



Samdech **HUN SEN**
Prime Minister of the Royal Government of Cambodia

FOREWORD

The National Strategic Development Plan, 2006-2010 (NSDP), approved in 2006 provides an overview of aspirations and realizable goals for the people of Cambodia as they march towards steady improvements of socio-economic environments, self-reliance, living conditions and quality of life, human security and dignity, and development for one and all in the country. I have already underlined that **“NSDP is a blue print for further progress on building the edifice of Cambodia, and is the single, all-encompassing major RGC policy documents for the next five years.”**

The NSDP is at the same time a flexible document, designed to be fine-tuned on a regular basis through measurement and evaluation of progress as it takes place. It is envisaged that the implementation of NSDP is monitored and evaluated through an Annual Progress Report on the achievements and shortfalls and the adjustments necessary.

The Annual Progress Report is to serve as a “state of the nation” report to the people of Cambodia and international audience. Like the NSDP, the APR is meant to be a practical document. It is an assessment of progress made and deficiencies encountered and a means to adjust parameters without losing sight of the main goal of achieving progress and poverty alleviation in both geographical and sectoral terms across the country.

This Annual Progress Report (APR) for 2006, the first year of operation of the NSDP, has been developed through several stages of intense consultations among all stakeholders both within and outside the Royal Government. Thus, it represents a collective consensus on its contents. It reflects realities as they are and presents a true picture of Cambodia. It is organized, as the NSDP, along the structure of the Rectangular Strategy.

Among major achievements and changes since the start of the NSDP, have been:

- In matters of governance, the successful conclusion of the second commune level elections providing people the opportunity to exercise their fundamental democratic rights in a free, open, fair and peaceful manner, thus further concretizing the foundations of democracy in the country;
- Spectacular macro-economic performance in 2006 leading to higher forecasts than envisaged in NSDP; and
- Better and more reliable social indicators emerging from the Demographic and Health Survey of 2005, in particular reducing HIV infection levels among adults to 0.6%, significantly lower than earlier estimates of 1.9%.

It is critically important that all RGC ministries and agencies and our external development partners alike are to align their policies and programmes strictly to NSDP. The progress on this front has not been up to expectations. This aspect needs to be addressed with urgency and earnestness. All on-going and new programmes of support need to be reviewed carefully through TWGs and the optimum use of all resources need to be ensured to bring about net and real development rather than merely reports and technical assistance.

I again urge and expect all government agencies and external development partners to strictly adhere to the priorities set out in the NSDP.

Sd/-

Samdech HunSen
Prime Minister
29 May 2007

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CAMBODIA AT A GLANCE

GENERAL

Total Geographic area: Sq. Kms.,	181,035
No. of Provinces	24
No. of urban areas, including PNH municipality	162
No. of Districts	185
No. of Communes	1,621
No. of Villages	13,890
Fiscal Year	January-December
Currency	Cambodian Riel (CR)

NOTE: 2005 & 2010 figures shown in NSDP have changed in some places based on updated data or surveys

	Particulars	Unit	2005	2006 Estimates	2010 Projected
	KEY INDICATORS				
1.00	Poverty Levels		(2004)		
1.01	Total for the Country	% of population	34.7		25.0
	59% of the country (1993/94 survey)	%	28.0		
1.02	Phnom Penh	%	4.6		
1.03	Other Urban	%	24.6		
1.04	Rural	%	39.2		
1.05	Population below food poverty line	%	19.7		13.0
2.00	Gender Issues				
2.01	Women in Labour Force: In agriculture	% of Total LF	52.50		50
2.02	In Industries	% of Total LF	53.50		50
2.03	In Services	% of Total LF	27.00		37.00
3.00	Population				
3.01	Total	Million	13.80	14.08	15.03
3.02	Population Density	per sq. km	74 (2004)	79	84.0
3.03	Female (100): Male – Ratio	%	93.5 (2004)	94.38	94.85
3.04	age 0-14	%	39 (2004)	37.3	46.5
3.05	age 15-59	%	55.1(2004)	57.2	45
3.06	age 60 and above	%	5.9 (2004)	5.5	4.8
3.07	Rural	%	85.00		N/A
3.08	Urban	%	15.00		N/A
3.09	Annual Growth rate	%	1.81(2004)		2.1
3.10	Total Fertility rate (per a woman)	live births	3.4		3.4
3.11	Life Expectancy at birth: Male	yrs	57.87		
	Female	yrs	64.14		
4.00	Macro Economic				
4.01	Annual GDP (<i>constant prices</i>)	Billion Riels	21,812	24,080	31,992
4.02	-- of GDP: Agriculture: Crops	%	16.89	15.81	14.40
4.03	: Livestock and Poultry	%	4.55	4.46	4.30
4.04	: Fisheries	%	7.82	7.35	6.10
4.05	: Forestry	%	2.17	2.09	1.64
4.06	: Manufacturing Industry	%	19.86	21.19	22.53
4.07	: Construction	%	6.32	6.63	6.82
4.08	: Tourism (Hotels & Restaurants)	%	4.19	4.68	5.86
4.09	: Transport	%	6.09	6.00	5.56
4.10	: Other Services	%	8.28	8.32	8.78
4.11	GDP Per Capita	000 Riels	1,847.77	2,104.84	2,888.45

	Particulars	Unit	2005	2006 Estimates	2010 Projected
4.12	Annual GDP Growth Rate (constant prices)	%	13.40	10.80	7.00
4.13	Inflation (year-average)	%	5.80	4.70	3.00
4.14	Exchange rate:	US\$= Riels	4,092	4,103	4,200
4.15	Gross Foreign Reserves ¹ (In months of imports of goods and non-factor services)	Months of Imports	2.80	2.90	3.00
4.16	FDI: Investments -- for the year	US\$ million	375	475	620
5.00	Fiscal				
5.01	Total Budget Revenues	% of GDP	10.60	11.50	11.60
5.02	Tax Revenues	% of GDP	7.80	8.10	9.00
5.03	of which - Direct taxes	% of GDP	0.90	1.10	1.30
5.04	- Indirect taxes	% of GDP	4.40	4.40	4.90
5.05	- International trade taxes	% of GDP	2.20	2.20	2.40
5.06	Non-Tax Revenues	% of GDP	2.30	2.10	2.40
5.07	Total Budget Expenditures	% of GDP	13.30	14.20	14.90
5.08	of which - Current Expenditures	% of GDP	7.70	8.00	9.50
5.09	- Capital Expenditures	% of GDP	5.20	5.80	5.0
6.00	Official Development Assistance (incl. NGOs)				
6.01	Total	US \$ Millions	550.00		550.00
6.02	of which TA	US \$ Millions	N/A		N/A
6.03	Other than TA	US \$ Millions	N/A		N/A
7.00	Agriculture, Forestry and Fisheries				
7.01	Land under crops	000 Ha	2,893	2,930	3,500
7.02	Irrigated land area	000 Ha	596.3	721.3	810.3
7.03	Paddy: cultivated area	000 Ha	2,438	2,480	2,500
7.04	Yield per hectare	tons	2.48	2.49	2.50
7.05	Fishing Lots	Sq. Kms	4,152	4,150	4,150
7.06	-- Released to Community Fishing	%	56.5		56.5
7.07	Fish: Catch (from all sources)	Tons	340,000	505,000	445,000
7.08	Forestry cover	% of land area	60	59	60
7.09	Reforested (cumulative total from 1985)	Ha	15,729	16,825	30,000
7.10	Fuel Wood Dependency	% households	83.9	83.9	61.0
7.11	Land Reforms: Titles issued to farmers	% of total of land parcels	15	17	24
8.00	Rural Development				
8.01	Rehabilitated roads -- (of total 28,000 kms)	Kms	22,700	23,710	25,000
8.02	Drinking Water access: (rural)	% of popn	41.6	42.6	45
8.03	Access to sanitation (rural)	% of popn	15.7	15.8	25
9.00	Industries				
9.01	Manufacturing output	Billion Riels	15,960	19,284	30,611
9.02	of which Garment Industry : output	Billion Riels	9,571	12,709	20,600
9.03	: Labour force	Nos	305,678	307,902	369,026
10.00	Energy				
10.01	Energy Used: Gasoline & Diesel	Tons	196,323	227,908	317,350
10.02	Electricity Generated	Gwh	982.748	1,073.28	1,346.00
10.03	Length of transmission net work (115 KVA)	KMs	134	279	444
10.04	No. of household consumers	Nos	208,476	250,000	370,000
10.05	Per capita consumption/year	Kwhs	54.01	83.95	89.11
11.00	Transport				
11.01	Primary & Secondary roads (paved)	Kms	11,3 10 (2,100)	11,3 10 (2,732)	11,3 10 (4,100)

¹ Based on the IMF concept.

	Particulars	Unit	2005	2006 Estimates	2010 Projected
11.02	Railways	Kms	602	602	650
11.03	International Ports	Nos	2	2	2
11.04	International Airports	Nos	2	3	5
12.00	Telecommunications				
12.01	Telephones in use (landline & mobile)	000's	882	1,179	1,469
12.02	Internet users	Nos	8,632	8,960	22,500
13.00	Tourism				
13.01	Visitor arrivals	Million nos	1.30	1.70	3.12
13.02	Estimated Foreign Exchange earned	US\$: million	600.00	1,049	1,500.00
14.00	Public Information				
14.01	Khmer Language Daily Newspapers	Agency	16	23	35
14.02	Foreign Language Daily Newspapers	Agency	6	10	18
14.03	In-country Radio Stations	Nos.	21	22	27
14.04	In-country TV Channels	Nos.	14	15	17
14.05	No. TV sets used by People	000's	700	1,000	1,800
15.00	Health				
15.01	Infant mortality (under age 1)	Per 1,000 live brths	66	65	60
15.02	Under 5 Child Mortality	Per 1,000 live brths	82	82	83
15.03	1 year olds immunised against DPT3	%	83	76	85
15.04	1 year olds immunised against measles	%	80	70	85
15.05	Maternal Mortality Ratio	100,000 brths	N/A	472	243
15.06	Birth attended by skilled health personnel	%	44	N/A	70
15.07	Malaria cases: treated at public health sector	per 1,000	7.30	5.10	6.00
15.08	Malaria cases fatality rate	%	0.36	0.39	0.25
15.09	Prevalence of smear positive TB	per 100,000	N/A	269	214
15.10	TB death rate	per 100,000	N/A	N/A	60
15.11	HIV/AIDs: Adult prevalence rate	% 15-49 yrs	1.9	0.60	0.5
15.12	Referral Hospitals	Nos	69	69	
15.13	Health Centres	Nos	965	972	
15.14	Drinking Water access:(urban)	% of popn	35.0	37.0	75.0
15.15	Access to sanitation (urban)	% of popn	55.0		67.0
16.00	Education		2004-2005	2005-2006	2009-2010
16.01	Primary Schools	Nos	6,180.0	6,277.0	N/A
16.02	Longest distance to a prim. school	Kms	2.0	N/A	1.50
16.03	Net Enrolment: Total	%	91.9	91.3	100
	Boys	%	93.0	93.0	100
	Girls	%	90.7	89.7	100
16.04	Net Enrolment: Urban	%	91.6	91.2	100
	rural	%	92.4	91.7	100
	remote	%	82.5	83.7	100
16.05	Survival rate: 1-6 yrs	%	53.1	48.15	100
16.06	Lower Secondary Schools	Nos	800	911	
16.07	Longest distance to a lower sec. school	Kms	8	N/A	4
16.08	Net Enrolment: Total	%	26.1	31.3	50
	Boys	%	27.3	32.1	50
	Girls	%	24.8	30.4	50

	Particulars	Unit	2005	2006 Estimates	2010 Projected
16.09	Net Enrolment: Urban	%	41.3	50.1	75
	rural	%	23.7	28.6	50
	remote	%	3.9	06.0	50
16.10	Survival rate: 1-9 yrs	%	29.3	26.48	50
16.11	Literacy 15-24 yrs: Total, Male/Female	%	83.4	84.7	95
17.00	De-Mining Programme				
17.01	Annual Casualties (deaths & injured)	Nos	875	440	200
17.02	Total cumulative area cleared of mines/UXOs	Ha	30,263	35,436	45,000
18.00	Culture				
18.01	No. National and International Visitors to National Museum	Nos	66,571	91,508	100,000
18.02	Revenue in Foreign Currency	US\$	129,177	183,381	900,000
18.03	Revenue in Local Currency	000CR	5,656	8,176	10,000

CHAPTER I

INTRODUCTION

1.01 The National Strategic Development Plan (NSDP) for 2006-2010, endorsed by the Council of Ministers on 27 January 2006 and receiving the formal approval of His Majesty the King of Cambodia on 23 June 2006, is considered the single, overarching document that outlines RGC's priority goals and strategies to reduce poverty rapidly, and to achieve other CMDGs and socio-economic development goals for the benefit of all Cambodians. It operationalises the Rectangular Strategy to achieve intended goals.

1.02 The NSDP, as a live instrument, is to be updated and revised as development progresses as monitored through annual assessments carried out every year. The present document contains the Annual Progress Report on the implementation of NSDP during 2006. To be referred to as NSDP-APR, 2006, this document updates all data contained in the NSDP for the base year 2005 and as forecast for the five years 2006-2010. It outlines and analyses progress and projections both in quantitative and qualitative terms.

1.03 The main objectives of the NSDP-APR are to:

- Assess, review and articulate the progress made or shortfalls encountered in implementing the NSDP in all its aspects during 2006, along with analysis of causes for success or failure.
- Inform policy makers, EDPs and the Cambodian public in general about such progress or lack thereof.
- Serve as a “State of the Nation” annual record to provide a ‘snapshot’ of Cambodia, which could be of use as a reference and resource document to a wide range of stakeholders interested in Cambodia including for investors interested in investment in Cambodia.

1.04 The NSDP-APR provides, at appropriate places, the following:

- Progress in implementing key strategies and actions in various sectors outlined in NSDP, in particular preparation of sector plans at the national and sub-national levels, where they do not exist at present.
- Assessment of progress made in achieving selected core indicators of NSDP (Table 3.2 of NSDP).
- The degree of alignment of pledges and disbursements by the external development partners with sectoral priorities targeted in the NSDP (Table 5.2 of NSDP).
- Recommendations and proposed adjustments to the NSDP.

1.05 The important features of NSDP-APR are:

- The document covers a whole spectrum of matters – political, governance, economic and social – with special emphasis on poverty alleviation and achievement of CMDGs.
- The APR like the NSDP is RGC-owned document. It is a very important document and will be RGC's position paper for the Cambodia Development Cooperation Forum (CDCF) which will take the place of CG from 2007.
- Since it is only an update of the NSDP progress, it does not repeat or restate, unless there is a specific necessity to do so, all the main objectives, principles, strategies, programmes and plans already outlined and discussed in the NSDP
- The document is organised along the lines of Rectangular Strategy as was the NSDP.
- It presents data in various tables, which will show figures anticipated in NSDP and revisions if any.

1.06 The NSDP-APR is based upon the following:

- Inputs from various ministries and agencies.
- Any new findings from studies undertaken both by RGC ministries and agencies, research organizations like CDRI, and civil society organizations like NGOs.
- New data emerging from various periodic surveys concluded in 2006.
- Close consultations with ministries and agencies and EDPs.

1.07 The most important changes since preparation of the NSDP have been:

- A major step in enhancing stability in governance through a landmark constitutional amendment enabling legislative work to be pursued through a absolute majority instead of needing 2/3rd votes which had acted as big stumbling block hitherto.
- The second commune elections involving all the 1,621 communes in the country, and with around 68% of the electorate casting their votes, were concluded in early April 2007 in a peaceful, free and fair manner, once again demonstrating that democracy is proactively promoted by Cambodians and has taken strong roots in the country becoming part of its political and social fabric.
- Economic growth in terms of GDP at constant prices almost doubled, surging from an earlier estimated 7% to 13.4 % for 2005, contributed by an increase in agriculture, garment industry, construction, and tourism in particular by a phenomenal increase in figures for agricultural production.
- Very high growth in agriculture (crops) of 28.0¹ in 2005 against 8.0% assumed in NSDP, facilitated both by returns from investments in irrigation and very favourable weather conditions.
- Tourism arrivals were 1.7 million in 2006, up from 1.3 million in 2005.
- Over all and widespread improvements in other sectors as well though because of the commanding predominance of growth in agriculture, the share of other sectors in GDP declined compared to previous estimates.
- Because of these changes, adjustments have been made for all other macro-economic data for 2006 through to 2010, including for fiscal projections.
- Final results emerging from the 2005 CDHS have re-affirmed that the proactive and targeted policies, plans and programmes undertaken by RGC have yielded very positive results in the health sector. Of particular note is the current HIV prevalence rate based on CDHS 2005 is 0.6% for adults aged 15-49, about 70% lower than the previous estimates of 1.9%.
- A well-thought out and flexible Monitoring Framework has been set in place for closely and regularly monitoring progress under NSDP.
- The prospects of successful exploitation and utilisation of gas and natural resources have brightened future prospects significantly.
- NSDP has been disseminated at various sub-regional levels.

