



# Cambodia development cooperation report 2009

August 2010

This report summarises the bilateral aid program's progress in 2009 towards the objectives of the draft Cambodia country strategy. Reports on the program's performance in previous years are available on the Australian Agency for International Development's (AusAID's) web site.

## Context

Cambodia remains one of the United Nations 49 least developed countries. In the decade prior to 2009 sustained economic growth and greater political stability in Cambodia drove impressive gains in poverty reduction. The extreme poverty rate of 30% in 2008 had improved from 35% in 2004 and 45% in 1993.

Successive global food, fuel and economic crises in 2008 and 2009 exposed the fragility of these gains. Following a decade of average economic growth of 8%, the Cambodian economy contracted by an estimated -2.75% in 2009. The crises exposed both the vulnerability of a significant number of people living just above the poverty line and the increasing income inequality in urban and rural development.

It is now clear that Cambodia will not meet a number of its Millennium Development Goals (MDGs). The maternal mortality rate (472 per 100 000 live births in 2005) is one of the highest in South East Asia and has not improved since 2000. Slow progress is being made in gender equality and preventing violence against women.

Modest economic recovery is expected in 2010 with forecast growth of up to 4.5%.

AusAID is well placed to support Cambodian efforts to address a number of key structural constraints to greater economic growth. Agricultural productivity offers significant future economic benefits but is currently stifled by factors such as ineffective irrigation and low-quality fertiliser use. Transport infrastructure continues to be challenged by an increasing population and bottlenecks which restrict trade and regional integration. High domestic power prices hinder economic competitiveness and rural development.

While Cambodia remains dependent upon foreign development assistance it is a dependence that is changing in nature. Of the \$US900 million in aid pledged in 2009, US\$250 million was provided by China.

Within this environment Australia is a large middle-sized donor. Total official development assistance in 2009-10 is estimated to be \$63.4 million, placing Australia as the fourth largest bilateral donor and the eighth largest donor overall. AusAID's bilateral program, for this same period, is estimated to be \$49.9 million (Table 1).

**Table 1: Estimated bilateral expenditure in Cambodia in 2009–10**

Objectives	\$ million	% of bilateral program
Rural poverty reduction through agricultural development	4.21	9.0
Food and livelihood security	8.21	18.0
Health service delivery	15.61	31.0
Law and justice	6.16	13.0
Infrastructure	8.55	18.0
<b>Total</b>	<b>\$46.50</b>	<b>89.0</b>

## Progress towards objectives

Table 2 summarises the progress in 2009 towards the objectives in the draft Cambodia country strategy.

**Table 2: Ratings of the program's progress in 2009 towards objectives**

Objective	Rating in 2009	Relative to previous rating
<b>Rural poverty reduction through agricultural development</b> 1. Increased value of agricultural production and smallholder income in targeted provinces	■	Improved
<b>Food and livelihood security</b> 2. Increased food and livelihood security for the rural poor	■	Not applicable
<b>Health service delivery</b> 3. Improved health system management, financing and service delivery	■	Unchanged
<b>Law and justice</b> 4. Improved capacity and commitment of courts, prisons, police and provincial authorities to function effectively and equitably	■	Unchanged
<b>Infrastructure</b> 5. Improved transport and energy infrastructure	■	Not applicable

Note:

■ The objective will be fully achieved within the timeframe of the strategy.

■ The objective will be partly achieved within the timeframe of the strategy.

■ The objective is unlikely to be achieved within the timeframe of the strategy.

## Rural poverty reduction through agricultural development

**Objective 1:** Increased value of agricultural production and smallholder income in targeted provinces

In 2009, key program support for this objective was provided through the Cambodian Agricultural Value Chain (CAVAC) project and participation in the World Bank's Development Policy Operation for Smallholder Agriculture and Social Protection.

The CAVAC program's inception phase commenced in early 2009 with the mobilisation of the team leader and the Australian Centre for International Agriculture Research (to manage the research and extension component). CAVAC started three large-scale research activities on improving rice and vegetable productivity, building resilience to diseases, pests, floods and droughts and marketability of rice and vegetables. CAVAC also identified the rehabilitation of small-scale irrigation infrastructure as a cost-effective way to improve farmer access and use of



water. By mid-2010, two small-scale irrigation projects were completed in Kampot and Takeo provinces.

