursements and Targets

| Sector | ODA Disbursements 1992-1998 % | Investment Allocation PIP 2000-2002 % |
|--|-------------------------------------|---|
| Economic Management and Development Administration | 23.51 | 4.4 |
| Humanitarian Aid, Relief Assistance, Disaster Preparation | 11.05 | — |
| Education/Human Resource Development | 9.31 | 12.3 |
| Agriculture, Forestry, and Fisheries Area/Rural/Social Development ^a | 7.48 20.20 | 10.9 5.7 |
| Natural Resources ^b | 0.64 | 9.2 |
| Energy | 4.50 | 4.9 |
| Industry and Trade | 0.59 | 0.3 |
| Transport | 12.18 | 16.9 |
| Communications | 2.12 | 6.0 |
| Health | 8.32 | 29.4 |
| Total | 100.00 | 100.0 |

ODA-official development assistance, PIP-public investment program

^a Combines Religion and Culture, Social and Community Services, Tourism, and Special Programs for PIP Allocation Targets

^b Combines Environment and Conservation with Water Resources, Water Supply and Sanitation for PIP Allocation Targets.

Source: Council for the Development of Cambodia. 1999. *Development Cooperation Report*. Phnom Penh, Ministry of Planning. 1999. *Public Investment Programme 2000-2002*. Phnom Penh.

1. The Public Investment Program 2000-2002 (PIP) is the most recent three-year rolling public investment plan for Cambodia.¹ By compiling line ministry information on ongoing, committed, and high-priority investment projects, the PIP obtains sector allocations. These are given in Table A3.1, third column, along with actual disbursements over 1992-1998 in the second column. The PIP indicated a planned 55 percent of projects that would straddle the rural/urban divide, 30 percent rural and 15 percent urban. Although rural/urban breakdowns are not given here, the World Bank Public Expenditure Review (PER) 1999 indicates that 66 percent of 1994 Official Development Assistance (ODA) and 51 percent of 1996 ODA disbursements were in Phnom Penh. When expenditures from Government resources were factored in, 1996 total public expenditures per capita were ten times greater than in other areas. Thus, aid agencies and Government must strive to direct more funds into rural areas where security risks are higher and project implementation is more difficult.

2. Table A3.1 also reveals other areas in which adjustments to the pattern of aid will be made. First, ODA expenditures on economic management and development administration have been given a much higher share than the PIP envisions in the future. In part this is a

¹ TA 2976-CAM: *Capacity Building in Development Planning Phase II*, for \$910,000, approved on 31 December 1997.

consequence of the inclusion of budget support and election assistance under this category. It is also clear that technical assistance was a substantial proportion of aid over 1992-1998. Allocations to this category declined over 1997-1998. Second, relief aid expenditures were also much higher than is anticipated in the future, although the original socioeconomic development plan targeted 11 percent of investment for administration and special programs. Expenditures in this sector have declined greatly from 57 percent of total ODA in 1992 to 3 percent in 1998 as conditions have improved in Cambodia.

3. Third, the PIP envisions a significant increase in the proportions of investment allocated to education, and especially health. Fourth, the program calls for increased allocations to infrastructure (energy, transport and communications). Finally, the plan indicates a reduction in allocations to area/rural/social development while showing increased spending on agriculture. The high proportion of past spending on rural development reflects the large investments made by aid organizations in capacity building for decentralized participatory rural development, the sizable mine clearance program, and work-for-food programs.