1.08 Initial estimates, to be refined in the first half of 2007 as full data emerge from all sectors, indicate a robust growth for 2006 as well. GDP is expected to have grown at a very robust 10.8% over and above the enormous surge in 2005. Per capita income increased from 1.86 million Riels in 2005 to 2.10 million Riels in 2006 with inflation kept well under control. Such per capita increase reflects also the increasing spread of benefits to hitherto unreached areas and people.

1.09 The Royal Government is firmly committed to the principles outlined in its Rectangular Strategy and the NSDP in pursuing growth for all Cambodians through economic growth and poverty reduction efforts. The RGC's objective and firm resolve are to accelerate and enhance efforts to pro-actively foster, promote and vigorously pursue policies and actions that would result in ever increasing participation of all sections of

¹ National Account of Cambodia 1993-2005, Bulletin No. 10, NIS/MOP

people, in quantitative and qualitative terms, in national governance and nation building, both as contributors and consumers. In this regard, objectives, goals and targets of the NSDP would be pursued with utmost commitment.

1.10 The overall aspect of the results in the NSDP implementation in 2006 is shown in table 1.1 below:

Table 1.1: Key Indicators of NSDP Implementation for 2006

Indicators	2005	2006 (actual)	
Macroeconomic			
Real GDP % change	13.4	10.8	
GDP per capita (000 Riels)	1,857.77 ¹	2,104.84 ²	
CPI Inflation (year-average -- % change)	5.80	4.7	
Revenue (% of GDP)	10.6	11.5	
-- of which Tax revenue (% of GDP)	7.8	8.1	
Expenditure (% of GDP)	13.3	14.2	
-- Current (% of GDP)	7.7	8.0	
Foreign Direct Investment (US \$ m)	375	475	
Agriculture Sector			
Rice Production (million tons)	5.98	6.26	
Rice Yield per hectare, (tons)	2.48	2.49	
Fish catch (Inland, Marine and Aquaculture) – (Tons)	340,000	505,000	
Irrigated area including supplemental irrigation (000 ha)	596.3	721.3	
Land Reforms - no. of titles issued to farmers (% of total of land parcels)	15*	17	
Forest area (% of total land area)	60*	59	
Fuel wood dependency (firewood, charcoal): households %	85.5*	83.9	
Rural Development Sector			
Rehabilitation of rural roads -- kms (out of total 28,000 kms)	22,700*	23,710	
Access to Safe Drinking Water -- % of rural population	41.6*	42.6	
Access to sanitation -- % of rural population	15.7	15.8	
Education Sector			
Primary School (1-6), Net Enrolment %:	Total	91.9*	91.3
	Boys	93.0*	93.0
	Girls	90.7*	89.7
Lower Sec. School (7-9), Net Enrolment % :	Total	26.1*	31.3
	Boys	27.1*	32.1
	Girls	24.8*	30.4
Survival rate %: 1-6:	53.1*	48.2	
Survival rate %: 1-9:	29.3	26.5	
Literacy rate - 15-24 years %	83.4*	84.7	
Health Sector			
Infant Mortality Rate, per 1,000 live births	66*	66	
Under five Mortality Rate, per 1,000 live births	82*	83	
Maternal Mortality, per 100,000 live births	NA	472	
HIV/AIDS prevalence, % of adults, 15-49	1.9*	0.6	
Malaria cases -- fatality %	0.36*	0.39	
Prevalence of smear positive TB, per 100,000 population	NA	269	

Notes: The figures marked with asterisk () in 2005 are the estimates in NSDP and the otherwise shown figures in 2005 are the actual data.*

1.10. The following sections provide more detailed information on the progress in 2006 and changed forecasts for the future, both in figures and quality.

- Chapter II:* Progress in 2006 and Future Strategies and Prospects
- Chapter III:* Priority Goals and Targets; Monitoring and Evaluation
- Chapter IV:* Costs, Resources and Programming
- Chapter V:* Conclusion

¹ Equivalent to US\$454 calculated with exchange rate of 4,092Riels/US\$.

² Equivalent to US\$513 calculated with exchange rate of 4,103Riels/US\$.

Annexes:

- I:1 Cambodia: Key Macro-Economic Indicators
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- II NSDP Monitoring Framework
- III Abbreviations and Acronyms

CHAPTER II

PROGRESS IN 2006 AND FUTURE STRATEGIES AND PROSPECTS

2.01 As affirmed in the NSDP, RGC attaches high priority and is firmly and fully committed to national sovereignty, peace and national reconciliation, stability and social order, democracy and protection of human rights, and sustainable development that will accelerate progress, prosperity, harmony, and enhance the living standards and dignity for Cambodians in all walks of life. In steadfastly pursuing these goals it will strictly adhere to the main objectives, principles, strategies, programmes and plans already clearly outlined in the NSDP¹, unless there is specific need.

2.02 Using the Rectangular Strategy, this chapter²:

- highlights and critically analyses policies and all major developments in 2006 in all sectors, including causes for successes and shortfalls;
- provides comparative tables of data as in Chapter IV of NSDP showing progress or shortfalls in 2006; and
- outlines challenges and strategies ahead.

2.03 This chapter provides only a macro overview of critical developments, strategies and vital actions ahead. It is intended to be a broad guide, not detailed listing of all work being done or to be done by ministries and agencies. More and clearer details could be found in Sectoral Strategic Development Plans and the progress reports on the implementation of those plans. It should be noted that many goals to be achieved are essentially quantitative. Qualitative aspects though critical cannot be easily measured but over time could be experienced and would manifest themselves through improvements in various ways.

2.04 Poverty: Keeping rapid poverty alleviation and eventual eradication in clear and central focus, accent will continue to be made on creating more opportunities to the poor to come into the mainstream of contributors and participants and in providing more and better health care, educational facilities, improved incomes through rural activities (farm and non-farm), improved rural infrastructure, and so on. More funds should devolve to these areas through the Commune and Sangkat development fund and other measures. Achievement of progress to reduce poverty, a crosscutting issue, depends on the totality of pro-poor policies and efforts in all other sectors as already stated in the NSDP³.

2.05 RGC will continue to emphasise actions that would result in significant gains at the grass roots level where it matters most to the ordinary citizen and for speedy reduction of poverty. Accordingly, RGC will pursue broad strategies and actions outlined in the NSDP⁴ and which will be central to and govern all aspects of its work in the next few years.

2.06 The *Rectangular Strategy (RS)* "for growth, employment, equity and efficiency", provides a clear and focused framework to move the country forward on the path to fast socio-economic development. It contains at its core Good Governance which will be promoted and pursued in an encircling Environment for its successful implementation, for the purpose of achieving speedy socio-economic progress in various priority areas listed under four other "growth" rectangles. There are therefore six (6) aspects of the strategy⁵. The rest of this chapter is organised along the flow of RS as was done in the NSDP.

¹ Para 4.02 of NSDP

² This Chapter includes elements in chapters II and IV of NSDP

³ Para 4.04 of NSDP

⁴ Para 4.05 of NSDP

⁵ See pictorial diagram in the opening pages

Core of the Rectangle Strategy: Good Governance

2.07 Good public governance, at the core of RS, postulates equitable and fair public participation in all matters through consultation, democratic methods of ensuring that the will and choices of the majority are adopted and implemented at the same time ensuring protection of the rights and welfare of the minority. Political stability, internal security and safety, adherence to the rule of law, and transparency, predictability and accountability of public institutions are vital for orderly economic and human progress and to safeguard the public gains from being eroded by disruptive forces. In this regard, it is noteworthy that:

- A major step in enhancing stability in governance through a landmark constitutional amendment enabling legislative work to be pursued through a absolute majority instead of needing 2/3rd votes which had acted as big stumbling block hitherto. This has now paved the way for speedy approval of legislation and forming of governments after elections which was held hostage to the earlier provisions in earlier elections; and
- The second commune elections involving all the 1,621 communes in the country, and with around 68% of the electorate casting their votes, were concluded in early April 2007 in a peaceful, free and fair manner, once again demonstrating that democracy is proactively promoted by Cambodians and has taken strong roots in the country becoming part of its political and social fabric.

2.08 To promote, ensure and sustain good governance as the most important pre-condition for achieving sustainable socio-economic development with equity, equal opportunity and social justice, four governance reform areas, viz., (a) *fighting corruption*, (b) *legal and judicial reforms*, (c) *public administration reform including decentralisation and deconcentration*, and (d) *reform of the armed forces, especially demobilisation*, continue to remain central to the RGC's reform agenda and to the national efforts to reduce poverty levels among Cambodians. The major developments in 2006 are:

- As the Anti-Corruption Law proceeds through various stages of intense scrutiny, the already existing legal framework and institutional mechanisms are being invoked to reduce or at least prevent corruption. The RGC's anti-corruption strategies are based on major policy measures, viz., educational activities for preventing corrupt deeds, enhancing law enforcement, and promoting advocacy. In this regard, the structure of Anti-Corruption Unit has been re-organised through a RGC's Sub-Decree on Anti-corruption, which was enacted on 22 August 2006. An Office for Receipt of Complaint has been established at the Council of Ministers with the aim of enhancing participation, supply and receipt of corruption-related information from the public. In addition, disciplinary actions have been taken on offending civil servants, custom officers, police officers, and conspirators in smuggling of right-steering wheel cars. However, pursuing anti-corruption policies is a long-term and challenging endeavour that requires adequate means including appropriate institutional framework, human and financial resources.
- The Action Plan (April 2005) for implementing of Legal and Judicial Reform Strategy (June 2003) has been pursued focusing on seven strategic objectives and actions articulated in the NSDP. As a result, the law on civil codes and procedures was promulgated on 06 July 2006; penal codes and procedures have been submitted to National Assembly for approval; civil codes have been endorsed by Council of Ministers; and penal codes have been already discussed in an inter-ministerial meeting. Other laws and regulations on various legal and judicial procedures, and laws and regulations on control over human trafficking and sexual exploitation and the law on anti-terrorism have also been drafted. In addition, the model of pilot court in Kandal Province has been already established; and a project for raising awareness about basic rights, improving the sustainability of publishing and disseminating the Royal Gazette, and conflict resolution outside of the court system have been

vigorously pursued. Capacity development for judges and strengthening law enforcement at the court have been carried out. Strict and timely disciplinary action is being taken on delinquents in the system. Code of ethics for judges has been drafted and submitted to Supreme Council of Magistracy for approval.

- In 2006, the average monthly remuneration of civil servants increased to 45 US dollars (including the planned pay rise of 15%). In addition, the incentives for diligent and productive civil servants have been introduced through Priority Mission Group (PMG) and Merit-Based Pay Initiative (MBPI). The overall size of the Civil Service has been stabilised since 2002 (165,000 in 2002 to 167,000 in 2006 excluding non-permanent staff). With only 31% of women in the civil service, increasing their representation continues to be an issue. However, as a measure to enhance the status of women, the financial support policy on social insurance to civil servants was amended to include death and maternal leave.
- The well orchestrated programme for decentralisation and deconcentration (D&D) has been proceeding according to plan. All the work in this regard have been brought under the overall direction and coordinating role of the Ministry of Interior (MOI) which has also assumed responsibility for further implementation of the D&D reform after the RGC's SEILA Programme concluded on the 31 December 2006. A national committee managed by MOI, National Committee for the Management of Decentralisation and Deconcentration – NCDD, was established by the Royal Decree 0806/355 dated 18 August 2006. In addition, to improve the function of commune and sangkat councils other regulations had been passed such as the guidelines on the procedures for village head selection and the guidelines on the provision of voter information sheet.
- In the first term of Commune-Sangkat Council, RGC has allocated the national budget to commune-sangkat fund (CSF) that accounted for 1.5%, 2.0%, 2.5%, 2.52%, and 2.54% of current budget revenues in 2002, 2003, 2004, 2005, and 2006 respectively (in total around 284,075 billion Riels), and has mobilised external resources (both grants and loans from EDPs) accounting for about 200 million US dollars) to support the implementation of D&D reform-related projects and programmes at all communes and sangkats .
- By the end of 2006, the Organic Laws containing four volumes have been drafted and three volumes have been completed. Those three volumes of the draft Organic Laws have been under consideration of the Royal Government and some parts of these drafts are being revised to submit to the advisory group comprised of the public, civil society, EDPs for discussion and endorsement, and finally to the National Assembly for approval and becoming effective in 2007.
- In 2006, the budget allocation for commune and sangkat funds (CSF) accounted for 2.45% of the current expenditures of the national budget and around 30 million US dollars of external funds both grants and loans were allocated to implement D&D reform-related projects and programmes.
- Reform and consolidation of the Armed Forces, including demobilisation and gradual establishment of more effective armed forces, is continuing according to plan. The share of Defence and Security in GDP has been stabilised around 2% (1.8% in 2005 and 2006) and is expected to be 1.7% by 2010. This share in the national budget has been steadily declining (22.93% in 2005 and 21.91% in 2006) and is expected to stabilise around 17.40% by 2010.

Environment for the Implementation of the Rectangular Strategy

2.09 Four aspects of this enveloping circle are: (a) *Peace, political stability and social order*; (b) *Integration of Cambodia into the region and the world*; (c) *Partnership in development*; and (d) *Favourable macro-economic and financial management*. In addition, some critical crosscutting aspects are also considered as part of the overall environment for progress.

2.10 Peace, political stability and social order constitute the fundamental basis on which any sustainable progress can take place. In addition to the constitutional changes referred to at para 2.07 above, the precious post-conflict reconciliation, democracy, social order and reduction in crime achieved in the past through dialogue and mutual adjustments are being enhanced; safety and security all over Cambodia have strengthened; all efforts are being made to ensure that second commune elections due in 2007 are conducted in a peaceful, inclusive, free and fair manner.

2.11 Integration of Cambodia into the region and the world: On the regional and sub-regional levels, apart from its involvement in ASEAN, Cambodia is an active participant in various other cooperation initiatives and frameworks, such as Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), Greater Mekong Sub-Region (GMS), Ayeyawardi-Chaopraya-Mekong Economic Cooperation Strategy (ACMECS), Cambodia-Lao-Myanmar-Vietnam (CLMV) cooperation and Cambodian-Lao-Vietnam (CLV) Development Triangle. Cambodia accords equal importance to its active participation and cooperation in all international bodies. The Cambodia's accession to the World Trade Organisation (WTO) has revealed that Cambodia has been prepared to take part in global economic activities. The participation of Cambodia in regional and international affairs not only enhances the Cambodia's political and economic prestige but also significantly contributes to keeping safety, security and peace in the region as well as the world. A major goal of these efforts is to maximise the benefits arising from the integration of Cambodia into the region and the world with the aim of achieving RGC's priority goals and strategies to reduce poverty rapidly in Cambodia. Much more efforts however have to be made to deepen, and benefit from, the integration process.

2.12 Partnership in development: The three (3) basic aspects of partnership between RGC and other stakeholders are relations with (1) civil society; (2) private sector; and (3) external development partners. In this regard:

- All efforts are being made to involve and associate all sections of the civil society in all appropriate aspects of RGC's planning and decision-making processes, and to make civil society an effective partner in the development efforts. Already, many NGOs, both national and international, are involved in socio-economic development as well as in promotion of democracy and human rights. NGOs are represented at and contribute to the GDCC and in many TWGs and will be associated with the future CDCF meetings. A Law on Non-Government Organizations is being formulated soon with broad consultation with all relevant institutions and organizations.
- The crucial role of the private sector as the locomotive and driving force for investments and economic growth cannot be over-emphasised. Attaching a high priority to facilitate private sector operations, several mechanisms have been put in place and efforts will continue to strengthen and deepen harmonious relations with the private sector, based on strict adherence to laws and regulations and focused on development priorities.

