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INTERNATIONAL DEVELOPMENT ASSOCIATION

COUNTRY ASSISTANCE STRATEGY PROGRESS REPORT  
FOR  
THE KINGDOM OF CAMBODIA

FOR THE PERIOD FY05-08

April 17, 2008

Southeast Asia Country Unit  
East Asia and Pacific Region

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**ABBREVIATIONS AND ACRONYMS**

AAA	Analytical and Advisory Activities	JSDF	Japan Social Development Fund
ACWG	Anti-Corruption Working Group	LASED	Land Allocation for Social and Economic Development
ADB	Asian Development Bank	LICUS	Low Income Countries Under Stress
APR	Annual Progress Report	LMAP	Land Management and Administration Project
AusAID	Australian Agency for International Development	M&E	Monitoring and Evaluation
C/SC	Commune/Sangkat Council	MBPI	Merit-Based Pay Initiative
CAE	Country Assistance Evaluation	MDG	Millennium Development Goal
CAR	Council for Administrative Reform	MDTF	Multi Donor Trust Fund
CAS	Country Assistance Strategy (World Bank)	MEF	Ministry of Economy and Finance
CDCF	Cambodia Development Cooperation Forum	MoH	Ministry of Health
CG	Consultative Group	MONASRI	Ministry of National Assembly and Inspections
CGA	Cambodia Gender Assessment	MoP	Ministry of Planning
CIDA	Canadian International Development Agency	MoWVA	Ministry of Women's and Veterans Affairs
CMDG	Cambodian Millennium Development Goal	MPDF	Mekong Private Sector Development Facility
CPIA	Country Policy and Institutional Assessment	NA	National Assembly
CPP	Cambodia Peoples Party	NGO	Non-Governmental Organization
CPPR	Country Portfolio Performance Review	NRM	Natural Resource Management
CSES	Cambodian Socio-Economic Survey	NRM	Natural Resources Management
DFGG	Demand for Good Governance	NSDP	National Strategic Development Plan
DFID	Department for International Development (UK)	ODA	Official Development Assistance
DP	Development Partners	OED	Operations Evaluation Department
EC	European Communities	PA	Protected Areas
EFA	Education for All	PAR	Public Administration Reform
EITI	Extractive Industries Transparency Initiative	PBA	Program Based Approach
ELC(s)	Economic Land Concession(s)	PETS	Public Expenditure Tracking Survey
ESW	Economic and Sector Work	PFM	Public Financial Management
FCCPP	Forest Concession and Control Pilot Project	PFMAP	Public Financial Management and Accountability Project
FDI	Foreign Direct Investment	PFMRP	Public Financial Management Reform Program
FR	Fiduciary Review	PHRD	Poverty and Human Resources Development
FTI	Fast Track Initiatives	PPI	Private Participation in Infrastructure
FY	Fiscal Year	PROGO	Poverty Reduction and Growth Operation
GAC	Governance and Anti-Corruption	PSD	Private Sector Development
GDCC	Government Donor Coordination Committee	PSIA	Poverty and Social Impact Analysis
GDP	Gross Domestic Product	RAMP	Road Asset Management Project
GGFs	Good Governance Frameworks	RGC	Royal Government of Cambodia
GMS	Greater Mekong Subregion	RILGP	Rural Investment and Local Governance Project
GSP	General System of Preferences	RS	Rectangular Strategy
HRMIS	Human Resources Management Information System	SAD	Single Administration Document
ICA	Investment Climate Assessment	SIDA	Swedish International Development Cooperation Agency
IDA	International Development Association	SME	Small and Medium Enterprises
IDF	Institutional Development Fund	SNEC	Supreme National Economic Council
IFAPER	Integrated Fiduciary Assessment and Public Expenditure Review	SWAP	Sector-Wide Approach
IFC	International Finance Corporation	TA	Technical Assistance
IMF	International Monetary Fund	TOR(s)	Term of Reference(s)
INT	Department of Institutional Integrity	TWG	Technical Working Group
IPA	International Procurement Agent	UN	United Nations
JBIC	Japan Bank of International Corporation	UNDP	United Nations Development Programme
JMI(s)	Joint Monitoring Indicator(s)	WTO	World Trade Organization