Table A3.4: Programmed Ongoing and Committed Investment Projects, by Sector, and Scheduled Disbursements for 2000-2002

| Sector/Subsector | Project | Funding Agency^a | Amount (\$'000) |
|--------------------------------|--------------------------------------|-----------------------------------|------------------------|
| Agricultural Production | | | 25,810 |
| Crops | Agriculture Productivity Improvement | WB/IFAD/NB | 17,730 |
| Fisheries | Construction of Marine Fishing Ports | JPN | 8,080 |
| Energy | | | 64,035 |
| Distribution | Power Rehabilitation | ADB/NB | 12,025 |
| | Provincial Towns Improvement | ADB/NB | 17,000 |
| | Expansion of Power System | JPN | 35,010 |
| Finance^b | | | |
| Industry and Trade | | | |
| Transport | | | 153,291 |
| Roads | GMS: Phnom-Penh – Ho Chi Minh City | ADB | 45,605 |
| | Rural Infrastructure Improvement | ADB | 13,014 |
| | Mekong Bridge – Kampong Cham | JPN | 30,980 |
| | Primary Roads Improvement | ADB | 37,100 |
| | Road Rehabilitation Project | WB | 11,348 |
| Aviation | Siem Reap Airport | ADB/NB | 15,244 |
| Communications | | | 14,170 |
| Telecommunications | Rural Telecommunication Network | FRA | 2,500 |
| | Enhance MPT Training Institute | JPN | 2,670 |
| Information | Broadcasting to Develop Rural Areas | NB | 6,000 |
| | Reconstruct & Set Equipment | NB | 3,000 |
| Governance | | | 5,823 |
| Legislation & Judiciary | Judicial Courts Reconstruction | NB | 5,823 |
| Social Development | | | 63,346 |
| Water Supply & Sanitation | Development of Urban Water Supply | UNDP/WB | 599 |
| | Rural Water Supply | PRC | 1,560 |

NOTE: This list is for illustrative purposes only. It is based on information submitted by line ministries to the Public Investment Planning Unit in mid-1999. Thus, it does not include major activities not executed by line ministries such as demining, area development, and food aid. It may or may not include projects approved after mid-1999 depending on the practice of different ministries. Nor does it include program loans, support to central ministries, or technical assistance.

^a NB-National Budget, WB-World Bank, IFAD-International Fund for Agricultural Development, AUS-Australia, CAN-Canada, JPN-Japan, FRA-France, GER-Germany, UKG-United Kingdom, SWI-Switzerland, THA-Thailand, UNICEF-United Nations (UN) Children's Fund, UNESCO-UN Educational, Scientific, and Cultural Organization, WHO- World Health Organization, UNFPA- UN Population Fund, NGO-nongovernment organization, PRC-People's Republic of China, USA-United States of America, EU-European Union, UNDP-UN Development Programme, NZL-New Zealand.

^b The \$27 million Rural Credit and Savings Project scheduled for 2000 is not included.

Source: Public Investment Plan 2000-2002, Ministry of Planning.

| | | | |
|---|---|--|----------------|
| | Phnom Penh Water Supply & Drainage | ADB/NZL | 10,224 |
| | Phnom Penh Water Rehabilitation | FRA/JPN/UNDP/WB | 28,990 |
| | Rehabilitation of Water Supply | WB | 6,440 |
| | Provincial Town Water Supply & Sanitation | ADB | 10,000 |
| Gender Issues | Women In Development | JPN/NB | 5,533 |
| Education | | | 81,083 |
| Basic Education | Assuring Equitable Access | NB/NGOs/UNESCO/UNICEF/WB | 11,520 |
| | Basic Ed. Textbook/Improvement | ADB/FRA/NB/UNICEF | 15,180 |
| | Basic Education Improvement II | EU/GER/NGOs | 27,800 |
| | First Education Project | WB | 2,000 |
| Technical & Vocation | Rural Vocational Training | FRA/WB | 2,992 |
| | Basic Skills | ADB | 15,591 |
| | Science & Mathematics Teacher Training | JPN | 6,000 |
| Health | | | 274,113 |
| Primary Care | Public Health Institute | GER/NB/NGOs | 4,545 |
| | Controlling Food & Drugs Admin | WHO | 2,116 |
| | Pharmaceutical Reform | AUS/WHO/GER/NB/NGOs/UNICEF | 4,188 |
| | Women & Child Health | AUS/JPN/NB/NGOs/ UNFPA/UNICEF/WHO | 16,008 |
| | Basic Health Services | ADB/FRA/GER/JPN/NGOs NB/UNDP/USA/UKG UNFPA/UNICEF/WHO/WB | 190,789 |
| Tertiary Care | ENT/Mental Development | NB/NGOs | 4,883 |
| | Rehabilitation of National Hospitals | FRA/JPN/NB/SWI/THA | 14,007 |
| Immunization & Disease Control | Expanded Immunize & Polio Eradication | AUS/CAN/JPN/NB/NGOs/WHO | 4,273 |
| | AIDS/STD Programme | AUS/NB/WB/UNICEF/UNDP/WHO | 15,500 |
| | Malaria & Dengue Control | AUS/EU/NB/NGOs/UKG/USA/WHO/ WB | 8,135 |
| | Tuberculosis Control | FRA/JPN/NB/NGOs/UKG/WHO | 9,669 |
| AIDS/STD-acquired immunodeficiency syndrome/sexually transmitted disease, EENT-Eye, Ear, Nose and Throat, MPT-Ministry of Post and Telecommunications | | | |