2.13 Relations with external development partners: RGC gratefully acknowledges that generous levels of financial and technical assistance received from EDPs since 1993 have in a large measure helped Cambodia's impressive progress. It is clear that as an LDC the country will continue to need such support for quite a length of time in the future as it moves forward towards its long-term vision. During 2006, important developments were:

- Adoption of a Strategic Framework for Development Cooperation to govern all RGC-EDP partnership efforts.

- Further strengthening and harmonisation of the TWG and GDCC mechanisms through an intense review involving full consultations with all stakeholders.
- The decision for RGC to assume full ownership and leadership of the annual aid-mobilisation consultations by transforming the CG process till now to a Cambodia Development Cooperation Forum (CDCF) from 2007.
- Streamlining the process of collection of data on EDP contribution on a timely basis to synchronise with the schedule for preparation of NSDP APR, PIPs, MTEF and annual budget.

2.14 Macro-Economic and Financial Environment: The macro-economic data assumed for 2005 as the base year for NSDP, 2006-2010 underwent dramatic upward changes due to more precise assessments made after finalisation of the NSDP. Among the most notable factors are:

- GDP growth registering a phenomenal 13.4% in 2005 almost doubling the earlier estimate of 7% assumed in framing the NSDP, in spite of volatility imposed by external factors like continuing high oil prices.
- Very high growth in agriculture (crops) of 28.0¹ in 2005 against 8.0% assumed in NSDP, facilitated both by returns from investments in irrigation and very favourable weather conditions.
- The sudden surge in agriculture dwarfed the otherwise steady growth in other sectors and increased its share in GDP to 16.9%² against 14.2% assumed in the NSDP.
- The base figures for 2005 assumed in NSDP have thus increased. Accordingly, the targets for the NSDP period have also increased, even though they are based on the revised base figures.
- Per Capita GDP accounted for 1.86 million higher than 1.40 million Riels estimated in NSDP for 2005 and is expected to rise 2.888 million in 2010 (against the NSDP estimate of 2.243 million riels).
- The garment industry continues to lead in terms of overall contribution in the industrial and services sectors followed by tourism and construction. There is every expectation that such robust growth will continue.
- All macro-economic figures have accordingly undergone a revision and are reflected more fully in table 2.1 below and at annexes I:2 and I:3.

2.15 GDP growth is estimated at a high 10.8% during 2006 over and above the high surge in 2005. Inflation will be contained at 4.7%. Progressive, prudent and strict budgetary policies both on the revenue and expenditure sides increased government revenues to 11.5% of GDP from 10.6% in 2005 and expenditure to 13.8% from 13.3% in 2005. The exchange rate remained stable at a US\$ to about 4,103 Riels. There has been a gradual progress in management of state assets including tangible and intangible properties, as well as state enterprises and joint ventures in a transparent and efficient manner both to safeguard the interests of the state and to enhance steady flow of revenues. Measures were put in place to have a strict rule and regulation in order to follow clear, transparent, public bidding procedures in disposal or lease of state property or rights, indeed in award of all state contracts. The year 2006 was observed as Year of Micro Finance and conferences and workshops on micro finance were organised with the aim of promoting better understanding and improving the efficiency of micro-finance institutions and enhancing the public knowledge of this sector.

¹ National Account of Cambodia 1993-2005, Bulletin No. 10, NIS/MOP

² National Account of Cambodia 1993-2005, Bulletin No. 10, NIS/MOP

Table 2.1: Key Macroeconomic Data¹
(In percent of GDP unless otherwise indicated)

Particulars	2005	2006	2007	2008	2009	2010
Real GDP (% change)	13.4	10.8	7.3	6.6	6.8	7.0
CPI Inflation (year-average -- % change)	5.8	4.7	3.0	3.0	3.0	3.0
Revenue	10.6	11.5	10.7	11.0	11.3	11.6
-- of which Tax revenue	7.8	8.1	8.3	8.6	8.8	9.0
Expenditure	13.3	14.2	14.4	14.6	14.7	14.9
-- Current	7.7	8.0	8.6	8.9	9.2	9.5
Foreign Direct Investment (US \$ m)	375	475	530	573	613	620

Sources: Ministry of Economy and Finance

2.16 The long term goal continues to be to achieve more diverse and pro-poor economic growth. The already achieved macroeconomic stability has played a major role in providing the foundation for the very strong growth that has been achieved in Cambodia in recent years, and consequently for poverty reduction and will be sustained and strengthened in the future. With confidence and experience gained in successfully managing the economic scenario even during externally imposed economic factors such as the East Asia crisis in 1997, the massive structural and external changes that have taken place since then, and high oil prices during 2004 and 2005, every expectation that macro-economic projections outlined above will be fully reached and benefits become widespread to alleviate poverty. Among other major measures being pursued are:

- Further progress in implementing the Public Financial Management Reform Program (PFM) is which seeks to installing and ensuring much higher standards of management and accountability in the mobilization of all government current and capital resources and effectiveness and efficiency in the use of resources in their application to the operation of the Government's NSDP and other priority programs. It is envisaged that an operational medium-term expenditure framework (MTEF) governs multi-year programming.
- Programme budgets have been introduced for 7 Priority Actions Programme (PAP) ministries (MOEYS, MOH, MWA, MAFF, MRD, MLMUPC, and MOJ) which will have impact on the poverty situation. The allocations to and timely use of funds in these ministries will be closely monitored to ensure achievement of expected results against indicators to improve result-orientation.
- Progressive increases in allocations and ensuring timely disbursements to priority pro-poor sectors -- For Agriculture - allocation was 0.7% of GDP in 2005, increasing to 0.91% in 2006; for Rural Development – allocation was 0.19% of GDP in 2005, increasing to 0.2% in 2006; for Health allocation of 0.89% in 2005 increasing to 0.96% in 2006; and for Education allocation of 1.38% in 2005 increasing to 1.65% in 2006².
- Well coordinated efforts involving the concerned institutions (the National Bank of Cambodia (NBC) and the MEF) will continue to improve and consolidate gains in the Financial Sector which plays a crucial role in macro-economic stability and is vital for the pace and direction of economic growth and to enhance mobilisation of idle financial resources for productive investment. The Financial Sector Blueprint (FSB) is being updated and envisages the development of a sound, market-based financial system in next five years, to enhance resource mobilisation for sustainable economic growth.
- Financial sector reform will also focus on strengthening prudential supervision and the legal framework for financial sector regulation. The key legislative

¹ Detailed tables at Annexes I:1& I:3

² See also Annex I-3

measures include the enactment of the Negotiable Instruments and Payment Transactions Law, and the proposed Secured Transaction Law already submitted to the National Assembly.

- Reforms to increase availability of and to improve access to micro-finance. Key measures include promoting the licensing and registration of microfinance institutions and facilitating the adoption of proper accounting and reporting requirements by the concerned enterprises. The need to expand this framework to other types of financial institutions such as financial service cooperatives, credit unions, and village savings banks is being explored.

2.17 RGC is well aware that, based on experiences the world over and on its own past experience, high economic growth as anticipated above would continue to be driven by market impulses, opportunities, compulsions and constraints. Growth induces changes from known and tested economic situations and calls for continuing structural adjustments in population and the economy. Skills tend to be created to meet emerging market demands sometimes skewing the higher and vocational education system which ideally should cater to creating a wide variety of skills to serve the nation in the long term. By now, the garment industry, construction and tourism constitute the growth areas. Although these bases for growth are very welcome in the sense of creating employment for a large number of people, such dependence on only a few sectors come with implications in regard to long-term economic sustainability. Policy implications need to focus on the following important issues among others:

- Growth needs to be diversified, both sectorally and geographically, to ensure long-term sustainability.
- The more advantaged sections of people – in terms of wealth, education, urban locations, etc., -- get a better access to and avail of advantages and benefits from growth.
- Fast growth also accelerates rural-urban migration in search of employment and ancillary occupations, decreasing the available labour for important agricultural activities in rural areas.
- Younger people tend to migrate leaving rural and remote areas with ageing populations with reduced productivity.
- While, as already witnessed between 1993 and 2004, growth has a significant impact on reducing poverty levels in the country as a whole, such levels continue to remain high in remote areas. This would continue and accentuate if growth is not managed properly.
- Any neglect of life-sustaining agricultural sector will have serious consequences for food security and nutrition of the people at large.
- These imbalances and distortions need to be corrected by diverting and directing growth to unserved interior areas as well.

2.18 Conscious of these and other attendant factors of changes which are necessary corollaries of economic growth, RGC will continue to keep a constant vigil as development progresses and will use pro-active policy instruments and incentives to diversify growth sectorally and geographically and will provide safety nets to ensure that already marginalized people are not further marginalized and rendered more vulnerable. The strategies envisaged for various sectors as mentioned in the following paragraphs and in Chapter III address these matters.

2.19 Religious and cultural issues are the bedrock for building, strengthening, and maintaining the very vital "*social capital*" that no amount of economic development can alone create or sustain. GC continues to accord high priority to preserving and enhancing the country's rich and unique cultural heritage both to preserve and develop the social fabric and also to attract "cultural tourists" to observe and admire Cambodia's past and present culture.

Rectangle 1: Enhancement of Agricultural Sector

2.20 The four sides of this rectangle are: (a) *improving and diversifying agricultural sector (including nutrition and rural development)*; (b) *land reform and mine clearance*; (c) *fisheries reform*; and (d) *forestry reform (including environment protection)*. Continued RGC's efforts in mitigating anarchic deeds depleting natural resources and environment and in rehabilitating and enhancing irrigation potentials and favourable weather conditions have marked a significant progress in this sector in 2006.

2.21 In 2006, improved irrigation system, good weather conditions, use of improved seeds, and improved farm practices contributed to directly enhance crop production and indirectly to ensure food security, enhancing productivity and diversification. Improved rural transportation infrastructure has enabled more market access for agricultural products. The above-cited favourable conditions and increased applications of system of rice intensification (SRI) and organic farming methods have resulted in an increase in rice production, increasing by nearly 5% in farming period 2006-2007 compared to 2005-2006 (5.98 million tons in 2005 and 6.26 million tons in 2006). Other crops in particular cash crops production experienced a slight increase in 2006. Rehabilitating and enhancing irrigation potentials will continue to remain a high priority for the development of crop cultivation in Cambodia. A comprehensive Strategy for the Agricultural Sector as a whole is still to be developed. This Strategy will be finalised during the first quarter of 2007. The priority strategies in this sector for the plan period, 2006-2010, has been appropriately pursued.

2.22 Strengthening and enlarging animal production and animal husbandry and veterinary services will continue develop at a slow rate in the couples of years based on the recent development trend. This sub sector will remain crucial to the enhancement of agricultural sector as a whole.

2.23 In 2006, efforts have been actively pursued in managing fishery sector under the framework of fishery reform with considerable achievements including preparation and amendment of regulations to enforce the law on the establishment of fishery communities, development of aquaculture, researches, conservation, crackdown on illegal fishing, and extension, etc. To ensure sustainable access to fisheries resources for the poor will remain a major goal of the RGC in poverty reduction. In this regard, the five NSDP priorities articulated for this sub sector will have to be pursued in an efficient manner.

2.24 Overall food security situation has improved significantly in the last few years. The CDHS found reduction in malnutrition in children under 5 years from 45% in 2000 to 37% in 2005 but progress has been uneven among provinces. Concerted and targeted efforts in various sectors will ensure that "poor and food-insecure Cambodians, by 2010, have substantially improved physical and economic access to sufficient, safe, and nutritious food at all times to meet their dietary needs and food preferences for an active and healthy life". The progress so far made in increasing and ensuring food availability, improving food accessibility, and ensuring optimal food use and utilisation through health and nutrition education, micronutrient supplementation and fortification programmes (iron, Vitamin A), further enforcement of universal iodisation and food safety standards, etc, would be sustained for achieving the above-mentioned goal. In 2006, a "National Programme on Household Food Security and Poverty Reduction" was implemented in 180 target villages.

2.25 Efforts made in pursuing forestry reform have significantly contributed to maintain the forest coverage in the last few years. The forest coverage has been estimated to be around 59% in 2006. Continued efforts in sustainable forest protection and management as well as in reforestation have also contributed to maintain the forest coverage up to 60% of the total land areas of the country in 2015 as targeted in CMDG.

2.26 Significant progress has been made in environmental protection and conservation. In 2006, three eco-tourism destinations have been established and two more destinations are being developed. In addition, more fishery communities in multi-purpose use areas and Tonlé Sap Lake and protected area communities have been set up and are contributing to drastic reduction in earth-filling of natural bodies of water and prevention illegal land encroachments and forest depletion. In addition to the land areas of 723 hectares taken back in 2005, RGC took back many illegally-occupied lands covering 2,455 hectares in protected areas in 2006. Till 2006, 77 protected area communities have been established and among those 8 communities were formed in 2006. The boundaries of 16 protected areas have been marked till 2006 and out of them 2 were done in 2006, and the official mapping of these protected areas has been conducted. However, environmental protection and the natural resource management continue to face constraints in regard to institutional and legal framework in particular the weak coordination among concerned agencies and authorities. The management of factory solid and liquid wastes has been improved contributing to reduction in their environmental impact.

2.27 Land reforms will continue to receive high priority for poverty reduction and socio-economic development. Accent will be on providing clear, incontestable, legal land ownership titles to provide security of tenure to those in actual use of the land they occupy. The challenges are to control and curb further land concentration in few hands, including review of already granted large concessions exceeding limits under the 2001 land law, where land is still lying fallow and unproductive. Major efforts in attaining this priority and in overcoming these challenges are:

- The required policy and legal framework for effective implementation of the Land Law has been developed and approved, ranging from RGC's Sub Decree to inter-ministerial Prakas, viz. Sub Decree on State Land Management; Prakas on Identification, Mapping, Classification of State Land; Guiding Circular on Measures to Tackle Illegal Land Occupancy; and the Inter-Ministerial Prakas on (a) Strengthening of Cadastral Commission, (b) The Mechanism for Agricultural Dissemination Service Delivery for Social-Land-Concession Using Farmers; etc. Besides, the draft Policy and Sub-Decree on Registration of Indigenous People's Communities and the draft Policy on Land Evaluation System have been developed and discussed. In addition, an Authority for Land Dispute Resolution has been established in order to promote the efforts in resolving land conflicts.
- Continued efforts have been made in improving and implementing land registration procedures for systematic titling and sporadic titling. In 2006, 280,207 systematic and 11,754 sporadic titles have been respectively issued through registration procedure for systematic and for sporadic titling. To promote equal access and control over economic assets for both spouses, issue of joint land titles is being pursued.
- The land dispute resolution mechanism through the Cadastral Commission resolved 1,246 land dispute cases involving 6,641 households and land area of 2,394 hectares.
- Through the implementation of policy on in-place development and the distribution of mine-cleared land areas including land areas re-taken from illegal occupancy, the total land areas of 4,505.22 hectares have been distributed to 29,718 landless households for their legitimate land property. Based on the policy and sub-degree No. 19 on Social Land Concession, a pilot project being implemented in Memut and Kratie Districts by the inter-ministerial working group has measured and is being proceeding with the works on explicitly mapping, classifying and registering the private state land with the total areas of 6,317 hectares.
- Transparency and accountability in the provision of services in land and construction domain, including land valuation system, have been improved.

2.28 Continued efforts in de-mining operations have contributed to improve social and economic conditions of poor farming households in remote areas and to promote rural development. The 2006 De-mining and UXO de-fusing or destruction operations has increased mine-free land areas from 30,263 hectares (NSDP estimated figure: 32,974 hectares) in 2005 to 35,436 hectares in 2006. The number of human casualties has decreased by 50%, i.e., from 2005 actual figure of 875 (NSDP-estimated figure: 797) to 440 in 2006. The land areas rendered mine-free have been converted for social and economic purposes such as cropping areas, residential areas, and different social and economic infrastructures.