Gender issues will significantly influence CAVAC's impact and a gender strategy has been developed to inform future project activities. CAVAC will promote equal participation of women and men in decision making and ensure that women benefit in an equitable manner that reflects their predominance in agricultural production, marketing and trading in Cambodia.

AusAID's partnership with the World Bank on smallholder agriculture and social protection issues has effectively linked World Bank policy expertise and influence with AusAID's bilateral and global program resources. In 2009, AusAID contributed to the analysis of structural constraints to agricultural productivity and trade improvement. Policy actions achieved include Royal Government of Cambodia decisions to establish a price and quality oversight mechanism for fertiliser, accelerate farmer organisation registration, and lift the ban on rice exports.

All of AusAID's program activities are aligned with the Royal Government of Cambodia's Strategy for Agriculture and Water 2010–2013. This strategy is a comprehensive framework for increasing and diversifying agricultural production although it is not yet linked to government planning and budgeting. Through its partnership with the World Bank, Australia supported a public expenditure review in 2009. The review provided rigorous analysis and recommendations for improving government expenditure on agricultural research, communicating knowledge to farmers and operating and maintaining irrigation schemes.

## Food and livelihood security

Objective 2: Increased food and livelihood security for the rural poor

In 2009, program support included funding for: food programs; mine clearance, risk education and survivor assistance; and community-based rural development.

AusAID is the largest supporter of the United Nations World Food Programme (WFP) in Cambodia. Focus areas include school meals and fortified food for pregnant and nursing mothers and persons living with HIV and tuberculosis. WFP's food for work programs provide food support for farmers and labourers during the pre-harvest lean season, in payment for their work in constructing community assets and agricultural infrastructure.

AusAID support through non-government organisation (NGO) cooperation agreements is continuing to promote mine clearance and land allocation to poor households, significant increases in agricultural production and household incomes and landmine/unexploded ordnance risk education and survivor assistance. AusAID support for the demining Clearing for Results project strengthened national and sub-national capacity to target mine clearance resources for development priorities, releasing cleared land for productive use by the poor.

AusAID support to Royal Government of Cambodia efforts to include people with disability in development through the Landmine Survivors Assistance Program led to the adoption of the Law Promoting and Protecting the Rights of People with Disabilities and the endorsement of Cambodia's National Plan of Action for Persons with Disabilities.

The global economic crisis highlighted the need to develop a comprehensive National strategy for social protection (NSSP) for Cambodia's poor and vulnerable households. Key actions achieved under the social protection component of the World Bank's Development Policy Operation included government provision of 2000 metric tonnes of rice per year for school





Support continued for the trial of a new community-based support model in Kampot province designed to increase the number of poor accessing health facilities. The success of this model will be evaluated in late 2011. Two midwifery trainers were also funded to support practical training and curriculum development at the University of Health Sciences, to address a national shortage of midwives.

In addition, the HIV/AIDs Asia Regional Program is managed bilaterally in Cambodia. Implementation started in 2009 with a memorandum of understanding with the Royal Government of Cambodia, grants awarded to four NGOs to expand needle and syringe programs and a partnership with the World Health Organization for methadone treatment. Procedures, staff training and a methadone clinic were established and treatment will begin in 2010. While preparation for expanded needle and syringe programs was undertaken, government approval for new programs was deferred. In 2010, the HIV/AIDs Asia Regional Program will increase effort on the enabling environment to support the implementation of harm reduction in Cambodia.

## Law and justice

**Objective 4:** Improved capacity and commitment of courts, prisons, police and provincial authorities to function effectively and equitably (particularly in dealing with vulnerable groups)

In 2009, support for this objective continued through the Cambodia Criminal Justice Assistance Project Phase 3 (CCJAP) to improve the management of courts, police and prisons, as well as community crime prevention through support for NGOs and local government.

Activity-level progress was made in a number of areas, in particular community engagement and prison reform. Community crime-prevention activities were increased, with coverage going from 2 districts/2000 people in 2008 to 15 districts/60 000 people. A significant increase in the number of crime-prevention and community safety-related gender initiatives contributed to the development and finalisation of the National Domestic Violence Prevention Plan. Violence against women remains a serious concern, however research indicates progress is being made through combined donor and government efforts. A survey of 3000 people in 2009—supported by AusAID, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and United Nations—found more awareness of domestic violence and less abuse. Fifty-three per cent of respondents knew a husband who physically abused his wife, down from 63% in a similar survey in 2005.