Table A3.5: Current and Planned Activities of Major Aid Agencies

| Aid Agency | Agricultural Production | Communications | Education | Energy | Finance | Governance | Health | Industry & Trade | Natural Resources | Social Development | Transport |
|---|--------------------------------------|----------------|---|-------------------------------------|--|--|--|------------------------------------|--|--|-----------------|
| ADB | Sector development | | Basic education (primary & upper secondary) | Urban, provincial town power supply | Rural credit, basic financial services | Economic management, legal & judicial | Primary care | | Water resources critical wetlands | Rural development water supply & sanitation | Roads, airports |
| Australia | Research & Extension | | | | | Anti-corruption | Primary care | | | Mine clearance | |
| European Commission | | | Primary Education | | | | Disease prevention reproductive health | Support for ASEAN/WTO members hip | | Rural development | |
| France | | Rural Telecom | | | | | | | Water resources | | |
| Japan | Animal husbandry, fisheries | | Primary, tertiary | Urban power supply | | Economic management, legal and judicial | Maternal and child tuberculosis | | Water resources, forestry | | Bridges, port |
| Sweden | | | Primary | | | | | | | Rural development, mine clearance | |
| United States | | | | | | | | | | Humanitarian, mine clearance | |
| United Nations | Research and Extension | | Primary | | | Public administration reform, economic management | | | Natural resource management | Rural development, water supply, mine clearance Humanitarian, relief | |
| World Bank/ International Monetary Fund | Agriculture productivity improvement | | Primary | Provincial, rural power supply | Rural credit banking reform | Anti-corruption, demobilization, economic management | HIV/AIDS | Forestry, environmental protection | Social fund, rural development, water supply | Roads | |