Table 2.2: Targets set for 2010 for the Agriculture Sector

Targets	2005	2006	2010 Targets
Rice Production (million tons)	5.98	6.26	6.5
Rice Yield per hectare, tons	2.48	2.49	2.5
Fish catch (Inland, Marine and Aquaculture) -- Tons	340,000	505,000	450,000
Irrigated area including supplemental irrigation (000 ha)	596.3	721.3	810.3
Land Reforms -- no. of titles issued to farmers -- % of total land	12	13	24
Forest area (% of total land area)	60	59	60
Fuel wood dependency (firewood, charcoal): households %	83.9	83.9	61

2.29 Rural Development¹, as a vital ingredient for enhancement of agriculture and poverty reduction, is cross-sectoral and also a priority activity for budget allocations and disbursement. It was thus selected for 2007 as a priority sector among other 6 priority sectors of the RGC under the pilot of the Public Financial Reform. Provision and enhancement of rural infrastructure, enhancement of health and sanitation in rural areas, and development of rural economy are the main activities in this sector and will continue to remain as the priorities and challenges ahead.

2.30 Rural infrastructure: In 2006, 92 new roads with the length of 264 km were constructed; 44 roads of 707 km were repaired; and 118 roads of 822 km were maintained. 70 small bridges and 160 culverts were built. In addition, 17 new school buildings with 72 class rooms and 3 community markets (2 in Kampong Thom and 1 in Phnom Penh) were established. To provide safer drinking water, well waters from 1,840 wells were tested. 3,500 family toilets and 22 public latrines were also provided.

2.31 Health and sanitation in rural areas: In 2006, safe drinking water was additionally supplied to 71 districts in 23 provinces/municipalities. 1344 of all types of water supply wells were constructed and 610 of all types of wells were repaired. For this purpose, rural communities in water scarce areas were also provided with 18 ponds.

2.32 Development of rural economy: Low-interest-rate micro-credits of 5,214 million riels and 2,000 US dollars were given to rural people. Small-scale-business credits of 8.2 million riels were also provided to develop small rural businesses. In addition, rice and animal banks were operational to help poor people. Small scale irrigation systems were also constructed to supply water for agriculture. A new dam of 1,680m, 21 canals of 39,510m was constructed and 4 water gates were built. 26 canals with the length of 39,510m were repaired.

Table 2.3: 2010 Targets for Rural Development

Targets	2005	2006 (Est)	2010 Targets
Rehabilitation of rural roads -- kms (out of total 28,000 kms)	22,700	23,710	25,000
Access to Safe Drinking Water -- % of rural population	41.6	42.6	45
Access to sanitation -- % of rural population	15.7	15.8	25

¹ All figures for rural development activities presented in this report show the outputs mainly achieved by MRD.

Rectangle 2: Rehabilitation and Construction of Physical Infrastructure

2.33 This RS growth rectangle covers: (a) further construction of transport infrastructure; (b) management of water resources and irrigation; (c) development of energy sector and electricity network; and (d) development of information and communications technology. The improvements achieved in these four areas have impacted positively on other social and economic sectors like education, health, tourism, trade, rural development as well as in integration into the region and the world.

2.34 The major developments in physical infrastructure (including transport infrastructure and urban water supply) in 2006 were:

- The total length of paved primary and secondary roads is 2,732 km, increasing from 2,100 km in 2005, making the year 2006 as first to witness opening of the largest number of road and bridge construction sites.
- A Traffic Law is in place. The formulation of an adequate and efficient legal system for the transport sector and enforcement continue to remain a priority.
- Road traffic safety measures have been strengthened through (a) making the General Secretariat of the National Committee of Road Traffic Safety functional, (b) the production of TV spots on road traffic safety, and (c) the publication of road-traffic-safety-related documents.
- Road transport remains dominant in the transport sector.
- Railway transport accounted for only 20% of passengers (persons/km) and 10% of goods (tons/km) but plans are underway to make this infrastructure more useful and productive.
- Inland waterway transport is minimal. Waterway transport accounted for only 15% of passengers (persons/km) and 20% of goods (tons/km), though the total goods volume handled at the two international ports was 2.6 million tons in 2006, increasing by 15% compared to that in 2005. Dredging of all major waterways, particularly Mekong and Tonlé Sap rivers, has continued to facilitate river transport and will remain the immediate priority. Higher freight rates and inadequate work efficiency are considerable challenges in waterway transport.
- Upgradation of the three international airports has boosted further development of tourism sector, which contributes to bring about socio-economic progress through its multiplier effects. Eight domestic airports were repaired and maintained, especially their major parts such as runway, parking, and marking airport boundary according to the annual plan. Two more foreign airlines started flights to Cambodia in 2006 and international flights increased by 13% compared to 2005. Human resource development in civil aviation skills will remain a priority for the improvement in this sector in the years ahead.
- Efforts have been made in expanding the capacity of water supply in urban areas. In 2006, clean water producing capacity of Water Supply Authority in Sihanoukville and in Siem Reap town has been increased to 8,000 cubic metres per day while the capacity of Water Supply Authority of Battambang, Pausat, Kampong Tom, Kampong Cham, Kampot, and Svay Rieng provinces have been also upgraded, ranging from 2,500 to 8,000 cubic metres per day.

2.35 Concerted efforts and investments in water resource management and irrigation in 2006 resulted in significant achievements as follows:

- Many of the existing irrigation and drainage systems particularly in high poverty incidence areas and along the border areas have been rehabilitated and reconstructed, with irrigating capacity for 89,211 hectares (75,101 hectares for wet-season rice cultivation and 14,110 hectares dry-season rice cultivation).
- Surface water storage capacity has been expanded and water harvesting technologies have been promoted.

- Measures on flood and drought mitigation and management have been developed and applied.
- Farmer Water User Communities with increasing membership and participation of women have been strengthened and expanded.
- Nationwide hydro-meteorological observing and monitoring systems to be able to provide to the public high quality, effective and real-time hydro-meteorological forecasts have been improved and installed. Three water-level measuring boards have been installed in Prey Veng, Kampong Cham and Kandal provinces; two meteorological observing and monitoring stations have been established in Rattanakiri and Mondulakiri; and two rain-water measuring stations have been installed.

2.36 The major developments in energy sector and electricity and in oil and gas in 2006 were:

- Continued efforts in pursuing the NSDP medium term strategy for energy sector and electricity have improved the country's electrification situation especially at the rural areas. Electricity generated increased by 20% in 2006, i.e., increasing from 894.52 Gwh (the actual figure) in 2005 to 1,073.28 Gwh in 2006. Electricity imported from Thailand and Vietnam has also increased by around 20% and around 60% respectively (from 56.83 Gwh and 25.40 Gwh in 2005 to 68.24 Gwh and 40.58 Gwh in 2006 respectively).
- Offshore oil and gas exploration is progressing well and may start yielding in the not too distant future. Plans to use this energy resource and potential revenues coming from these sources in an optimal manner to benefit Cambodia and its citizens in the immediate and long term are being carefully studied and evaluated.

2.37 The major developments in information and communication technology in 2006 are:

- The telecommunications network has been expanded with increase in the number of telephone users (both mobile and fixed phone) to 1,179,000 or 7.98 per 100 people compared to 882,000 or 6.10 per 100 people in 2005. The expansion has occurred especially in rural areas with more access to e-mail and internet in all 24 provinces/municipalities.
- The coverage of and efficiency and quality of government mass media: Radio, TV and press agency have been expanded and improved. About 70% of Cambodian population are able to receive news, education, and entertainment through the existing mass media, both government and private.
- More private investors have joined this sector and have substantially contributed to its development.

Rectangle 3: Private Sector Development and Employment Generation

2.38 The four pillars of this rectangle are: (a) *strengthening the private sector and attracting investments*; (b) *promotion of SMEs*; (c) *job creation and better working conditions*; and (d) *social safety net for workers*. The progress so far made towards achieving these priorities has significantly contributed to the recent developments in other sectors and to the enhancement of socio-economic conditions of rural population especially the poor.

2.39 The major development in strengthening the private sector and attracting investments in 2006 are:

- The Government-Private Sector Forum has continued to hold six monthly meetings. This and the Steering Committee and various sub-committees have provided the important venue for meaningful cooperation and understanding between the RGC and the private sector. An additional working group for improving employer-employees relations has been set up. Also, the management of mineral ore resources exploitation and the strengthening and enhancing trade activities have been added as priority areas for consideration.

- To enhance export-led, pro-poor growth through diversification, private sector investment in some specific, priority sectors has been encouraged, facilitated and provided with government support. Labour-intensive industries and export-oriented processing and manufacturing, tourism and related activities, and human resource development have been so far the main targets of private sector investment.
- Trade has become a major source for economic growth, an important factor for macroeconomic stability, and a significant contribution to poverty reduction. Export of garments increased by 12,709 billions Riels (over US\$ 3 billions) in 2006. 1.5 million tons of rice was exported in 2006, doubling the level of 2005. However, exports of other Cambodian products still encounter many challenges. To address these issues, various initiatives and reform measures have been introduced to:
 - Promote access to various external markets for unique and high quality Cambodian products, including agricultural products (particularly processed ones), fisheries products, and labour services.
 - Promote Cambodian products abroad.
 - Promote business membership organizations and strengthen their advocacy capacity.
 - Reduce policy-based impediments to efficient transactions.
 - Streamline customs inspections to make it more user friendly and free of delays and inherent costs, including formulating and implementing a revised Customs law.
 - Reduce entry barriers such as high cost of registration and license fees.
 - Help establish Export Processing Zones (EPZs) to promote export-oriented processing and manufacturing.

2.40 The further developments of SMEs have contributed to benefiting rural communities in processing and adding value to products, as well as creating employment. These developments have also created an important link with the development of trade sector, as well as with larger enterprises.

2.41 Employment creation and better working conditions is a long-term goal of RGC aiming at enhancing the living standards of the population and ultimately alleviating poverty and accelerating economic growth. RGC has played a crucial role in creating job opportunity for all Cambodians especially the poor. With RGC's assistance, 39,075 Cambodians have secured jobs in- and outside the country in 2006 (35,439 domestic; 3,636 in other countries) compared to the 2005 figure of 22,830 (20,550 domestic; 2,278 in other countries). Technical vocational education and training networks have been established to serve both men and women equitably, especially those who are poor, disabled and vulnerable groups and to respond to labour market needs. In 2006, 10,686 students graduated from public technical vocational education and training institutions (not including the figures of students trained at NGO and private training centres), increasing from the 2005 figure of 9,073 students. A survey on gender disparities in vocational training was conducted in many provinces and municipalities and gender mainstreaming in the curriculum of technical and vocational training has started. Safe, proper and hygienic workplace conditions and fair and just contractual terms for the labour force, including setting minimum wage and holidays, reducing inequality in wages between men and women, resolution of disputes and disagreements through peaceful means without causing disruption to production and loss of wages to employees, have been constantly addressed and ensured. Efforts in reducing the proportion of child labour for dangerous jobs have been carried out through various projects/programmes and policy measures. 16,000 children have been provided with informal education and vocational training. A five-year plan on the elimination of the severest form of child labour, 2006-2012 and other regulations pertaining to child labour and labour-related issues have been formulated and drafted.

2.42 Tourism: This sector is second only to the garment industry in boosting economic growth and in providing employment to a large number of Cambodians in numerous related fields -- hospitality, transport and others. Tourism has been growing at an exponential rate in the recent years. RGC's continued efforts in implementing the tourism policies based on the basic principles articulated in the NSDP (the implementation of an open sky policy, strengthening intra-regional tourism, strengthening capacity to tackle any form of tourism-related criminal activities) and in improving physical infrastructure (roads, airports, ports) as well as providing a climate of peace and law and order have resulted in the remarkable progress of this sector. Cambodia received 1,700,041 international visitors in 2006, an increase of 19.59% over the 2005 figure, contributing an estimated foreign exchange earning of US\$ 1,049 million and to generation of 250,000 jobs.

2.43 Among the challenges ahead are: the further improvement of physical infrastructure connecting to major tourist destinations; strengthening promotion measures and legal framework for handling tourist services; attracting tourists to more and diverse destinations, including eco-tourism, since it is largely confined to Siem Reap now (the recent opening of an upgraded Sihanoukville airport is a step in this direction); and also better addressing the issue of spreading the benefit of tourism spending to local companies and providers of goods and services, instead of bulk of the revenue being repatriated or used to purchase goods from abroad.

2.44 Social Safety Nets: Clearly targeted social sector interventions are critical to provide safety nets to the most vulnerable. The major developments in 2006 are:

- The number of homeless has been reduced by 1400. Appropriate measures have been taken to mitigate the misery and the influx of homeless into urban centres. Along with establishment of centres for victims of trafficking, non-discriminatory rehabilitation and health care education services have been provided to workers and victims of sexual trafficking.
- 1,985 children in conflict with the law and drug-addicted children, 1,238 drug-addicted people, and 693 homeless and street children have been assembled, re-integrated in the communities and provided with health and moral education services and vocational training. Cambodia has become a country that follows The Hague Convention for Inter-Country Child Adoption.
- The draft law on Amputees' Rights has been sent to the National Assembly for approval.
- Social insurance of the retired government employees has been set up and continuously improved in accordance with national economic development through government sub-decree. A government sub-decree on National Social Security Fund for government employees is being prepared as part of enhancing the well being of retired government employees.

Rectangle 4: Capacity Building and Human Resource Development

2.45 The last, but not the least, of the "growth" rectangles of RS covers predominantly social sectors, *viz.*, *Education, Health, Gender Equality and Population issues.*

2.46 Education: Education is a necessary and critical element for human development and poverty reduction. Strategies and priorities to address challenges in education sector are explicitly articulated in the Education Strategic Plan (ESP), 2006-2010. Improved state of education sector in the school year 2005-2006 has revealed the RGC's efforts in pursuing the priorities of education reform programme as articulated in ESP 2006-2010 and Education Sector Support Programme (ESSP), 2006-2010 with the aim of achieving the National Plan for Education for All, 2003-2015. Significant progress has been achieved in the recent past in the realisation of the major priorities of ESP 2006-2010 especially in increases in number of primary and lower secondary schools, in enrolment level in lower secondary education (enabling the completion of basic education up to standard 9), and in adult literacy (15-24). Nevertheless, it is recognised that there are still

gaps relating to the availability of all the educational facilities for providing education services to children from the very poor households and households in remote areas. Table 2.4 shows the latest data of this sector.

Table 2.4: Education Sector: Key Goals and Targets

Targets and Indicators		2005	2006	2010 (Target)	2015 (Target)
1	Primary School (1-6), Net Enrolment %: Total	91.9	91.3	100	100
	Boys	93.0	93.0	100	100
	Girls	90.7	89.7	100	100
2	Lower Sec. School (7-9), Net Enrolment %: Total	26.1	31.3	75	100
	Boys	27.3	32.1	75	100
	Girls	24.8	30.4	75	100
3	Survival rate %: 1-6:	53.1	48.15	100	100
4	Survival rate %: 1-9:	29.30	26.48	50	100
5	Literacy rate - 15-24 years %	83.4	84.7	95	100

2.47 The major variations in 2006 are:

- The number of primary and lower secondary schools increased from 6,180 in school year 2004-2005 to 6,277 in school year 2005-2006 and from 800 to 911 for the same period of time respectively.
- To reduce gaps in accessibility to education services for children from the very poor households and households in remote areas, more primary schools were built in remote areas. In school year 2005-2006, there were 513 such schools, with an increase of 195 schools against the 2000 number of 318; the net enrolment rate for remote areas increased from 82.5% in 2005 to 83.7 in 2006
- Equitable access to and the quality of public education services in urban and rural areas had been promoted for boys and girls.
- Lower secondary education has achieved a remarkable success, especially an increase in number of schools and net enrolment rate (see Cambodia at a Glance and Table 2.4).
- There was an increase in adult literacy rate (15-24), rising from 83.4% in 2005 to 84.7% in 2006.
- The transition rate from lower to upper secondary schools was 67.4%, higher than the targeted rate of 64.0%; in particular the rate for girls was 68.3%, higher than the targeted rate of 66.0%.
- The net enrolment rate for primary schools (by sex and areas) and survival rates for grades 1-6 and 1-9 have declined. However, if there is a comparison between the school years 2004-2005 and 2005-2006, the gross enrolment rate increased from 119.7% to 124%. This has revealed that more children have obtained education, but the majority of them are over-school-aged children. This increasing trend was attributable to (1) more over-school-aged children attending grade 1 (the observation over the last five years has shown that this phenomenon has experienced a high increasing trend ranging from 30% to 60%) and (2) high level of repetition resulting in an increase in over-school-aged children.
- The transition rate from primary to lower secondary schools was 80.6%, lower than the target of 87.0%; in particular the rate for girls was 78.7%, lower than the target of 85.0%.
- To pursue a long-term strategy in this sector, continued investments and efforts have taken place for progress in tertiary and vocational education. Equity for admission to higher education has been improved through scholarship award scheme for outstanding students, poor students, students from remote areas, and female students. In 2006, 4 buildings of dormitories with the accommodating capacity of 500 students were established for poor students, in particular female students. However, the mechanism for managing and evaluating the quality of tertiary and vocational education has not yet been pursued, which requires further efforts grapple with this challenge.