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## I. INTRODUCTION AND CHANGES IN COUNTRY CONTEXT

1. *This note updates the Board on progress in implementing the Country Assistance Strategy (CAS) for Cambodia (Report No. 32118-KH) for the period of FY05-08.* The report is fully consistent with the East Asia Regional Strategy<sup>1</sup>, and reflects the work described in that strategy to support the developmental underpinnings for peace, renewed growth and poverty reduction in the poorest and most fragile countries in the region.
2. *When the Executive Directors endorsed the CAS for Cambodia in 2005, the country was still among the poorest countries in the world, with a per capita income of \$430 despite nearly a decade of high growth.* Although the lack of good data made it impossible to determine trends, poverty rates were known to be high and social indicators poor. Many of the public institutions that could help to address these problems had been destroyed during the prior three decades of conflict and were still being rebuilt; and analytical work pointed to governance as the main constraint to sustainable poverty reduction. It was in this context that the World Bank Group put in place a governance-focused CAS, prepared jointly with ADB, DFID and the UN system, making it the Bank Group's first joint CAS.
3. *Since that time, Cambodia has undergone many changes, and the knowledge base has improved considerably.* The country enjoyed double digit growth in 2004-2006, and growth for 2007 was 10 percent, much better than forecast. This robust economic expansion has been underpinned by garment exports, surging tourism, booming construction and a steady agricultural expansion. The incidence of poverty is now known to have declined to 35 percent in 2004 from 45-50 percent a decade earlier; consumption inequality stabilized between 1997 and 2004, following an increase from 1994-1997, and it is expected that poverty has declined further in the last three years due to robust agricultural growth. Cambodia has also made commendable progress in the social sectors. The gross primary enrollment rate has risen faster than the low-income countries average, while many health outcomes, such as HIV prevalence and infant mortality, have dramatically improved.
4. *Peace and political stability in Cambodia have also been maintained.* Local commune elections in 2007 were peaceful, and consolidated the ruling Cambodian Peoples Party's (CPP) hold on local government despite the significant gains made by the main opposition party, the Sam Rainsy Party. National elections are scheduled for July 2008. In addition, the Khmer Rouge Tribunal became operational in 2007 and a number of Khmer Rouge officials are now facing trial on charges of committing crimes against humanity.
5. *However, Cambodia still faces very challenging structural reform and governance issues.* While growth is high, for example, the base of growth remains narrow and undiversified, with garments still accounting for over 80 percent of export earnings. Stiffer competition from neighboring countries may jeopardize this high growth rate. Rapidly rising food and energy costs also threaten to undermine growth and poverty reduction. Government revenues have increased but the revenue to GDP ratio, at 12 percent, remains inadequate and well below the average for low income countries. On the social side, there have been rapid improvements in primary school enrollment, yet only half of the children who enter primary school complete it. Finally, a number of global indicators suggest that governance in the country remains weak.
6. *To address these challenges, in 2006 the Royal Government of Cambodia (RGC) adopted a single overarching development strategy, the National Strategic Development Plan (NSDP), to replace the multiple competing strategies that previously existed.* The plan links the vision in the Rectangular

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<sup>1</sup> *Securing the Future: Supporting Shared and Sustainable Growth in the East Asia and Pacific Countries and Beyond*, SecM2008-0152, April 10, 2008.

Strategy (the RGC's 2005 political platform) to concrete goals and targets and is based on six pillars<sup>2</sup>. The discovery since the CAS was prepared of possibly significant volumes of offshore oil and gas and onshore minerals has improved the medium term outlook for the country, while increasing the urgency of putting in place an appropriate framework for the oversight and management of natural resources. Recently updated projections by the Ministry of Economy and Finance (MEF) forecast growth at around seven percent per year for the next three years, projections that are in line with the country's growth potential and take account of the impact of higher energy and food prices and increased competition in Cambodia's key export sectors. Indeed, the main challenge for the economy will be to diversify its sources of growth, an objective at the center of the NSDP.