Source: Public Investment Plan 2000-2002, Ministry of Planning

Table A3.6: Sectors of Planned ADF Investments

| | | |
|---|--|--|
| I. Agricultural Production | | VIII. Social Development |
| 1. Research, Extension, and Marketing | | 1. <u>Water Supply and Sanitation</u> |
| 2. Crops | | 2. <u>Rural/Area Development</u> |
| 3. Livestock | | 3. Gender Issues |
| 4. Commercial Forestry & Fisheries | | 4. Social Protection for the Vulnerable |
| 5. <u>Sector Development/Reform</u> | | |
| II. Energy | | IX. Natural Resources & Pollution Control |
| 1. Energy Sources | | A. Resource Management |
| 2. Hydropower Gen. & Trans. | | 1. Forest Use & Preservation |
| 3. <u>Conventional Gen. & Trans.</u> | | 2. Biodiversity |
| | | 3. <u>Critical Wetlands</u> |
| III. Finance | | 4. Coastal Zones |
| 1. <u>Basic Financial Services</u> | | 5. <u>Water Resources</u> |
| 2. Capital Markets | | <u>& Irrigation/Drainage Systems</u> |
| 3. Corporate Finance and Governance | | B. Pollution Control & Abatement |
| | | 6. Agricultural Chemical Management |
| IV. Industry & Trade | | 7. Urban & Industrial Waste |
| 1. Trade Reform | | 8. Energy Conservation |
| 2. State-Owned Enterprise Reform | | X. Education |
| 3. Small/Medium-size Enterprise Promotion | | 1. <u>Basic Education</u> |
| 4. Private Sector Group Investments | | 2. Upper Secondary |
| | | 3. Higher Education |
| V. Transport | | 4. Technical and Vocational Training |
| 1. <u>Roads</u> | | 5. Nonformal Education |
| 2. Railroads | | XI. Health |
| 3. Ports and Waterways | | 1. <u>Primary Care</u> |
| 4. Airports | | 2. Immunization and Disease Control |
| | | 3. Family Planning |
| VI. Communications | | 4. Tertiary Care |
| 1. Post | | |
| 2. Telecommunications | | |
| 3. Television, Radio, and Print | | |
| VII. Governance | | |
| 1. Public Finance & Administration | | |
| 2. Legislation & Judiciary | | |

ADF-Asian Development fund
 No ADF investments are planned in this sector.
 ADF Investments are planned in this subsector.

Table A3.7: 1999 Actual, 2000-2002 Pipeline, and 2003-2004 Proposed Pipeline

| Priority Area/Sector | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | Total | Percent |
|--|------|-----------|-----------|-----------|-----------|-----------|------------|--------------|
| Priority Area 1: Rural Economic Development | | | | | | | | |
| Rural Development | | | 20 | | | 25 | 45 | 11.3 |
| Agriculture | | | | | 30 | | 30 | 7.5 |
| Environmental Management | | | | 20 | | | 20 | 5.0 |
| Water Resources | | 20 | | | 30 | | 50 | 12.5 |
| Total | | | | | | | 145 | 36.3 |
| Priority Area 2: Human/Social Development | | | | | | | | |
| Basic Education | | | 30 | | | 35 | 65 | 16.3 |
| Basic Health | | | | 25 | | | 25 | 6.3 |
| Water Supply & Sanitation | 20 | | | | 25 | | 25 | 6.3 |
| Total | | | | | | | 115 | 28.8 |
| Priority Area 3: Private Sector Development | | | | | | | | |
| Transportation | 68 | | | 40 | | | 40 | 10.0 |
| Energy | | 25 | | | | 25 | 50 | 12.5 |
| Finance ¹ | | 20 | 30 | | | | 50 | 12.5 |
| Total | | | | | | | 140 | 35.0 |
| Total (\$ million) | | 65 | 80 | 85 | 85 | 85 | 400 | 100.0 |
| Core Poverty Interventions | | 20 | 20 | 20 | 30 | 25 | 115 | 28.8 |
| Poverty Interventions | | 20 | 30 | 25 | 55 | 35 | 165 | 41.3 |
| Pro-poor Growth Interventions | | 25 | 30 | 40 | 0 | 25 | 120 | 30.0 |

¹The 2000 intervention is Rural Credit and Savings

CURRENCY EQUIVALENTS
(as of 14 June 2000)

| Currency Unit | — | Riel (KR) |
|---------------|---|------------|
| KR1.00 | — | \$0.000258 |
| \$1.00 | — | KR3,880.50 |