- A revised National Curriculum and Learning Standards were officially approved in 2006. Nation-wide training and refresher courses on this new approach for basic education teachers have been introduced. Moreover, the RGC has focused on a national School Assessment process and strengthened the ability to evaluate student academic performance with the aim of providing quality education to ensure a better educated and trained work-force.

2.48 The goals and priorities set for the education sector in the NSDP continue to remain valid and will be vigorously pursued through the ESP, 2006-2010. As a priority sector under PFM, allocations and utilisation from the national budget have increased both in absolute and relative terms.

2.49 Health: The 2005 Cambodia Demographic and Health Survey (CDHS) was nationally representative study conducted according to rigorous international standards. Its purpose was to provide updated and reliable data on fertility, family planning, infant and child mortality, maternal and child health, nutrition, malaria, knowledge of HIV/AIDS, prevalence of HIV, women's status and domestic violence. It was also the first survey in Cambodia to provide population-based prevalence estimates for HIV. Its findings, preliminarily released from later half of 2006, have updated and/or changed the 2005 baseline data for important health indicators assumed in preparing the NSDP. Table 2.5 below presents the latest data:

Table 2.5: Health Sector: Priority Goals and Targets

Targets and Indicators		2005 (Est)	2005 (CDHS)	2010 (Target)	2015 (Target)
1	Infant Mortality Rate, per 1,000 live births	66	66	60	50
2	Under five Mortality Rate, per 1,000 live births	82	83	75	65
3	Maternal Mortality, per 100,000 live births	N/A	472	243	140
4	HIV/AIDS prevalence, % of adults, 15-49	1.9	0.6	0.5	0.5
5	Malaria cases -- fatality %	0.36	0.39 ¹	0.25	0.1
6	Prevalence of smear positive TB, per 100,000 population	N/A	269	214	135

Prevalence of smear positive TB, per 100,000 population=269 per 100,000 population (source: National TB Prevalence Survey in Cambodia 2002)

2.50 CDHS 2005 notes that, while there are clear variations between urban and remote or rural areas, the gross national averages indicate that:

- There was a “remarkable decline” in child mortality, with infant mortality dropping down by 30% since 2000.
- Two-thirds of children aged 12-23 months have received all the basic recommended vaccinations.
- 66% of women received antenatal care compared to only 38% in 2000.
- 44% of births were attended by trained birth attendants, an increase from 33% in 2000.
- HIV prevalence at only 0.6% is about 1/3rd of earlier estimates for 2005, placing Cambodia among the few countries in the globe that achieved goals in 2005.
- The maternal mortality ratio has experienced no significant increase compared to the CDHS 2000 figures.

2.51 Among other important developments during 2006 were: The Health Sector Strategic Plan (HSP 2003-2007) is being implemented in close cooperation with all EDPs; the implementation of Minimum Package of Activities (MPA) is progressing well; the number of health centres providing full MPA increased to 439 in 2006; the number of referral hospitals with Complementary Package of Activities increased and the Equity Fund for poor patients are now being provided in 25 districts, up from 17 in 2004; the malaria cases treated at public health facilities have declined from 7.3 per thousand in 2005 to 5.1 in 2006; budget allocations and disbursement for the health sector have registered growth and stability; about 130 NGOs are involved in supporting the health sector, majority of them operating in remote areas.

¹ Source: National Centre for Malaria

2.52 RGC attaches the greatest importance to promoting good health and nutrition and prevention, timely detection and treatment of diseases among the population as a means of human development, so essential for any other sustainable progress. The goals and priorities set for the health sector in the NSDP continue to remain valid and will be vigorously pursued through the HSP, 2003-2007. Allocations from the national budget, both in absolute and relative terms, will continue to increase under the PFM.

2.53 HIV/AIDS: Apart from showing significantly lower level of infection than originally estimated (decreasing to 0.6% from earlier estimates of 1.9% in the age group 15-49), the CDHS 2005 also confirms that RGC's advocacy, educational and promotional programmes have yielded very encouraging results., e.g., HIV/AIDs awareness levels in the population are very high and more than 80% of women and men of age 15-49 know the three major methods of preventing HIV infection. The well-integrated programmes for HIV/AIDs awareness creation, prevention, testing, advocacy and support services and provision of supplies involving all stakeholders in a highly coordinated manner will continue.

2.54 Gender equity: Gender imbalances and proactive promotion of women's rights and equal place in all spheres of development are foremost in the agenda for progress in Cambodia through pursuit and implementation of the Strategic Plan for Women, called *Neary Rattanak* which embraces all sectors.

2.55 In 2006, vigorous efforts were made to promote gender mainstreaming in the entire spectrum of Cambodian society, including in national policies and programmes, sectoral plans and community development planning and budgeting. These and other efforts for enhancing the rights and role of women in Cambodia will continue to be pursued earnestly. The national capacity to make analysis on gender equity is still limited. This requires firm commitment and close collaboration among all stakeholders. Some important developments were:

- Up to date, five ministries (MOEYS, MAFF, MRD, MOH, and MOINF) have developed their Gender Mainstreaming Action Plans, four of which (MOEYS, MAFF, MRD, MOH) have commenced their plan implementation.
- Efforts have continued for increasing income-earning opportunities for women through increasing job-opportunities and support for SMEs by women.
- Many Centres for Women in Development were established in various provinces.
- An action plan has been prepared and is beginning to be implemented in pursuance of the law on preventing domestic violence and protecting the victims passed in 2005.
- A draft law for preventing trafficking in women and girls is under consideration. This law will be made consistent with the UN Protocol and the national penal code.

2.56 RGC's pro-active and well-orchestrated Population Policy involves actions in many sectors such as health, education, environment, macro economy, gender, emigrations, youth, aging people, and others. The RGC is developing the capacity of human resources for integrating population-related issues in the development planning processes at all levels for planners and policy makers. CDHS 2005 has provided updated data showing positive results of implementation of this policy. Remarkable developments are as follow:

- Almost all women are familiar with some methods of contraception; and, 40% of married women were currently using a contraceptive method and 27.2% of married women were using modern birth spacing methods.
- women aged 15-49 begin having children at a median age of 22; teenage childbearing is quite rare, only about 8% of women of age 15-19 had begun childbearing; the median age of first marriage has been at 21 for women; the intervals between births is relatively long in Cambodia.

- Total Fertility Rate has decreased from 4.0 live births per woman in 2000 to 3.4 live births per woman in 2005. The average number of wanted children per woman is 3.3.
- Age structure of Cambodian population has changed compared to that in 2000. The CDHS figures show that the proportions of population aged 15-64, under 15, and 65 and above are 57%, 39%, and 5% respectively.
- The average family size has decreased from 5.4 in 2000 to 5 in 2005.
- Cambodia has a large dependent children and adolescent population. However, with declining fertility the proportion of population aged under 15 has started to decline.

CHAPTER III

PRIORITY GOALS AND TARGETS AND MONITORING AND EVALUATION

3.01 As affirmed in the NSDP, the Royal Government is clear in its long term vision and commitment to achieve a socially cohesive, educationally advanced, and culturally vibrant Cambodia without poverty, illiteracy and ill health where all Cambodians live in harmony free of hunger, inequity, exclusion, and vulnerability, and where all citizens are able to reach their full potential in their chosen vocations to contribute to further progress of the country and for an increasingly higher standard of living. RGC's Rectangular Strategy clearly specifies the immediate agenda, viz., (1) promotion of economic growth; (2) generation of employment for all Cambodian workers; (3) implementation of needed reforms to ensure equity and social justice; and (4) enhancing efficiency and effectiveness of reform programmes in all sectors towards reduction in poverty and achievement of sustainable development. In this context, *NSDP is about the immediate, medium-term future steps and targets* to move rapidly towards the long-term vision of Cambodia.

3.02 *Poverty Reduction in the fastest possible manner is RGC's foremost priority.* Given that 90% of the poor live in rural areas, priority attention is needed through NSDP to speed up development in rural areas. In this context and by themselves, achievement of CMDGs, especially for poverty reduction and human development, is of high priority but, this crucially depends on the totality, synergy and outputs of many other developments and circumstances, such as, to mention a few: political and social stability; rule of law; maintenance of public order; critical reforms in public administration and sectors; enhanced gender equity; the steady, sustainable, strong, equitable, balanced and well distributed (geographic region and socio-economic sector-wise) macro economic growth involving all other sectors, each with its own goals and targets. NSDP clearly notes that there can be no significant progress without, for instance:

- Robust and equitable macro-economic growth.
- Inflation being kept under vigilant watch and check.
- Agriculture productivity and production registering significant increases.
- Environment and natural resources being protected and enhanced.
- Infrastructure being constantly improved extended and strengthened.
- Significant industrial growth generating employment and incomes.
- Essential reforms in public administration including legal and judicial reforms, and sectoral reforms.
- Fast growth in private sector investments in diversified areas to make progress broad-based and dynamic, by reducing transaction costs, which now hinder such investments, and by streamlining procedures.
- Unhindered growth in international trade to facilitate exploitation of Cambodia's comparative advantages in supply of goods and services to overseas markets at competitive terms and in turn create backward linkages in increased and diversified employment and incomes.

- Services sector (including tourism) growing fast to provide employment and incomes; etc.

3.03 NSDP has considered all critical aspects of Cambodia's socio-economic needs, priorities, goals and targets, and synthesised CMDGs with other factors including cross-cutting elements to move the country speedily forward on the road to equitable overall socio-economic development with priority attention to poverty reduction as well as to significant reduction in regional disparities and between the rich and the poor. As a broad framework to guide and steer the development process, it has identified priority goals and targets leaving detailed sub-goals, targets and strategies to be identified and articulated by different sector strategies and plans. The broad goals and targets itemised with poverty reduction as the foremost priority provided in Table 3.2 of NSDP continue to remain valid. Table 3.1 below reproduces Table 3.2 of NSDP with modifications arising from all available latest data for 2005 and 2006.

3.04 RGC remains strongly committed to reaching the overall goals and targets indicated at Table 3.1 and those to be disaggregated and expanded by sector and sub-national levels. Some targets are clearly quite ambitious but RGC is confident that they are achievable if proper investment and human development resources are available. For success, RGC would vigorously pursue all the prioritised strategies and focused actions through the framework of the Rectangular Strategy as outlined in the Chapter IV of NSDP.

Monitoring and Evaluation

3.05 Periodic and regular monitoring of implementation and progress of NSDP has been recognised as the key¹ to ensure that element of the NSDP as monitoring is necessary to ensure that NSDP activities proceed along the intended path and at the required pace in order to achieve the intended goals and targets.

3.06 In pursuance of Chapter IV of NSDP which outlines the objectives and processes for monitoring and evaluation, an NSDP Monitoring Framework (MF) has been developed and agreed upon among all the four central agencies, viz., MOP, MEF, SNEC and CRDB and approved (see Annex II). It is intended to monitor on an annual basis 26 measurable indicators out of 43 shown in Table 3.2 of NSDP (Table 3.1 below) mainly through data being collected through the ongoing administrative machinery of various line ministries and agencies and by the National Institute of Statistics or as may emerge from periodic surveys. It is not intended to set up separate tracking surveys for this purpose. In addition, line ministries and agencies would continue to gather other important data relevant to their functioning including on detailed CMDGs and provide inputs for the monitoring of NSDP implementation with more detailed and clearer analysis of causes for success or failure in order to enable them to make informed choices and decisions on policy, plans and programmes to be pursued and other administrative actions to be taken to achieve their sectoral goals and targets. The NSDP Monitoring Framework will be reviewed periodically to ensure necessary modifications on the basis of experience gained.

3.07 Administrative data is collected at various levels including at the commune level. The NIS, as part of its mandate under the Statistical Master Plan, will progressively ensure the quality, standard and reliability of the data collection, analysis and presentation at all these levels through capacity development measures.

3.08 In terms of resources for implementing the NSDP, MEF and CRDB as appropriate would ensure that internal and external resources respectively are channelled to NSDP priorities as identified and articulated in the three-year rolling PIPs. CRDB would also continue to maintain and monitor data on EDP pledges, commitments and actual deliveries through the annual DCRs.

¹ Chapter VI of NSDP

Table 3.1: NSDP's Macro-Goals and Critical Indicators (Targets)¹

(*) - CMDG goals and targets

Major Goals: Targets/Indicators		2005	2010	CMDG- 2015	
Eradicate - Poverty & Hunger (*)					
1*	Poverty levels % of population -- 2004 -- in 59% of country covered by 1993/94 survey	34.67 (28.0)	25	19.5	
2*	Poverty levels % rural population -- 2004 -- in areas covered by 1993/94 survey	39.2 (33.7)			
3*	People below food poverty line % -- 2004 -- in areas covered by 1993/94 survey	19.7 (14.2)	13	10	
Enhance Agricultural Production and Productivity					
4	Paddy yield per hectare (tons)	2.4	2.4		
5	Irrigated area -- including supplemental irrign., (% of rice area)	20	25		
6	Land Reforms: Land Titles to farmers -- % of Total agri. land	12	24		
Improvements in Health (*)					
7*	Infant Mortality Rate per 1,000 live births	66	60	50	
8*	> 5 Mortality Rate per 1,000 live births	82	83	65	
9*	Maternal Mortality per 100,000 live births	N/A	243	140	
10*	Births attended by skilled health personnel -- %	N/A	70	80	
11*	HIV/AIDS prevalence, % of adults 15-49	1.9	0.5		
12*	Malaria Cases - fatality %	0.36	0.25	0.1	
13*	TB smear positive cases, per 100,000	N/A	214	135	
14*	Married women using modern birth spacing methods (%)	20.1	44	60	
15	% of health facilities providing RH services	33	45	70	
Improvements in Education (*)					
16*	Net Enrolment at Primary Schools (%):	Total	91.9	100	100
		Boys	93.0	100	100
		Girls	90.7	100	100
17*	Net Enrolment at Lower Sec. Schools (%):	Total	26.1	50	100
		Boys	27.3	50	100
		Girls	24.8	50	100
18*	Survival rate % : 1-6:	53.1	100	100	
19*	Survival rate % : 1-9:	29.3	50	100	
20*	6-14 years out of school (%)	12.3	11	0	
Rural Development					
21	Rural Roads rehabilitated -- Kms (out of total 28,000)	22,700	25,000	28,000	
22*	Safe Drinking water access -- % rural population	41.6	45	50	
23*	Sanitation access -- % rural population	16.4	25	30	
Environmental Sustainability (*)					
24*	Forest Cover -- % of total area	60	60	60	
25*	Fuel Wood dependency: Households -- %	83.9	61	52	
26*	Access to safe water source -- % of urban population	35	75	80	
27*	Access to improved sanitation -- % or urban population	55	67	74	
Gender Equity (*)²					
28	Mainstream gender in all spheres				
a	Concerned ministries/institutions have formulated their Gender Mainstreaming Action Plan	2	27		
b	Concerned ministries/institutions have implemented their Gender Mainstreaming Action Plan	2	15	27	
29*	Female share of wage employment (%):	agriculture	52.5	50	50
		industry	53.5	50	50
		services	27.0	37	50
30*	Level of awareness that violence against women is wrongful behaviour and a crime (%)	4.5	50	100	
Reforms					
31	Accelerate Governance Reforms	To be developed			
Sustain high Macro-Economic Growth (*)					
32	Annual GDP Growth at constant prices - %	13.4	7.0		
33	Per Capita GDP at constant prices (000 Riels)	1,846.59	2,888.45		
34	Rate of Inflation %	6.7	3.0		
Improve Budget Performance					
35	Total Government budget revenues - % of GDP	10.60	11.60		
36	Total Government budget expenditure -- % of GDP	13.3	14.2		
Accelerate Industrial Growth & Employment					
37	Annual Growth in manufacturing - constant prices (%)	10.2	7.2		
38*	Working children aged 5-17 years -- %	22.3	10.6	8	
Tourism					
39	Annual Tourist arrivals nos -- 000s	1,300	3,120		
De-mining, Victim Assistance (*)					
40*	Casualties (deaths and injuries) nos.	875	200	0	
41*	Area affected cleared of mines and UXOs -- %	50.3	77	100	

Major Goals: Targets/Indicators		2005	2010	CMDG- 2015
Infrastructure				
42	Length of paved roads (primary & secondary) out of 11,310- kms	2,100	4,100	
Energy				
43	Per capita use of electricity - Kwh/year	54.01	89.11	

¹ See explanatory information at paragraph 3.13 of NSDP.