## II. IMPLEMENTATION PROGRESS

7. *Nearly three years into implementation, there has been considerable progress towards achieving the expected CAS outcomes, despite implementation delays as a result of problems uncovered in several Bank-supported projects.* A review of the status of the intermediate indicators of progress towards CAS outcomes (Attachment 2) shows that 30 percent of the 134 progress indicators have been completed and an additional 43 percent are on track. The Country Policy and Institutional Assessment (CPIA) ratings for Cambodia have also improved from 3.0 in 2004 to 3.2 in 2007. However, it is clear that the progress with respect to the governance pillar of the CAS has been slower than the progress to support a national strategy and investment program to achieve the Cambodian Millennium Development Goals (CMDG). With respect to the other key features of the CAS, namely working through strategic partnerships and reducing fiduciary risks, significant progress has been made on the aid effectiveness agenda and on strengthening partnerships and communications with other stakeholders. To reduce fiduciary risks, the RGC and the Bank agreed to strengthen project oversight (see paragraphs 22-23 and 30) after the Bank declared misprocurement in June 2006, and suspended disbursements for eight months on three projects. The suspensions, coupled with RGC objections to the investigation process (and the approach to sharing information about the evidence of corruption), led to a period where effective dialogue with the RGC was severely constrained. Program performance, however, was not drastically affected, as the suspended projects were quite advanced in their implementation and project activities did not stop completely because contracts were not terminated.

### A. Progress on CAS Objectives

8. *Pillar 1 of the CAS, remove the governance constraints to attaining the CMDGs, focuses on four objectives:* (i) promote private sector development for poverty reduction; (ii) improve natural resources management; (iii) improve service delivery and public financial management, and (iv) support decentralization and promote citizens' partnerships for better governance. These four objectives were chosen because of their importance for growth and poverty reduction, and the strong ownership and leadership from the RGC. The selection was also informed by lessons from successes and failures in past strategies, and by the comparative advantage of development partners. Progress toward Pillar 1 CAS objectives was mixed, with 50 percent of the intermediate indicators either completed or on track. Progress on each of these objectives is summarized below, and described in greater detail in Attachment 1.

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<sup>2</sup> Good governance; maintenance of political and macro-economic stability and strong partnerships with all stakeholders; enhancement of the agricultural sector; continued rehabilitation and construction of physical infrastructure; private sector growth and employment; and capacity building and human resources development.

9. *Progress in the Bank group's efforts to promote private sector development for poverty reduction* are mixed, with 50 percent of indicators either complete or on track. Support in this area includes work to facilitate trade, where there has been steady movement towards a customs automation program (ASYCUDA), and passage of the Law on Customs. Laws to improve the legal framework for investment and private sector development have also been passed, but implementation has lagged. The Bank has supported policy reforms in these areas through the Poverty Reduction and Growth Operation (see Box 1), and the Trade Facilitation and Competitiveness Project which is helping to streamline import/export formalities and reduce the costs of trade related activities. The International Finance Corporation (IFC) has also been active in these areas through the Mekong Private Sector Development Facility (MPDF), which prepared the Cambodian Provincial Business Environment Scorecards in ten provinces.

10. *Progress toward improving natural resource management (NRM) has been solid*, with 65 percent of progress indicators completed or on track, but a number of concerns remain. The RGC's land titling program, supported by the Land Management and Administration Project (LMAP), has been a notable success, distributing more than 800,000 titles over the past five years. Sub-decrees on State Land Management and on Economic Land Concessions (ELCs) have been adopted although transparency in the issuance of ELCs still needs to be improved. RGC recently issued a new Protected Areas Law to provide greater clarity with respect to institutional roles, responsibilities, and obligations. To better integrate the Bank's efforts across land, forestry and biodiversity conservation, the Bank has developed a NRM framework which seeks to summarize the main challenges and required actions to move the overall agenda forward and has supported policy reforms through the PRGO. Despite these notable achievements, progress in this area has been hampered by fiduciary problems discovered in four projects in this sector, and an additional project was the subject of an Inspection Panel case.

11. *Efforts to improve service delivery and public financial management (PFM) have been satisfactory*, with 57 percent of the intermediate outcome indicators either completed or on track. Successes include implementing improved arrangements for budgeting, supported through the Public Financial Management Reform Program, the first Sector Wide Approach (SWAp) in Cambodia which has been recognized as a model of aid effectiveness globally. An innovative merit-based pay initiative (MBPI) was implemented in the Ministry of Finance to tackle issues of civil service incentives, performance and capacity is another important accomplishment that the Bank supported. This system is

#### Box 1: The Poverty Reduction and Growth Operations

A group of Development Partners (DP), led by the World Bank, has engaged with Government on a series of Development Policy Operations. The Board approved the first US\$15 million Poverty Reduction and Growth Operation (PRGO) in July 2007 and the second is now under discussion.