ABBREVIATIONS

| | | |
|--------|---|---|
| ADB | — | Asian Development Bank |
| ADF | — | Asian Development Fund |
| AFD | — | Agence Française de Développement |
| AIDS | — | Acquired immune deficiency syndrome |
| AusAID | — | Australian Agency for International Development |
| CAAEP | — | Cambodia-Australia Agricultural Extension Project |
| CARERE | — | Cambodia Area Rehabilitation and Regeneration |
| CHDR | — | Cambodia Human Development Report |
| CIAP | — | Cambodia-IRRI-Australia Project |
| COS | — | Country Operational Strategy |
| DMC | — | developing member countries |
| EC | — | European Commission |
| EdC | — | Electricité du Cambodge |
| ESAF | — | Enhanced Structural Adjustment Facility |
| FDI | — | foreign direct investment |
| GDP | — | gross domestic product |
| GMS | — | Greater Mekong Subregion |
| HDI | — | Human Development Index |
| HDR | — | Human Development Report |
| HIV | — | human immunodeficiency virus |
| IMF | — | International Monetary Fund |
| MAFF | — | Ministry of Agriculture, Forestry and Fisheries |
| MEF | — | Ministry of Economy and Finance |
| MOEYS | — | Ministry of Education, Youth and Sports |
| MOP | — | Ministry of Planning |
| MPA | — | Minimum Package of Activity |
| MRC | — | Mekong River Commission |

| | | |
|-------|---|---|
| MWVA | — | Ministry of Women's and Veteran's Affairs |
| NBC | — | National Bank of Cambodia |
| NGO | — | Nongovernment organization |
| PIP | — | Public Investment Program |
| PRGF | — | Poverty Reduction and Growth Facility |
| RDB | — | Rural Development Bank |
| SEDP | — | Socioeconomic Development Plan |
| SMM | — | Strengthening Macroeconomic Management |
| SRAL | — | Special Rehabilitation Assistance Loan |
| TA | — | Technical Assistance |
| UN | — | United Nations |
| UNDP | — | United Nations Development Programme |
| UNTAC | — | United Nations Transitional Authority in Cambodia |
| US | — | United States |
| VDC | — | Village Development Committee |

NOTES

- (i) The fiscal year (FY) of Cambodia ends on 31 December.
- (ii) In this Report, \$ refers to US dollars.

This COS was prepared by Cindy Houser, Economist, Programs Department (West), with the assistance of Margarita M. Javier, Administrative Assistant. In addition to ADB's country team, including staff from all operations divisions and the Cambodia Resident Mission, a broad spectrum of stakeholders in Cambodia participated in COS development. Representatives from numerous Government agencies, the National Assembly, aid agencies, NGOs, and the private sector provided valuable advice that shaped the final document.

CAMBODIA
COUNTRY PERFORMANCE INDICATORS

| Item | 1995 | 1996 | 1997 ^r | 1998 ^p | 1999 ^a |
|--|-------------------------|-------|-------------------|-------------------|-------------------|
| ECONOMIC INDICATORS | | | | | |
| A. Income and Growth | | | | | |
| 1. GDP per Capita (current prices,\$) | 302 | 300 | 281 | 247 | 256 |
| 2. GDP Growth (constant 1993 prices, %) | 6.7 | 5.5 | 3.7 | 1.8 | 5.0 |
| Agriculture | 7.5 | 2.2 | 5.8 | 2.5 | 1.5 |
| Industry | 20.2 | 11.7 | 20.4 | 8.6 | 11.4 |
| Services | 4.2 | 4.8 | -3.7 | -1.3 | 5.8 |
| B. Saving and Investment (current market prices) | | | | | |
| | (percent of GDP) | | | | |
| 1. Gross National Saving | ... | ... | 4.2 | 5.9 | 8.5 |
| 2. Gross Domestic Investment | 12.9 | 13.5 | 13.0 | 12.9 | 15.8 |
| C. Money and Inflation | | | | | |
| | (annual percent change) | | | | |
| 1. Consumer Prices (annual average) | - | 7.2 | 8.0 | 14.8 | 4.0 |
| 2. Broad Money (M2) | 44.3 | 40.4 | 16.6 | 15.7 | 17.3 |
| D. Government Finance | | | | | |
| | (percent of GDP) | | | | |
| 1. Revenue | 8.5 | 9.0 | 9.7 | 8.9 | 11.5 |
| 2. Expenditure (on cash basis) | 16.5 | 16.1 | 13.9 | 14.8 | 15.5 |
| 3. Overall Fiscal Deficit (on cash basis) | -7.5 | -7.1 | -4.2 | -5.9 | -4.0 |
| E. Balance of Payments | | | | | |
| 1. Trade Balance (% of GDP) | -10.9 | -13.6 | -7.6 | -5.7 | -6.6 |
| 2. Current Account Deficit (% of GDP) ^b | -14.5 | -17.3 | -8.8 | -7.0 | -7.3 |
| 3. Export (\$) ^c growth (annual percent change) ^c | 2.4 | 10.5 | 81.0 | 13.0 | 13.3 |
| 4. Import (\$) ^d growth (annual percent change) ^d | 36.1 | 20.3 | 5.8 | -0.1 | 15.3 |
| F. External Payments Indicators | | | | | |
| 1. Gross Official Reserves (\$ million) | 181.7 | 233.7 | 262.1 | 390.2 | 422.2 |
| - months of imports of goods and services | 1.6 | 2.2 | 2.4 | 3.7 | 3.8 |
| 2. External Debt Service (% of exports of goods & services) ^e | 3.6 | 5.8 | 2.5 | 2.9 | 2.5 |
| 3. External Debt (% of GDP) ^f | 18.3 | 19.7 | 62.0 | 75.6 | 73.3 |
| Memorandum Items: | | | | | |
| GDP (current prices, KR billion) | 7,543 | 8,325 | 9,149 | 10,531 | 11,471 |
| Exchange Rate (KN per \$) | 2,467 | 2,640 | 2,991 | 3,774 | 3,815.0 |
| Population (million) | 10.1 | 10.5 | 10.9 | 11.3 | 11.7 |