² Gender related targets have been shown separately under health and education.

CHAPTER IV

COST, RESOURCES, AND PROGRAMMING

Costs / Resources needed / Financial Outlay

4.01 Successful and timely implementation of NSDP strategies and achievement of NSDP targets needs the necessary resources. Taking into account all the emerging factors, including the high growth levels now expected, the estimates for possible levels of investments envisaged in the NSDP have since been revised upwards from a total of US\$ 6,401.10 million to US\$ 10,014.6 million, most of the increases attributable to investments in the private sector, both domestically and externally financed – see detailed revised figures at Annex I:2. The new projections do not however include fully all the additional needs for investments in the public sector, particularly in infrastructure so necessary to spur and maintain momentum of robust economic growth, the social sectors like education and health, technical assistance and surveys as well as additional needs of current expenditure engendered by more investments in the public sector. Thus, the needs of funds for public sector investments for implementing NSDP during 2006 - 2010 remain at US\$ 3,500 million, the same as before, amounting to about US\$ 700 per year increasing progressively every year. However, the detailed breakdown of this total has changed somewhat as in the Table below:

**Table 4.1: Levels of Public Sector Investments Needed, 2006-2010
(US Dollar Million)**

1. Public Sector Investments as per Annex I:2	2,353.8
2. Additional Expenditures:	
• Additional Needs for Social Sectors and Governance	300.0
• Technical Assistance, Training & Surveys	500.0
• Additional Recurrent Expenditures	300.0
• Reserves for Productive Sectors	46.2
TOTAL OUTLAY, 2006 - 2010	<u>3,500.0</u>

4.02 As per revised figures, the following sources are expected to contribute to the total of US\$ 3,500 million in public sector outlay:

- About US\$ 651.1 million from domestic resources (current budget surpluses); this is less than US\$ 783.3 million anticipated in NSDP but is based on more realistic and latest estimates.
- US\$ 2,500 million from external sources (traditional EDPS), unchanged from NSDP.
- The balance of US\$ 348.9 million is likely to be made available from (1) by non-traditional EDPs; (2) better budget performance; (3) likely additional resources accruing from successful exploitation of oil and gas resources; (4) funds from possible past debt relief; and (5) additional funds from traditional EDPs by raising global development aid flows to the promised 0.7% of their GDPs.

4.03 The gap of US\$ 348.9 million in public outlay resources could widen further if allocation and use of funds do not get fully aligned to the priorities of NSDP - in other words: if they get spent on non-priority projects/investments/activities. In the past, substantial part of EDP resources bypassed the national budget. It is therefore of highest importance, that from now on budget allocations and EDP support will not only be made available, but are also fully aligned to NSDP priorities. Furthermore, freestanding TA needs to be limited (to about US\$ 500 million).

4.04 The *critical challenges ahead* are therefore to ensure that (where possible through the already established TWG mechanisms):

- all ongoing programmes and activities funded by EDPs are critically re-examined and if needed to realign them to NSDP priorities;
- in particular, try to reduce the free standing technical assistance components as much as possible, in order to achieve maximum transfer of net resources for investment;
- all new programmes supported by domestic or external resources clearly adhere to NSDP priorities;
- EDPs, including in particular, provide assistance only in the form of grants, loans (mainly in the concessional forms) being restricted to clearly capital investment projects;
- EDPs, both bilateral and multilateral, start providing debt relief for past debts as soon as possible;
- all modes of delivery of external assistance are aligned to and harmonised with the procedures and processes adopted already by RGC for its work, with the view to ultimately resort to “budget support” as the most preferred mode of providing external assistance; and
- speedy preparation of sector wide strategies and action plans with priority attached to critical sectors like agriculture which impact on the lives and livelihoods of the majority.

4.05 Projections for private sector investments in various spheres of economic activity have been raised to US\$ 7,660.8 million¹ during 2006-2010 compared to US\$ 4,016.5 million assumed in the NSDP document. Such an increase of around 90% may seem overly optimistic but is considered quite realisable; it is based on the anticipated high increases in private sector investments, from domestic and foreign resources, expected to take place particularly in the oil and natural gas and power and electricity sectors. RGC will strive its best to progressively and proactively improve the investment climate in Cambodia through various targeted efforts including better infrastructure, reform and strengthening of the financial sector to release dormant funds for productive investments and support through facilitating legal and regulatory framework to provide a stable and level field for competitive activities.

4.06 NSDP allocations and details of overall financial outlay: NSDP has already allocated² the overall outlay of US\$ 3,500 million to various sectors in order to achieve its overall quantitative and qualitative goals and objectives in particular poverty reduction and CMDGs. This allocation providing 32.86% to the social sectors and 62% to benefit rural areas, remains unchanged as in Table 4.2.

Programming of NSDP outlay

4.07 The financial allocation projections made for various sectors under NSDP (table 5.2) are broad directions or indications for moving forward. In order to become operational, they have to be further broken down into clear proposals for specific capital and current expenditure on an annual basis. For this purpose, the following instruments have been put in place:

- the three-year rolling Public Investment Programme (PIP) consisting of investments and technical assistance, both from domestic budget and external resources, but excluding current expenditure, prepared by MOP;
- the three-year rolling Mid-Term-Expenditure Framework (MTEF) comprising budget expenditures, both capital and current (done by MEF);
- the annual Budget (comprising investments and current expenditures), prepared by MEF; and

¹ See Annex I:2

² Table 5.2 of NSDP

- regular consultations conducted between RGC and EDPs by CRDB¹ and line ministries and agencies to ensure that EDP assistance is fully channelled to the NSDP priorities.

4.08 Two PIPs for 2006-2008 and for 2007-2009² which have been prepared so far have attempted to clearly align projects to NSDP priorities though for the period 2007-2009 about 48% of funds required for the period (US\$ 1,060 million out of the identified needs of US\$ 2,205 million) still need to be identified or secured. While Table 4:2 indicates the most preferred allocations under NSDP, PIP 2007-2009 at Annex 1:4 provides details of programmes or projects (including several shown as high priority but still to be funded) envisaged by RGC to make necessary investments in the public sector.

4.09 Efforts are already underway to properly sequence preparation of various documents – PIP, MTEF, Budget and the DCR – and to bring synergy and harmony among them. This process and the overall monitoring of NSDP progress is being conducted, as envisaged in the NSDP, by close coordination and cooperation among the four main central agencies, viz., MOP, MEF, SNEC and CRDB.

¹ CRDB also prepares the annual Development Cooperation Report (DCR) to track EDP assistance.

² See Table 1 of PIP 2007-2009 at Annex 1:4

Table 4.2: NSDP Allocations by Sector, 2006-2010*(Amount in millions of US\$)*

Sector	Amount	%	Rural	%	Urban	%	Notes
							1
Social Sectors							
Education: (of which Basic Education to receive 60%)	550	15.71%	330	60	220	40	2
Health	600	17.14%	420	70	180	30	
Sub-Total	1,150	32.86%					
Economic Sectors							
Agriculture & Land Mgmt: other than crops	150	4.29%	143	95	8	5	3
Seasonal Crops: Rice & others	200	5.71%	200	100	0		
Rural Development	350	10.00%	350	100	0		4
Manufacturing, Mining & Trade	80	2.29%	12	15	68	85	5
Sub-Total	780	22.29%					
Infrastructure							
Transportation (Roads, Ports, Rlys., Civil Aviation)	550	15.71%	275	50	275	50	6
Water and Sanitation (excluding rural)	150	4.29%	15	10	135	90	7
Power & Electricity	120	3.43%	60	50	60	50	8
Post & Telecommunications	60	1.71%	30	50	30	50	9
Sub-Total	880	25.14%					
Services & Cross Sectoral Programmes							
Gender Mainstreaming	30	0.86%	9	30	21	70	10
Tourism	30	0.86%	8	25	23	75	
Environment and Conservation	100	2.86%	90	90	10	10	11
Community and Social Services	80	2.29%	60	75	20	25	
Culture & Arts	30	0.86%	15	50	15	50	
Governance & Administration	220	6.29%	44	20	176	80	12
Sub-Total	490	14.00%					
Unallocated	200	5.71%	100	50	100	50	13
Grand Total:	3,500	100%	2,160	62%	1,340	38%	14

Explanatory Notes:

- (a) Amounts against each sector include: resources available from all sources: RGC & EDPs (spent directly or thro RGC)
(b) capital outlays, additional current expenditure, TA, cost of monitoring, data gathering, maintenance of websites
(c) Rural - Urban figures are indicative and should be adhered to.
(d) amounts also include all subventions to province, district and commune levels to be implemented by them.
- (a) includes youth and sports.
(b) of the total, 60% will be earmarked for Basic Education.
- Includes fisheries, de-mining & activities except for "seasonal" crops; excludes forestry shown under Environment & Conservation
- RD: Includes SEILA, rural roads, markets, irrigation schemes; water supply & sanitation; D&D; local governance.
- Includes: employment generation and labour issues
- Excludes rural roads; primary & secondary roads help rural areas -- hence (50%); private sector to be involved; includes additional maintenance costs.
- Excludes activities in rural areas included under Rural Development.
- Most investments in this sector should be sought from the private sector.
- Most investments in this sector should be sought from the private sector.
- Mainly for awareness creation and mainstreaming; other individual sectors will incorporate activities in their work.
- Includes Forestry.
- Includes: (a) all reforms like Judicial & Legal; Public Administration; Macro-Economy; Fiscal & others.
(b) NIS studies and surveys such as Census 2008, poverty assessment; CSES, NSDP monitoring, etc.
(c) Development cooperation management.
(d) Various elections.
(e) All other public admin., activities.
- Reserve to enable redirection of resources if needed.
- Slight difference in total figures (rural, urban) and grand total due to rounding of decimals.

CHAPTER V

CONCLUSION

5.01 In the previous chapters, this document has provided an update on new data emerging, developments that have occurred and the progress made since the NSDP was approved by the Council of Ministers in early 2006. It has also indicated revised overall goals and targets for 2010 as found necessary including resource requirements. In addition, it has highlighted that inputs for the monitoring of NSDP implementation need to be prepared with more detailed and clearer analysis of causes for success or failure in order to render the progress report a tool for providing policy-decision makers with relevant policy recommendations to be taken to achieve the sectoral goals and targets. The NSDP Monitoring Framework will be reviewed periodically to ensure necessary modifications on the basis of experience gained.

5.02 As noted in the NSDP, there are some imponderable external and internal factors that could adversely impinge upon successful and orderly implementation of various strategies, plans and actions envisaged under the NSDP and the sectoral strategies and sub-plans prepared under its ambit. These are:

- Expected resources not being available, particularly from EDPs.
- Global oil and gas prices continuing at excessive level (more than double of 2004), pushing inflation up to high levels.
- World and regional political and social situation deteriorating due to sudden acts of terrorism.
- International Trade barriers not being removed at the expected rate.
- Outbreak of diseases like avian flu or other new ones.
- Natural calamities occurring beyond normal levels such as repeated drought or flood affecting crop production and damaging physical infrastructure and property.

5.03 The road ahead is challenging and difficult. RGC is however confident that it could implement NSDP in full subject to changes to be made from year to year to take account of ongoing realities, and that the needed resources would be available in full. RGC hopes to receive full cooperation from all stakeholders (EDPs, civil society and internally from all ministries and agencies) in realising the goals of NDSP to improve the lives of all Cambodians, particularly in rapidly reducing poverty levels.

ANNEX I:1**CAMBODIA : KEY MACRO-ECONOMIC INDICATORS****Projections for 2006-2010**

Particulars	2005	2006	2007	2008	2009	2010
GDP (constant prices) Bn. Riels	21,812	24,080	25,831	27,541	29,420	31,992
Real GDP - % increase	13.4	10.8	7.3	6.6	6.8	7.00
Inflation in Riels (year-average -- %)	5.8	4.7	3.0	3.0	3.0	3.0
Foreign Direct Investment (US\$ Mln)	375	475	530	573	613	620
Gross Foreign Reserves (mths of import)	2.8	2.9	3.0	3.0	3.0	3.0
Riel/US\$ Parity (exchange rate)	4,092	4,103	4,122	4,142	4,162	4,200
Exports (US\$ million)	2,773.0	3,537.0	4,064.0	4,460.0	4,821.0	5,211.2
Imports (US\$ million)	3,822.0	4,608.0	5,353.0	5,953.0	6,489.0	7,139.9
Current Account Balance (% of GDP)	-4.3	-3.0	-3.4	-4.4	-4.9	-6.1
(including official transfers)						
Fiscal Sector (% of GDP)						
Budget Revenue	10.6	11.5	10.7	11.0	11.3	11.6
Tax Revenue	7.8	8.1	8.3	8.6	8.8	9.00
Non-Tax Revenue	2.3	2.1	2.2	2.3	2.4	2.4
Budget Expenditure	13.3	14.2	14.4	14.6	14.7	14.9
Capital Expenditure	5.2	5.8	5.5	5.3	5.2	5.0
Current Expenditure	7.7	8.0	8.6	8.9	9.2	9.5
Current Balance	2.0	1.2	1.7	1.6	1.6	1.6
<i>Source: MEF, 03 May 2007</i>						
GDP at Constant 2000 prices by Economic Activity (Annual % change)						
Agriculture, Fishery and Forestry	16.6	4.4	3.4	3.5	3.6	4.1
Crops	28.0	3.4	4.1	4.2	4.3	3.4
Livestock & Poultry	5.8	8.2	6.7	6.8	7.1	8.3
Fisheries	5.6	3.8	0.7	0.7	0.6	0.6
Forestry & Logging	5.4	6.4	0.0	0.0	0.0	0.0
Industry	12.1	17.0	11.8	8.1	8.0	7.8
Mining	24.6	11.8	6.2	6.3	6.3	6.3
Manufacturing	9.7	17.8	12.5	7.5	7.6	7.7
Food, Beverages & Tobacco	8.0	2.5	5.0	6.1	6.1	6.1
Textile, Wearing Apparel & Footwear	10.3	21.9	14.3	7.7	7.8	7.9
Wood, Paper & Publishing	6.6	5.5	8.3	8.2	8.2	8.2
Rubber Manufacturing	-8.9	3.2	7.1	5.5	5.5	5.5
Other Manufacturing	11.0	9.2	7.9	7.9	7.9	7.9
Electricity, Gas and Water	4.4	4.6	7.5	7.5	7.5	7.5
Construction	20.1	15.7	9.8	9.9	9.4	9.1
Services	12.1	11.4	8.1	8.6	8.6	8.6
Trade	8.4	6.8	7.5	7.5	7.5	7.5
Hotel & Restaurants	17.3	23.3	10.5	10.3	10.6	10.2
Transport & Communications	13.1	8.9	4.7	4.9	5.1	5.1
Finance	19.3	22.5	6.4	6.4	6.4	6.4
Public Administration	5.9	-2.0	2.8	3.0	3.0	3.0
Real Estate & Business	6.9	13.8	4.3	4.4	4.6	4.6
Other Services	17.7	10.9	8.0	8.8	8.8	8.8

Source: Ministry of Economy and Finance

ANNEX I:2**CAMBODIA: PROJECTED INVESTMENTS, 2006-2010**

(Million US\$)