The series of PRGOs supports the implementation of the NSDP through three specific objectives. First, the PRGOs support a program of reforms aiming at growth and poverty reduction through an improved investment climate, higher agricultural productivity, and more effective public service delivery. Second, the PRGOs provide support for the reform agenda by focusing the policy dialogue on results and achievements. It also builds on the reform momentum where political opportunity exists. Finally, the PRGOs are a vehicle for DPs to harmonize and align their policy positions, build on agreed monitoring frameworks at the sectoral level, and provide financial support to the overall NSDP implementation.

At the moment, the PRGO is cofinanced by four DPs, working in partnership with a broader group of DPs. After the first operation in the series was approved by the World Bank's Board, the Japanese Government signed a JBIC loan for JPY¥1 billion (around US\$8.5 million). Then, the European Commission approved a contribution of €22.2 million for the period 2007-2010, with a first annual disbursement of €5 million in 2007. Finally, DFID approved a £7.5 million program over three years (plus £200,000 complementary technical assistance funds). The first disbursement is expected soon. In addition, AusAID, CIDA, SIDA, and the Spanish Agency for International Cooperation have been closely engaged in the process.

now being extended progressively to all development partner-financed strategic reforms. PFM policy reforms have also been supported through the PRGO.

12. *There has been considerable progress in supporting decentralization and promoting citizens' partnerships for better governance*, with 71 percent of indicators either completed or on track. The Organic Laws were approved by the National Assembly in April 2008. In line with the goal of decentralization of resources to local government units, average funds to Commune/Sangkats have increased each year since 2002, and are projected to double the current level by 2010. The Bank has provided substantial assistance for this work through the Rural Investment and Local Governance Project (RILGP), which supports increased fiscal transfers to the communes. The RGC has also successfully piloted "One Window Service" and the District Ombudsman's office to enhance local governance. Progress on improving access to information, however, has been delayed.

13. *Pillar 2 of the CAS, support formulation and implementation of a government-led strategy and investment program for achieving the CMDGs, focuses on two objectives:* (i) support the formulation and implementation of a government-led strategy and corresponding investment program for reducing poverty and achieving the CMDGs; and (ii) support with analytical and investment services those under-funded sectors and sub-sectors critical to achieving the CMDGs. Progress toward Pillar 2 CAS outcomes has been very strong, with 95 percent of the intermediate indicators either completed or on track. Progress on each of these objectives is summarized below, and described in greater detail in Attachment 1.

14. *Progress toward the formulation and implementation of the NSDP has been impressive.* The RGC adopted the NSDP in 2006, replacing previous donor-driven plans with a single national development strategy. In addition to direct support to RGC institutions and processes related to the NSDP, the Bank has improved the knowledge base for policymakers and other stakeholders through the 2006 *Poverty Assessment* and the 2007 *Sharing Growth: Equity and Development Report*.

15. *Progress toward analytical and investment support for achieving the CMDGs in human development and infrastructure has also been impressive.* There has been improvement in most human development outcomes, including infant mortality rate, fertility rate, HIV prevalence rate and school enrollment rates. There has been greater access to and utilization of health, education, and infrastructure services, and better targeting of health and education subsidies. The Bank has supported progress in the social sectors through the ongoing Health Sector Support Project and Education Sector Support Project and by helping the RGC win endorsement of an Education For All (EFA) Fast Track Initiative (FTI) Catalytic Fund as well as through participation in the Technical Working Group (TWG).

16. In infrastructure, the RGC improved national and provincial and rural roads and is developing sector strategies in energy, and water and sanitation. The Bank has contributed through a number of infrastructure development projects and has supported the development of sub-sector strategies through a range of AAA as well as through participation in the TWG. The eight month suspension of two investment projects (see Attachment 1) delayed infrastructure implementation progress but these projects ultimately have had a significant development impact. The Bank has also initiated regional initiatives in power trade and water resource management through its Greater Mekong Subregion program.

## B. Partnerships and the Aid Effectiveness Agenda

17. *Significant progress has been made in implementing the Paris Declaration and improving aid effectiveness, but important challenges remain.* At both the macro and the sectoral levels there has been a major increase in the extent of government ownership and leadership of the process as reflected in the change from Consultative Group (CG) meetings to meetings of the government-led Cambodia Development Cooperation Forum (CDCF), and in the government's leadership of and active participation in both the quarterly Government Donor Coordination Committee (GDCC) meetings and the sectoral TWGs. On the policy dialogue, there is much greater coherence and shared setting of priorities, with

development partners more often delivering common messages to the RGC. On the sector side, there has also been some progress, with seven officially recognized SWAs or Program Based Approaches (PBA). Fragmented donor assistance is still a problem, however, especially in the health and education ministries. In the health sector, for example, there are 22 donors, working with over 100 non-governmental organizations (NGOs) delivering \$110 million in Official Development Assistance (ODA) per annum through 109 projects. Use of national systems also remains fairly low (ranging from 13 to 18 percent), reflecting the remaining challenges related to strengthening country systems.