Within the prisons component, excessive pre-trial detention was reduced in CCJAP-supported provinces, from 121 male/3 female in 2008 to 82 male/0 female in 2009. Ministry of Health-accredited prison health posts increased from 4 in 2008 to 25 in 2009 and a significant increase in voluntary testing for tuberculosis and HIV, in CCJAP-supported prisons. Prisoners in rehabilitation programs also increased by 30% from 2473 in 2008 to 3207 in 2009 (representing 25% of the total prison population in Cambodia).

Despite this project activity, concerns remain about the systemic impact on legal and judicial reform in Cambodia that forms the central rationale for Australia's activities in this area.

In 2009, the Extraordinary Chambers of the Courts of Cambodia began the first public hearing of the chief of the Tuol Sleng torture centre. The hearing accelerated community understanding of the Khmer Rouge period, and is an important step in achieving recognition for victims. The verdict for this case was delivered in June 2010 resulting in a conviction and lengthy prison sentence. A second hearing of senior leaders is due to start in late 2010.





## Infrastructure

### Objective 5: Improved transport and energy infrastructure

Infrastructure is included as a strategy objective for the first time in the 2010 Annual Performance Program Report (APPR) after management of three sub-regional infrastructure projects has been handed over from a sub-regional program to the Cambodia program, and support to rehabilitate the Cambodian national railway has started. These projects are co-financed with the World Bank and Asian Development Bank.

The rural electrification project will connect and supply subsidised electricity to 13 000 poor households; the Southern Coastal Corridor project will promote economic activities and facilitate trade among Cambodia, Thailand and Vietnam and the Road Asset Management project will support the Royal Government of Cambodia to conduct periodic maintenance of about 950 kilometres of road. Targeted Australian technical support has improved the design of these projects particularly in the areas of gender, HIV/AIDS and monitoring and evaluation. Gender is integrated into the projects through the implementation of the HIV/AIDS strategy, resettlement plan and human trafficking awareness program.

While delays have been experienced in implementing the three non-rail activities, their development objectives remain relevant and are still expected to be achieved.

Australia is also providing a \$25 million contribution to the Asian Development Bank's \$140 million Rehabilitation of the Railway in Cambodia Project, with the transfer of railway management from the Cambodian state railway authority to a private sector concessionaire (Toll Holdings). Works started in late 2009 and the initial section of track from Kampot to Phnom Penh is expected to be operating by October 2010. Implementation challenges include managing sensitive land resettlements and establishing effective program management arrangements for the large number of stakeholders active in the project.

## Scholarships

Australian Development Scholarships (ADS) were targeted to each of the five objectives (Table 1) for development assistance. The 2009 independent evaluation of ADS found that the relatively modest program of about 20 scholarships per year had produced good results. More than 260 Cambodian civil servants have completed postgraduate qualifications in Australia since 1992. Alumni occupy a range of senior government positions in Cambodia, including as under-secretaries of state, directors-general and senior advisors. Five open places for applicants from the private sector and civil society were created in 2009, in addition to 20 places for civil servants. These were in high demand from quality applicants and more places in the open category is planned for 2010.

## Program quality

A direct comparison of 2009 program performance with 2008 has been made difficult by the start of new agriculture and health activities (CAVAC and HSSP2) and the introduction of four new infrastructure activities in 2009. Disbursements for these activities (an important determinant of efficiency) have been low as expected.

Practical measures to improve aid effectiveness remain a priority. Within AusAID's criminal justice program progress has been made to improve the pace of implementation through the use of low-cost and high-return initiatives and the sound use of local Cambodian rather than international advisers. The partnership with the United Kingdom in the health sector is



another example of the practical steps taken to improve donor harmonisation and reduce the burden on government in managing the relationships and operational demands of different donors. Nonetheless ensuring sustainability of aid effectiveness remains a challenge. While AusAID's activity objectives are directly aligned with government priorities, the integration of Australian development assistance (and those of other donor partners) with the government's own planning and budgeting is not yet strong.