Particulars/Sectors	2006	2007	2008	2009	2010	Total
Agriculture, Fishery & Forestry	244.3	272.3	290.0	325.7	335.3	1,467.6
Crops	205.7	228.9	244.5	277.8	284.6	1241.5
Livestock & Poultry	11.0	14.7	16.0	17.6	19.6	78.9
Fisheries	13.8	14.4	14.9	15.3	15.8	74.2
Forestry & Logging	13.8	14.3	14.6	15.0	15.3	73.0
Industry	735.6	802.3	884.2	966.9	1,046.1	4,435.2
Mining	47.9	51.7	55.9	59.9	62.9	278.3
Manufacturing	348.0	386.2	426.5	465.4	498.8	2124.8
Food, Beverages & Tobacco	35.7	39.3	42.9	46.2	49.5	213.6
Textile, Wearing Apparel & Footwear	148.9	168.2	189.1	209.0	226.6	941.8
Wood, Paper & Publishing	9.0	10.2	11.4	12.6	13.9	57.1
Rubber Manufacturing	12.8	14.7	16.5	18.2	19.4	81.6
Other Manufacturing	141.5	153.6	166.6	179.3	189.5	830.6
Electricity, Gas and Water	93.9	104.0	114.5	126.1	138.9	577.4
Construction	245.8	260.4	287.3	315.5	345.6	1,454.6
Services	528.1	597.2	662.3	725.5	790.4	3,303.4
Trade	104.2	119.1	133.2	147.1	162.2	665.7
Hotel & Restaurants	75.1	89.9	104.7	120.4	136.6	526.6
Transport & Communications	87.3	96.8	106.8	115.0	123.9	529.9
Finance	14.1	17.8	20.8	23.2	25.3	101.2
Public Administration	102.1	107.9	113.4	119.3	125.4	568.1
Real Estate & Business	88.5	100.2	110.0	119.2	127.2	545.0
Other Services	56.8	65.6	73.4	81.3	89.8	366.9
Total	1,508.0	1,671.7	1,836.5	2,018.2	2,171.8	9,206.2
Total Investment	1,631.0	1,828.5	2,007.0	2,194.0	2,354.1	10,014.6
Public Investment	417.1	442.9	463.9	497.4	532.5	2,353.8
Domestic Financed	92.6	102.7	137.7	151.5	166.6	651.1
Foreign Financed	324.5	340.2	326.2	345.9	365.9	1,702.7
Private Investment	1,213.9	1,385.6	1,543.1	1,696.6	1,821.6	7,660.8
Domestic Financed	738.9	855.6	970.1	1,083.6	1,201.6	4,849.8
Foreign Financed	475.0	530.0	573.0	613.0	620.0	2,811.0
Total Domestic Financed	831.5	958.3	1,107.8	1,235.1	1,368.2	5,500.9
Total Foreign Financed	799.5	870.2	899.2	958.9	985.9	4,513.7

Source: Ministry of Economy and Finance

1. Public Sector Investment (Capital) as per MEF Projections	2,353.8
2. Additional Expenditures:	
• Additional Needs for Social Sectors and Governance	300.0
• Technical Assistance, Training & Surveys	500.0
• Additional Recurrent Expenditures	300.0
• Reserves for Productive Sectors	46.2
Total NSDP Outlay:	3,500.0

PIP 2006-2008 projections: Capital	2,570.0
: Freestanding TA	675.0
Additional current expenditure	255.0
Total NSDP Outlay:	3,500.0

ANNEX I:3**CAMBODIA: ESTIMATED BUDGET CURRENT EXPENDITURE ALLOCATION
BY SECTORS & PRIORITY MINISTRIES**

(In percentage of central government current expenditure)

Particulars/Sectors	2005	2006p	2007p	2008p	2009p	2010p
General Administration	18.13	17.65	14.20	14.25	14.30	14.40
of which, Justice	0.60	0.62	0.66	0.68	0.70	0.71
Rest of General Administration	17.54	17.02	13.53	13.57	13.60	13.69
Defence & Security	22.93	21.91	17.88	18.00	18.00	17.40
Social Services	37.09	39.56	38.96	39.05	39.15	39.20
of which, Health	11.41	11.45	11.88	11.88	11.90	11.90
Education	17.83	19.66	19.24	19.24	19.25	19.25
Women's Affairs	0.53	0.57	0.58	0.59	0.59	0.60
Labour and Vocational training	0.45	0.87	1.03	1.10	1.15	1.12
Rest of Social Services	6.87	7.01	6.23	6.24	6.27	6.33
Economic Services	9.05	10.78	8.90	9.15	9.20	9.25
Agriculture, Forestry & Fishery	2.39	2.41	2.10	2.20	2.30	2.35
Rural Development	1.13	1.41	1.31	1.38	1.39	1.40
Urbanization and Construction	0.40	0.57	0.57	0.59	0.60	0.63
Rest of Economic Services	5.13	6.38	4.92	4.98	4.91	4.87
Contingency Reserves & Debt Service	12.79	10.70	20.07	19.55	19.35	19.35
Central Government Current Expenditure (Billion Riels)	1,967.45	2,397.57	2,837.17	3,295.70	3,824.84	4,433.94

Source: Ministry of Economy and Finance

ANNEX I:4**PUBLIC INVESTMENT PROGRAMME (PIP), 2006-2008 (*1)****TABLE 1 : SUMMARY BY SECTOR (US\$ 000)**

Sector	NSDP Target (*2) %	Total Planned Programme 2006-08		Available Resources On-Going and Committed Projects				Additional Funds Needed (*3)	
		Amt	%	Government Amt	EDPs Amt	Total	%	Amt	%
Social Sectors									
Health	17.14	353,359	17.89	127,172	185,372	312,544	88.4	40,815	11.6
Education	15.71	315,108	15.95	110,743	172,969	283,712	90.0	31,396	10.0
Sub-Total	32.85	668,467	33.85	237,915	358,341	596,256	89.2	72,211	10.8
Economic Sectors									
<i>Agriculture & Land Mgmt</i>	10.00	210,692	10.67	6,919	118,225	125,144	59.4	85,548	40.6
-- Crops	5.71	121,505	6.15	2,563	50,577	53,140	43.7	68,365	56.3
-- Other than crops	4.29	89,187	4.52	4,356	67,648	72,004	80.7	17,183	19.3
Rural Development	10.00	204,736	10.37	17,326	127,256	144,582	70.6	60,154	29.4
Manufacturing, Mining & Trade	2.29	54,318	2.75	211	24,357	24,568	45.2	29,750	54.8
Sub-Total	22.29	469,746	23.78	24,456.00	269,838.00	294,294	62.65	175,452.00	37.35
Infrastructure									
Transportation	15.71	330,488	16.73	14,282	199,724	214,006	64.8	116,482	35.2
Water & Sanitation	4.29	96,119	4.87	3,541	64,241	67,782	70.5	28,337	29.5
Power & Electricity	3.43	87,315	4.42	4,000	70,845	74,845	85.7	12,470	14.3
Posts & Telecommunications	1.71	36,954	1.87	3,250	1,193	4,443	12.0	32,511	88.0
Sub-Total	25.14	550,876	27.89	25,073	336,003	361,076	65.55	189,800	34.45
Services & Cross-Sectoral									
Gender Mainstreaming	0.86	16,520	0.84		15,700	15,700	95.0	820	5.0
Tourism	0.86	17,295	0.88		10,525	10,525		6,770	
Environment & Conservation	2.86	66,595	3.37	2,453	55,455	57,908	87.0	8,687	13.0
Community & Social Services	2.29	40,666	2.06	0	6,771	6,771	16.7	33,895	83.3
Culture & Arts	0.86	19,700	1.00			0		19,700	
Governance & Administration	6.29	125,135	6.34	4,424	64,632	69,056	55.2	56,079	44.8
Sub-Total	14.00	285,911	14.48	6,877	153,083	159,960	55.9	125,951	44.1
Unallocated	5.71								
Grand Total	100	1,975,000	100	294,321	1,117,265	1,411,586	71.47	563,414	28.53

<i>Outside NSDP Priority</i>		10,113
	Projects	Amount
<i>PIP Projects for 2006-2008</i>	617	1,975,000
Investments & related projs	394	1,570,359
Free Standing TA projects	223	404,641
Total: - Ongoing	298	1,321,728
- Committed	36	294,640
Investments & related	203	1,269,712
Free Standing TA	131	346,656
Total: Priority Pipeline projs.	283	358,632
Investments & related	191	300,647
Free Standing TA	92	57,985

*** NOTES:**

1. Source: Databases of MOP and CRDB/CDC: Projects not reported by EDPs (particularly NGOs) not included.
2. Percentage of NSDP allocations shown for comparison.
3. Includes needs of ongoing or committed projects and of high priority pipeline projects.

PIP 2006-2008 included 617 selected projects comprising (1) 334 on-going and completed projects requiring investment funds of US\$1,616 and (2) 283 high priority pipeline projects requiring investment funds of US\$358. The above-said selected projects are also comprised of 394 capital investment projects requiring investment funds of US\$1,570 and 223 TA projects requiring US\$404. The total funds required for PIP 2006-2008 are US\$1,975, including US\$600, US\$650 and US\$725 for 2006, 2007 and 2008 respectively. Of the total funds required for PIP 2006-2008 US\$1,975, the amount of US\$1,411 has been committed by RGC and EDPs, thus the gap is US\$564.

ANNEX I:5**PUBLIC INVESTMENT PROGRAMME (PIP), 2007-2009 (*1)
TABLE 1 : SUMMARY BY SECTOR (US\$ 000)**

Sector	NSDP Target (*2)	Total Planned Programme (*3)		Planned Programme		Total Planned Programme		Available Resources On-Going and Committed Projects				Additional Funds Needed		
		2006-2009		2006 (*4)		2007-2009		Govem't	DPS			(*5)		
		%	Amt	%	Amt	%	Amt	%	Amt	Amt	Total	%	Amt	%
Social Sectors														
Health	17.14	476,109	17.72	91,235	17.96	384,874	17.45	127,172	147,179	274,351	71.3	110,523	28.7	
Education	15.71	429,798	16.00	87,226	17.17	342,572	15.54	93,626	160,113	253,739	74.1	88,833	25.9	
Sub-Total	32.85	905,907	33.72	178,461	35.13	727,446	32.99	220,798	307,292	528,090	72.6	199,356	27.4	
Economic Sectors														
Agriculture & Land Mgmt	10.00	269,634	10.04	47,740	9.40	222,454	10.09	7,009	91,788	98,797	44.4	47,740	21.5	
-- Crops	5.71	157,267	5.85	33,019	6.50	124,248	5.63	3,919	40,819	44,738	36.0	79,509	64.0	
-- Other than crops	4.29	112,367	4.18	14,721	2.90	98,206	4.45	3,090	50,969	54,059	55.0	43,710	44.5	
Rural Development	10.00	300,442	11.18	55,630	10.95	244,812	11.10	37,262	53,094	90,356	36.9	154,455	63.1	
Manufacturing, Mining & Construction	2.29	67,418	2.51	10,979	2.16	56,438	2.56	211	13,378	13,589	24.1	42,849	75.9	
Sub-Total	22.29	637,494	23.73	114,349	22.51	523,704	23.75	44,482.0	158,260	202,742	38.71	245,044	46.79	
Infrastructure														
Transportation	15.71	428,405	15.95	75,120	14.79	353,285	16.02	11,094	109,724	120,818	34.2	232,467	65.8	
Water & Sanitation	4.29	136,234	5.07	21,837	4.30	114,397	5.19	4,441	82,310	86,751	75.8	27,646	24.2	
Power & Electricity	3.43	118,715	4.42	24,817	4.89	93,899	4.26	4,000	65,198	69,198	73.7	24,710	26.3	
Posts & Telecommunications	1.71	51,287	1.91	10,023	1.97	41,265	1.87	3,250	1,193	4,443	10.8	36,822	89.2	
Sub-Total	25.14	734,641	27.35	131,797	25.94	602,846	27.34	22,785	258,425	281,210	46.65	321,645	53.35	
Services & Cross-Sectoral														
Gender Mainstreaming	0.86	31,021	1.15	5,106	1.01	25,915	1.18	800	14,414	15,214	58.7	10,701	41.3	
Tourism	0.86	40,390	1.50	3,210	0.63	37,180	1.69	900	13,625	14,525	39.1	22,655	60.9	
Environment & Conservation	2.86	96,331	3.59	17,917	3.53	77,891	3.53	2,385	38,651	41,036	52.7	36,855	47.3	
Community & Social Services	2.29	50,494	1.88	4,129	0.81	46,365	2.10	450	15,540	15,990	34.5	29,824	64.3	
Culture & Arts	0.86	24,550	0.91	400	0.08	24,150	1.10			0		24,150	100.0	
Governance & Administration	6.29	192,135	7.15	52,632	10.36	139,503	6.33	4,701	39,565	44,266	31.7	100,534	72.1	
Sub-Total	14.00	434,921	16.19	83,394	16.42	351,004	15.92	9,236	121,795	131,031	37.3	224,719	64.0	
Unallocated	5.71													
Grand Total	100	2,686,440	100	508,001	100	2,205,000	100	295,261	848,507	1,143,768	51.9	1,060,243	48.1	

	Projects	Amount
<i>PIP Projects for 2007-2009</i>	605	2,205,000
Investments & related projs	393	1,814,005
Free Standing TA projects	212	390,995
Total: - Ongoing	331	1,567,556
Investments & related	200	1,254,758
Free Standing TA	131	312,798
Total: Priority Pipeline projs.	274	637,444
Investments & related	193	559,245
Free Standing TA	81	78,199

*** NOTES:**

1. Source: Databases of MOP and CRDB/CDC: Projects not reported by EDPs (particularly NGOs) not included.
2. Percentage of NSDP allocations shown for comparison
3. Includes \$ 508 million estimated to have been spent in 2006 plus programmed amount for three years 2007-09
4. Estimated \$508 million have been spent in 2006 compare with amount for four years 2006-09
5. Includes needs of ongoing or committed projects and of high priority pipeline projects.

PIP 2007-2009 included 605 selected projects comprising (1) 331 on-going and completed projects requiring investment funds of US\$1,567 and (2) 274 high priority pipeline projects requiring investment funds of US\$637. The above-said selected projects are also comprised of 393 capital investment projects requiring investment funds of US\$1,814 and 212 TA projects requiring US\$390. The total funds required for PIP 2007-2009 are US\$2,205, including US\$695, US\$740 and US\$770 for 2007, 2008 and 2009 respectively. Of the total funds required for PIP 2007-2009 US\$2,205, the amount of US\$1,143 has been committed by RGC and EDPs, thus the gap is US\$1,062.