18. *The Bank has provided significant support to the RGC on donor coordination and has played a leading role in the development of joint donor positions on key policy reform issues, which has significantly enhanced the quality of government-donor policy dialogue.* As the Co-Chair of the CG process and now the Lead Donor Facilitator for the CDCF, the Bank has played an important role in helping the RGC and development partners put in place mechanisms for regular dialogue among all partners. At the annual CDCF meeting, Joint Monitoring Indicators (JMIs) are adopted in a number of areas that set the benchmarks for reforms for the coming years, and are then monitored by the TWGs and through the quarterly GDCC meetings.

19. *Relationships with the Bank Group's CAS partners, ADB, DFID and the UN system, have remained strong and many of the pioneering steps introduced as part of the joint CAS process have now been adopted more widely.* The Bank has continued to coordinate effectively with other partners involved in the joint CAS process at the informal level, through joint annual country strategy review retreats, and through annual visits by Bank management to ADB and DFID headquarters. The Bank also has a parallel tripartite partnership with ADB and Japan, supported by periodic management meetings in Tokyo or Manila. Other partners have also indicated their desire to join the process and be part of a much larger group of donors that would prepare a joint strategy in support of the RGC's next NSDP. With the shift in emphasis from donor coordination at the national level to the sectoral level, many of the pioneering steps introduced through the CAS (such as the development of Partnership Principles and jointly supporting national strategies based on joint analysis, and moving towards joint monitoring and reporting systems) are being increasingly taken up at the sectoral level by the TWGs.

20. *The Bank has also strengthened its partnerships with other stakeholders through a comprehensive communications and outreach program.* The Country Office has made a concerted effort to improve public awareness of important development issues and the role the Bank plays in addressing those issues through its comprehensive outreach program, which has engaged a wide range of stakeholders at both national and sub-national levels, including parliamentarians, national and local government officials, donors, the business community, and civil society. The Bank has devoted special attention to developing public consciousness of governance issues in Cambodia, as well as to increasing grass-roots participation. It has also made a strong effort to increase public awareness of gender equity and the important role of women in development. Between 2006 and 2007, the Bank organized public information sharing events in 14 of 24 Cambodian provinces, bringing together provincial- and district-government officials, commune council members, village chiefs, youth groups, NGOs and the media. These events helped to stimulate a dialogue on a wide range of development issues. The Bank has also explored using different tools, such as radio programs or a You Tube video, to enhance the effectiveness of its communication program and reach more stakeholders.

## C. Instruments and Implementation at the Project Level

21. *Progress on CAS implementation reflects the effective use of a broad range of instruments including a solid program of AAA and a mix of programmatic, sector investment and trust funded operations.* A total of 23 AAA tasks have been completed to date, and an additional 6 will be completed before the end of FY08. This compares with 31 AAA tasks outlined in the CAS for the same period. The Bank has also delivered seven IDA operations since the CAS was considered by the Board, including one

regional project (the GMS Power Trade Project), and an Avian and Human Influenza project. Two additional IDA operations, the Land Allocation for Social and Economic Development (LASED) project and RAMP, are being considered along with this report, and a health sector project is also scheduled for FY08 approval. These ten projects compare with 12 envisaged for FY06-08 in the CAS. IFC provided loan and equity commitments in Cambodia totaling \$39.8 in FY08, up from \$25.5 in FY06. At the beginning of the CAS period, Cambodia received 100 percent IDA grants but improvements in Cambodia's risk of debt distress have now changed its IDA allocation from all grant to half grant and half IDA credit. As of March 24, 2008, the portfolio comprises 11 IDA credits and grants totaling \$260 million, as well as 20 client-executed Trust Funds totaling about \$28 million. Because of the project suspensions, the disbursement rate fell to 14 percent in FY07, but has picked up again in FY08. The number of problem projects has also declined from five in FY07 to two in March 2008.