In 2009, significant progress in incorporating gender strategies and social-impact monitoring indicators into the designs of new programs such as CAVAC, Rehabilitation of the Cambodian National Railway and reviews of existing programs such as mine action, Southern Coastal Corridor and the ADS. Gender issues are directly addressed through the health program and Australia has provided support to the Cambodian Government to integrate gender issues into strategies to prevent domestic violence and mine action policies. Australia has taken the lead to ensure that disability is included into the draft NSSP.

## Next steps

### Country strategy

The finalisation of a new five-year country strategy will provide an important framework for the delivery of AusAID's current, and development of future, activities.

Consistent with the 2009 APPR, AusAID proposes that the aid program concentrate on four key areas over the new country strategy period: rural development; health; law and justice; and infrastructure. Each of these areas offers an opportunity to work with the Cambodian Government in the delivery of services as well as with other partners to increase the likelihood of a highly visible and measureable impact.

An important commitment of the country strategy is to address the imbalance in the number of ADS places offered annually to Cambodia compared to other Mekong countries. This imbalance runs contrary to AusAID's support for building skill. The Agency will therefore double the number (to 50) of ADS places offered to Cambodia over next country strategy period. While the existing allocation of 20 places for government officials will remain, the remaining 30 will be open to government, civil society and the private sector. Improving links with alumni will further support returning scholars.

### Country program management

#### Agriculture and rural development

In 2010, full implementation of CAVAC activities to improve the value of agricultural production and smallholder income will begin. Greater coherence will also be pursued between AusAID's agriculture, rural development and social safety net activities (including in the health sector).

The NSSP provides a useful framework for Australia's engagement with government and development partners. AusAID will also work with the WFP to improve the impact assessment of its food aid, increase the benefit of its purchasing power for smallholder farmers, and strengthen the ownership and commitment of government. CAVAC may also play a pivotal role by engaging the WFP to use food-for-work schemes to rehabilitate irrigation systems.



In 2010, AusAID resumed a role on the Technical Working Group on Agriculture and Water. This role provides an opportunity to pursue increased government budget allocations to priority areas.

#### Health

To achieve the health MDGs, increased access to health services is required. Health equity funds remain the key strategy, however national geographic coverage has stalled at about 50%. In 2010 this will be a key issue, with AusAID advocating for the approval of the National NSSP and the establishment of a Social Health Protection Office to manage the expansion of health equity funds.

The World Bank, as an HSSP2 partner, has initiated an international alliance with the Global Fund and the Global Alliance for Vaccines and Immunisation. This will open up new opportunities for greater cooperation across the health sector in Cambodia, including possible streamlining of procurement and funding.

In 2010, AusAID will increase high-level advocacy for harm reduction, including support for needle and syringe programs. The Agency will do this alongside other key players such as the World Health Organization, Joint United Nations Programme on HIV/AIDs and United Nations Office on Drugs and Crime.

#### Law and justice

Priorities in 2010 will continue to focus on support for areas showing progress such as community-level policing, crime-prevention activities and support for practical measures to improve the welfare of prisoners in Cambodia's corrections system.

In the medium term a development case and framework for possible assistance in the law and justice area will be developed noting that CCJAP will finish in February 2012. Criminal justice remains important to development in Cambodia. Improving relations between criminal justice institutions and the public may therefore be an important investment in long-term state building.

Two principles will guide the development of a new law and justice program. First, focus on activities that can deliver tangible and immediate benefits for Cambodian citizens. Second, focus on issues where there are opportunities for progress and reform and which offer the potential to deliver broader governance dividends.

An initial assessment by an independent review team has identified a focus on human rights support and/or community-based justice initiatives that are aligned with the Cambodian Government's decentralisation reforms as prospective areas for future engagement. Both offer an opportunity to build on the most successful parts of AusAID's existing program. Further work will be undertaken in 2010-11 to assess these and other options.

#### Infrastructure

Addressing the implementation delays being experienced in Australian-funded infrastructure activities is a critical challenge in 2010-11.

For the three non-rail activities underway AusAID will work with partners to monitor implementation progress and, if necessary, identify by the end of the first quarter of 2010-11 options to either amend the scope or duration of projects.