ANNEX I:6**PUBLIC INVESTMENT PROGRAMME (PIP), 2008-2010 (*1)****TABLE 1 : SUMMARY BY SECTOR (US\$ 000)**

Sector	NSDP Target (*2) %	Total Planned Programme (*3) 2007-2010		Planned Programme 2007 (*4)		Total Planned Programme 2008-2010		Available Resources On-Going and Committed Projects				Additional Funds Needed (*5)			
		Amt	%	Amt	%	Amt	%	Government		EDPs		Total	%	Amt	%
								Amt	Amt	Amt	Amt				
Social Sectors															
Health	17.14	570,695	19.08	160,523	24.10	410,171	17.64	156,567	133,674	290,241	70.8	119,930	29.2		
Education	15.71	468,174	15.65	101,607	15.26	366,567	15.77	137,002	129,565	266,567	72.7	100,000	27.3		
Sub-Total	32.85	1,038,869	34.73	262,130	39.36	776,738	33.41	293,569	263,239	556,808	71.7	219,930	28.3		
Economic Sectors															
<i>Agriculture & Land Mgmt</i>	10.00	256,478	8.57	22,857	3.43	233,621	10.05	3,566	54,956	58,522	25.0	175,099	75.0		
-- Crops	5.71	155,297	5.19	17,598	2.64	137,699	5.92	1,666	38,693	40,359	29.3	97,340	70.7		
-- Other than crops	4.29	101,181	3.38	5,259	0.79	95,922	4.13	1,900	16,263	18,163	18.9	77,759	81.1		
Rural Development	10.00	365,252	12.21	76,828	11.54	288,424	12.41	49,375	101,333	150,708	52.3	137,716	47.7		
Manufacturing, Mining & Trade	2.29	57,023	1.91	14,449	2.17	42,574	1.83	211	8,293	8,504	20.0	34,070	80.0		
Sub-Total	22.29	678,753	22.69	114,134	17.14	564,619	24.28	53,152.00	164,582	217,734	38.56	346,885	61.44		
Infrastructure															
Transportation	15.71	562,729	18.81	173,628	26.07	389,101	16.74	39,897	204,419	244,316	62.8	144,785	37.2		
Water & Sanitation	4.29	126,808	4.24	21,946	3.30	104,862	4.51	900	45,670	46,570	44.4	58,292	55.6		
Power & Electricity	3.43	104,964	3.51	12,422	1.87	92,542	3.98	9,400	69,222	78,622	85.0	13,920	15.0		
Posts & Telecommunications	1.71	55,037	1.84	398	0.06	54,639	2.35	1,100	12,800	13,900	25.4	40,739	74.6		
Sub-Total	25.14	849,538	28.40	208,394	31.29	641,144	27.58	51,297	332,111	383,408	59.80	257,736	40.20		
Services & Cross-															
Gender Mainstreaming	0.86	22,041	0.74	4,231	0.64	17,810	0.77	100	5,261	5,361	30.1	12,449	69.9		
Tourism	0.86	36,801	1.23	4,331	0.65	32,470	1.40	2,400	6,900	9,300	28.6	23,170	71.4		
Environment & Forestry	2.86	79,755	2.67	12,843	1.93	66,912	2.88	990	33,621	34,611	51.7	32,301	48.3		
Community & Social	2.29	47,267	1.58	9,027	1.36	38,240	1.64	450	6,413	6,863	17.9	31,377	82.1		
Culture & Arts	0.86	24,650	0.82	301	0.05	24,350	1.05					24,350	100.0		
Governance & Administration	6.29	213,326	7.13	50,609	7.60	162,717	7.00	1,900	60,506	62,406	38.4	100,311	72.8		
Sub-Total	14.00	423,840	14.17	81,342	12.21	342,499	14.73	5,840	112,701	118,541	34.6	223,958	65.4		
Unallocated	5.71														
Grand Total	100	2,991,000	100	666,000	100	2,325,000	100	403,858	872,633	1,276,491	54.9	1,048,509	45.1		

	Projects	Amount
<i>PIP Projects for 2008-2010</i>	585	2,325,000
Investments & related projs	401	1,997,506
Free Standing TA projects	184	327,494
Total - Ongoing	286	1,664,782
Investments & related	184	1,420,514
Free Standing TA	102	244,268
Total: Priority Pipeline projs.	299	660,218
Investments & related	217	576,992
Free Standing TA	82	83,226

*** NOTES:**

1. Source: Databases of MOP and CRDB/CDC: Projects not reported by EDPs (particularly NGOs) not included.
2. Percentage of NSDP allocations shown for comparison.
3. Includes \$ 666 million estimated to have been spent in 2007 plus programmed amount for three years 2008-2010.
4. Estimated \$666 million have been spent in 2007 compared with amount for four years 2007-2010.
5. Includes needs of ongoing or committed projects and of high priority pipeline projects.

PIP 2008-2010 included 585 selected projects comprising (1) 286 on-going and completed projects requiring investment funds of US\$1,664 and (2) 299 high priority pipeline projects requiring investment funds of US\$660. The above-said selected projects are also comprised of 401 capital investment projects requiring investment funds of US\$1,997 and 184 TA projects requiring US\$327. The total funds required for PIP 2008-2010 are US\$2,325, including US\$760, US\$775 and US\$790 for 2008, 2009 and 2010 respectively. Of the total funds required for PIP 2008-2010 US\$2,325, the amount of US\$1,276 has been committed by RGC and EDPs, thus the gap is US\$1,049.

ANNEX II

NSDP MONITORING FRAMEWORK

I. BACKGROUND

1. The National Strategic Development Plan (NSDP) for 2006-2010 *is the single, overarching document that outlines RGC's priority goals and strategies to reduce poverty rapidly, and to achieve other CMDGs and socio-economic development goals for the benefit of all Cambodians.* It operationalises the Rectangular Strategy to achieve its intended goals. Also, a Public Investment Program (PIP) for 2006-2008 to support the implementation of the NSDP has been prepared. Both of these documents were approved by the Royal Government at a Cabinet meeting on 27 January 2006. These documents will also guide the external development partners in aligning and harmonizing their efforts to improve aid-effectiveness and to secure a higher "net transfer of resources" focused on reducing poverty among the poor in Cambodia and achieving targeted development results better and more efficiently than has been the case in the past.

2. The Royal Government will be monitoring the implementation of the NSDP by:

- Preparing an annual progress report on the implementation of the NSDP.
- Carrying out a comprehensive review, towards the end of 2009, of progress made in achieving the targeted development results of NSDP, e.g. reduction in the overall poverty rate from the current levels (2005 assessment) at the national and sub-national levels and other CMDGs; and identifying opportunities and constraints to guide and serve as important inputs in formulating the NSDP 2011-2015.

3. This note outlines the objectives, coverage and methodology for the preparation of the annual progress reports on the implementation of the NSDP, i.e. item (i) in paragraph 2 above.

II. OBJECTIVES

4. The main objectives of the annual monitoring of progress in the implementation of the NSDP are to present a succinct analysis on:

- Degree of alignment of development resources, both from National Budget and ODA, with the sectoral allocation of development resources and priorities outlined in the NSDP, including an analysis on the national and ODA resources that were allocated for programs and projects constituting the PIP 2006-2008, and national and ODA resources that were provided to support programs and projects outside the PIP 2006-2008.
- Progress in achieving the socio-economic development targets of NSDP at the national and sub-national levels, including the CMDGs, and recommendations to achieve the targeted development results.

III. ISSUES TO BE ADDRESSED IN THE ANNUAL MONITORING PROGRESS REPORT

5. The annual monitoring progress report will provide analysis on the following issues:

- The degree of alignment of the allocation and disbursement of financial resources in the National Budget with the sectoral priorities targeted in the NSDP.
- The degree of alignment of pledges and disbursements by the external development partners with sectoral priorities targeted in the NSDP (Table 5.2 of NSDP).
- Progress in implementing key strategies and actions in various sectors outlined in NSDP, in particular preparation of sector plans at the national and sub-national levels, where they do not exist at present.
- Assessment of progress made in achieving selected core indicators of NSDP (Table 3.2 of NSDP).
- Recommendations and proposed adjustments to the NSDP.

IV. METHODOLOGY AND INSTITUTIONAL RESPONSIBILITY

6. The choice of methodology is governed by the basic principle that the annual monitoring of progress will be based on administrative statistics from implementing institutions and available updated information from the National Institute of Statistics (NIS) and/or other secondary sources with a minimal, if any, stand alone primary data collection effort. A high priority will be given to capacity development in terms of the Statistical Master Plan and other mechanisms in areas where systems for collecting and analyzing the required administrative statistics are not robust enough or need to be put in place as an important element of the annual monitoring process.

7. Out of the 43 core indicators of NSDP, the 26 indicators for which administrative statistics are or can be collected by relevant ministries/agencies and by the NIS are shown in Annex I. The Ministry of Planning has already begun discussions with the concerned ministries/agencies to prepare the information on these selected core indicators along with a qualitative assessment of progress in their sectors as the input in the preparation of the annual monitoring report. In addition, the MEF has agreed to prepare and provide an assessment on issue (i) listed in section III above, and the CDC/CRDB has agreed to prepare and provide to MOP an assessment on issues (ii) listed in section III above. A summary of the roles and responsibilities of ministries and agencies in the preparation of the Annual Monitoring Report is presented in Annex II.

8. The Ministry of Planning (MOP) will lead the task of preparation of the Annual Monitoring Report in close collaboration with the Ministry of Economy and Finance (MEF), the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CDC/CRDB), and the Supreme National Economic Council (SNEC). A high level steering committee has been set up in regard to monitoring NSDP implementation and reporting.

Table 1: NSDP Indicators to be covered in Annual Monitoring of Progress

	Core indicators	Included (Y=yes, N=no)	Responsible institution	Source*
Eradicate – Poverty & Hunger				
1	Poverty levels % of population -- 2004 -- in 59% of country covered by 1993/94 survey	N		
2	Poverty levels % rural population -- 2004 -- in areas covered by 1993/94 survey	N		
3	People below food poverty line % -- 2004 -- in areas covered by 1993/94 survey	N		
Enhance Agricultural Production and Diversification				
4	Paddy yield per hectare (tons)	Y	MAFF	MAIS
5	Irrigated area – including supplemental irrign., (% of rice area)	Y	MAFF	MAIS
6	Land Reforms: Land Titles to farmers -- % of Total agri. land	Y	MLMUPC	MAIS
Improvements in Health				
7	Infant Mortality Rate per 1,000 live births	N		
8	> 5 Mortality Rate per 1,000 live births	N		
9	Maternal Mortality per 100,000 live births	N		
10	Births attended by skilled health personnel -- %	Y		
11	HIV/AIDS prevalence, % of adults 15-49	Y	NAA	MAIS
12	Malaria Cases - fatality %	Y	MOH	MAIS
13	TB smear positive cases, per 100,000	Y	MOH	MAIS
14	Married women using modern birth spacing methods (%)	Y	MOH	MAIS
15	% of health facilities providing reproductive health services	Y	MOH	MAIS
Improvements in Education (*)				
16	Net Enrolment: Primary Schools -- Total; Boys; Girls --%	Y	MOEYS	MAIS
17	Net Enrolment: Lower Sec. Schools --Total; Boys; Girls -- %	Y	MOEYS	MAIS
18	Survival rate % : 1-6:	Y	MOEYS	MAIS
19	Survival rate % : 1-9:	Y	MOEYS	MAIS
20	6-14 years out of school (%)	N		
Rural Development				
21	Rural Roads rehabilitated – Kms (out of total 28,000)	Y	MRD	MAIS
22	Safe Drinking water access -- % rural population	N		
23	Sanitation access -- % rural population	N		
Environmental Sustainability (*)				
24	Forest Cover -- % of total area	Y	MAFF	MAIS
25	Fuel Wood dependency: Households -- %	N		
26	Access to safe water supply -- % of urban population	Y	MIME	MAIS
27	Access to improved sanitation -- % or urban population	Y	MIME	MAIS
Gender Equity (*)¹				
28	Mainstream gender in all spheres	Y	MOWA	MAIS
a)	Concerned ministries/agencies have formulated their gender mainstreaming Action Plan	Y	MOWA	MAIS
b)	Concerned ministries/agencies have implemented their gender mainstreaming Action plan	Y	MOWA	MAIS
29	Female share of wage employment -- agriculture, industry, services (%)	N		
30	Level of awareness that violence against women is wrongful and a crime (%)	Y	MOWA	MAIS
Reforms				
31	Accelerate Governance Reforms	N		
a)	Finalize and approve Anti-corruption Law, based on best international practices	Y	MNASRI, COM	
b)	Prepare and submit for National Assembly approval a set of Organic Laws on democratic development at sub-national levels	Y	IMC	
Sustain high Macro-Economic Growth (*)				
32	Annual GDP Growth at constant prices - %	Y	NIS	MAIS
33	Per Capita GDP at constant prices (000 Riels)	Y	NIS	MAIS
34	Rate of Inflation %	Y	NIS	MAIS
Improve Budget Performance				
35	Total Government budget revenues - % of GDP	Y	MEF	MAIS
36	Total Government budget expenditure -- % of GDP	Y	MEF	MAIS
Accelerate Industrial Growth & Employment				
37	Annual Growth in manufacturing - constant prices (%)	Y	MIME	MAIS
38	Working children aged 5-17 years -- %	N		
Tourism				
39	Annual Tourist arrivals nos -- 000s	Y	MOT	MAIS
De-mining, Victim Assistance (*)				
40	Casualties (deaths and injuries) nos.	Y	CMMA	MAIS
41	Area affected cleared of mines and UXOs -- %	Y	CMMA	MAIS
Infrastructure				
42	Length of paved roads (primary & secondary) out of 11,310- kms	Y	MPWT	MAIS
Energy				
43	Per capita use of electricity - Kwh	Y	MIME	MAIS

Note: MAIS= Ministry/Agency's Administrative Information System

Table 2: Role and Responsibilities of the Ministries and Agencies in the Preparation of the Annual Monitoring Progress Report

Issue/area	Responsible institutions(s)	Time frame
The degree of alignment of the allocation and disbursement of financial resources in the National Budget with the sectoral priorities targeted in the NSDP.	MEF	To be sent to MOP by 31 December 2006
The degree of alignment of pledges and disbursements by development partners with sectoral priorities targeted in the NSDP (Table 5.2 of NSDP).	CDC/CRDB	To be sent to MOP by 31 December 2006
Progress in implementing key strategies and actions in various sectors outlined in NSDP, in particular preparation of sector plans at the national and sub-national levels, where they do not exist at the present time.	Concerned line ministries/agencies	To be sent to MOP by 31 December 2006
Assessment of progress made in achieving selected core indicators of NSDP (Table 3.2 of NSDP).	Concerned line ministries/agencies	To be sent to MOP by 31 December 2006
Recommendations and proposed adjustments in NSDP.	Concerned line ministries/agencies	To be sent to MOP by 31 December 2006
Preparation of first draft of NSDP-APR.	MOP	First week of January 2007
First draft sent to concerned ministries and agencies and EDPs for comments, suggestions, and corrections.	MOP	Second week of February 2007
Recommendations and proposed adjustments in NSDP-APR.	Concerned line ministries/agencies, EDPs	To be sent to MOP by 27 February 2007
Presentation and discussion on the second draft of NSDP-APR at an inter-ministerial meeting.	MOP	Mid of March 2007
Review and additional policy inputs to the third draft report.	SNEC	Third week of March 2007
Approval of the NSDP-APR by the RGC.	COM	First week of April

ABBREVIATIONS & ACRONYMS

APR	Annual Progress Report
CDC	Council for the Development of Cambodia
CDCF	Cambodia Development Cooperation Forum
CDHS	Cambodia Demographic and Health Survey
CDRI	Cambodia Development Resource Institute
CSF	Commune/Sangkat Fund
CG	Consultative Group (meeting)
CIB (CDC)	Cambodia Investment Board
CMDG	Cambodia Millennium Development Goal (s)
CRDB /CDC	Cambodia Rehabilitation and Development Board
DCR	Development Cooperation Report (CRDB/CDC)
D & D	Decentralisation & Deconcentration
EDP	External Development Partner (s) -- bilateral & multilateral and NGOs
EPZ	Export Processing Zone
ESP	Education Strategic Plan, 2006-2010
FSB	The Financial Sector Blue Print, 2001-2010
GDCC	Government-Donor Coordination Committee
GDP	Gross Domestic Product
Gwh	Giga Watt Hour
HA or Ha	Hectare
HIV/AIDS	Human Immunodeficiency Virus - Acquired Immune Deficiency Syndrome
HSP	Health Sector Plan
Km	Kilometre (s)
LAMDP	Land Management, Administration and Distribution Programme
MBPI	Merit-Based Pay Initiative
MAFF	Ministry of Agriculture, Forestry and Fisheries
MDG	United Nations Millennium Development Goals
MEF	Ministry of Economy and Finance
MoEYS	Ministry of Education, Youth and Sports
MOI	Ministry of Interior
MOJ	Ministry of Justices
MoLMUPC	Ministry of Land Management, Urbanization, Planning and Construction
MoRD	Ministry of Rural Development
MoAFF	Ministry of Agriculture, Fisheries and Forestry
MoWA	Ministry of Women Affairs
MOH	Ministry of Health
MOP	Ministry of Planning
MPA	Minimum Package of Activities (health sector)
MTEF	Medium-Term Expenditure Framework
NBC	National Bank of Cambodia
NCDD	National Committee for the Management of Decentralization and Deconcentration
NGO	Non-Government Organisation (s)
NIS	National Institute of Statistics
Nos	Numbers
NSDP	National Strategic Development Plan, 2006-2010
NSDP-APR	National Strategic Development Plan Annual Progress Report
ODA	Official Development Assistance
PAP	Priority Action Programme -- for Health, Education, Agriculture & RD
PFM	Public Financial Management Reform Programme
Per sq. km	Per Square Kilometre
PIP	Public Investment Programme (rolling for every three years)
PMG	Priority Mission Group (s)
PNH	Phnom Penh

RD	Rural Development
RGC	Royal Government of Cambodia
RS	Rectangular Strategy of RGC, July 2004
SEILA Programme	SEILA Programme
SME	Small and Medium Enterprise
SNEC	Supreme National Economic Council
Sq. Km	Square Kilometre
SRI	System of Rice Intensification
TWG	(Joint) Technical Working Group (s)
US\$	Unites States Dollar (currency)
UXO	Unexploded Ordnance