^r Revised Estimates, ^p Preliminary Estimates, ^a Advanced Estimates

^b Excluding official transfers

^c Export growth = growth of domestic exports, excluding from total exports those imported goods reexported to neighboring countries to take advantage of tariff differences.

^d Import growth = growth of retained imports, excluding from total imports those imported goods reexported to neighboring countries to take advantage of tariff differences.

^e As percent of domestic exports of goods and services, convertible currencies only.

^f Total external debt outstanding 1995-1996 in this table excludes debt incurred to four former Council of Mutual Economic Assistance countries amounting to about \$1,346 million. This amount, included in 1997-1999, is indicative and subject to negotiations and rescheduling.

Sources: National Institute of Statistics, Ministry of Economy and Finance, National Bank of Cambodia, International Monetary Fund, staff estimates

CAMBODIA
COUNTRY PERFORMANCE INDICATORS

| | 1985 | 1990 | Latest Year |
|--|----------------|----------------|------------------------------|
| POPULATION INDICATORS | | | |
| Total Population (millions) | 7.5 | 8.6 | 11.7 (1999) |
| Annual Population Growth Rate (% change) | 3.18 | 2.72 | 2.5 (1998) |
| SOCIAL INDICATORS | | | |
| Total Fertility Rate (births per woman) | 4.6 (1987) | 4.5 (1992) | 4.1 (1998) |
| Maternal Mortality Rate (per hundred thousand live births) | ... | 900 | 473 (1998) |
| Infant Mortality Rate (below 1 year; per '000 live births) | 145 | 123 (1992) | 89 (1998) |
| Life Expectancy at Birth (years) | 46 | 50 (1992) | 53.4 (1997) |
| Female | ... | ... | 58.6 (1997) |
| Male | ... | ... | 51.4 (1995) |
| Adult Literacy (%) | 29 (1980-1985) | 35 | 65.9 (1997) |
| Primary School Gross Enrollment Rate (%) ^a | 42 (1970-1975) | ... | 94.5 (1997) |
| Female | 35 (1970-1975) | ... | 86.4 (1997) |
| Secondary School Gross Enrollment Rate (%) ^a | 10 (1970-1975) | ... | 29 (1989-1994) |
| Female | 6 (1970-1975) | ... | ... |
| Child Malnutrition (% of under age 5) | 20 (1980-1985) | 38 | 49 (1998) |
| Population Below Poverty Line (%) | ... | ... | 36.1 (1997) |
| Income Ratio of Highest 20% to Lowest 20% | ... | ... | ... |
| Population with Access to Safe Water (%) | ... | 36 (1988-1991) | 30 (1990-1997) |
| Population with Access to Sanitation (%) | ... | 14 (1988-1991) | 19 (1990-1997) |
| Government Education Expenditure (% of GDP) | ... | 0.70 (1991) | 1.6 (1998) |
| Government Health Expenditure (% of GDP) | ... | 0.30 (1991) | 1.0 (1998) |
| Human Development Index | ... | 0.186 | 0.514 (1997) |
| Human Development Index (Rank) ^b | ... | 148 | 137 (1997) |
| ENVIRONMENTAL INDICATORS | | | |
| Energy Efficiency of Emissions | | | |
| Traditional fuel use (% of total energy use) | ... | 100 | 89.3 (1996) |
| Carbon dioxide emissions (total metric tons) | ... | 0.3 | 0.5 (1996) |
| Carbon dioxide emissions (per capita metric tons) | ... | 0.0 | 0.0 |
| Water Pollution | | | |
| Emissions of organic water pollutants (kg/day) | ... | n.a. | 12,078.0 (1997) ^c |
| Industry share of emissions of organic water pollutants | ... | n.a. | ... |
| Wood (%) | ... | n.a. | 5.8 (1997) ^c |
| Primary Metals (%) | ... | n.a. | 0.0 (1997) ^c |
| Paper and Pulp (%) | ... | n.a. | 3.4 (1997) ^c |
| Chemical (%) | ... | n.a. | 3.3 (1997) ^c |
| Food and Beverages (%) | ... | n.a. | 59.2 (1997) ^c |
| Textiles (%) | ... | n.a. | 24.7 (1997) ^c |
| Land Use and Deforestation | | | |
| Forest area (sq km '000) | ... | n.a. | 98 (1995) |
| Average annual deforestation (sq km) | ... | n.a. | 1,638 (1990-95) |
| Average annual deforestation (% change) | ... | n.a. | 1.6 (1990-95) |
| Rural population density (people per sq km of arable land) | ... | n.a. | 259 (1997) |
| Arable land (% of land area) | 11.3 | ... | 21 (1997) |
| Permanent cropland (% of land area) | 0.4 | ... | 0.6 (1997) |
| Biodiversity and Protected Areas | | | |
| Nationally protected areas (sq km '000) | ... | n.a. | 28.6 (1996) |
| Percent of total land area | ... | n.a. | 16.2 (1996) |
| Mammals (number of threatened species) | ... | n.a. | 23 (1996) |
| Birds (number of threatened species) | ... | n.a. | 18 (1996) |
| Higher plants (number of threatened species) | ... | n.a. | 5 (1996) |
| Reptiles (number of threatened species) | ... | n.a. | 9 (1996) |
| Amphibians (number of threatened species) | ... | n.a. | 0.0 |
| Urban | | | |
| Urban population (millions) | ... | 0.8 | 1.7 (1998) |
| Percentage urban | ... | 12 | 15 (1998) |

^a Gross enrollment ratio is defined as the number enrolled in a level of education, whether or not they belong in the relevant age group for that level, expressed as a percentage of the population in the age group 6-10 years for primary school, 11-13 years for lower secondary school, and 14-16 years for upper secondary school.

^b For 1990 and 1995, a total of 173 and 174 countries, respectively, were ranked from high to low human development, using the Human Development Index as basis.

^c Data refer to most recent year between 1993 and 1997.

Sources: National Institute of Statistics, various surveys; Ministry of Economy and Finance; Ministry of Planning; Ministry of Health; Ministry of Education, Youth and Sports; MOP. 1998. Cambodia Human Development Report 1998; UNDP. Human Development Report, various issues; World Bank. World Development Report, World Development Indicators, various issues; FAO Production Yearbook, various issues; and staff estimates.

CAMBODIA