22. *Following the Department of Institutional Integrity (INT) investigations and findings of corruption, collusion and fraudulent practices, the RGC and the Bank have established a number of preventive and oversight measures to mitigate fiduciary risks to Bank-financed projects* (see Box 2 for a history of fiduciary problems). One important measure has been the adoption of anti-corruption action plans, called Good Governance Frameworks (GGFs). The GGFs include measures to strengthen procurement procedures, financial management processes, staff conduct, complaint mechanisms and disclosure and internal controls. The RGC has voluntarily adopted GGFs for all active and future World Bank financed projects. Although the GGFs have been in place for less than a year, early implementation reviews indicate an increasing level of implementation during this initial period. Compliance with the procurement, financial management and disclosure elements was generally high across all projects. There has been more varied progress in the elements regarding the increased role of civil society, formal complaints and remedies mechanism, and clarifying sanctions for wrongdoers. Institutional and technical capacity needs to be developed to implement fully these measures. Further reviews will continue at both the portfolio and project levels.

23. *The use of an International Procurement Agent (IPA) is another important measure to prevent future misprocurement.* While the Bank required that procurement of only the three formerly suspended projects be carried out by the IPA, the RGC decided to require the IPA for all ongoing and future Bank-financed projects. This action is evidence of the RGC's commitment to ensuring the integrity of the procurement process and to breaking established collusive and cartel arrangements. The IPA, Crown Agents, has been on board since December 2007. Early indications are that the IPA is progressively taking over the full procurement function of projects in the portfolio, while transitional issues are being closely monitored by both MEF and the Bank<sup>3</sup>.

24. *The Bank is also providing technical support to the RGC to reinforce its own ability to identify and remedy fraud and corruption problems.* The RGC has designated the Ministry of National Assembly and Inspections (MONASRI), the government agency responsible for undertaking investigations, as chair of the Anti-Corruption Working Group (ACWG). The ACWG's role includes assisting project implementing agencies in designing preventive measures and monitoring their implementation at the project level. Because MONASRI's staff knowledge and experience is currently limited, the Bank (with support from INT) has also provided technical assistance for training on investigative techniques, and is supporting the development of ACWG's capacity in design and monitoring of GGFs. In addition to this support, the Bank is working with the RGC to identify what more can be done to respond to the Government's request to better understand Bank's processes in the area of investigation and disclosure policies.

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<sup>3</sup> Because there is no predetermined term for the IPA, the IPA will continue to carry out national procurement of all Bank-financed projects in Cambodia unless otherwise mutually agreed between the Bank and RGC. Crown Agents' performance will be reviewed by RGC and the Bank mid-way through the initial one year contract period for deciding on the next steps including extension of Crown Agent's contract or recruitment of a new IPA.

### **Box 2: Corruption in the Portfolio**

As part of the Cambodia CAS preparations, the East Asia region undertook a Fiduciary Review (FR) jointly with the Government and with INT assistance between July 2004 and September 2005. At the time, the FR was only the third of its kind in the Bank and the only one done in collaboration with the Government. Following the FR, INT independent investigations uncovered evidence of corruption, collusion, and fraudulent practices on 49 contracts under seven projects (four on-going and three closed). The results of this investigation were submitted to the Region in May 2006.

In June 2006, the Bank declared misprocurement on 42 contracts and declared non-eligible expenditures on one contract, on a total of five projects (two closed and three active), amounting to \$12.2 million. Bank funds of \$8.25 million had been used to finance these contracts. In addition, the Bank suspended disbursements on the three active projects, and with the Government, established (in July 2006) action plans for the Government to execute in order to lift the suspensions. The suspensions, coupled with RGC objections to the investigation process (and the approach to sharing information about the evidence of corruption), led to a period where effective dialogue was severely constrained. However, in the first half of February 2007, the Bank lifted the suspensions on all three projects after reaching agreement with the Government on ways to improve governance in the implementation of these projects, and the agreed initial actions were taken, including adoption of Good Governance Frameworks (GGFs).

The Bank and the Government reached an agreement in June 2007 for (i) immediate refund of \$2.89 million (35 percent of \$8.25 million of the IDA-disbursed funds) of the IDA-disbursed funds (with the remainder to be repaid on the normal schedule); (ii) adoption of GGFs for five other ongoing projects through amendments to the legal agreements, and (iii) the establishment of a Anti-Corruption Working Group (ACWG) to identify, promote and implement anti corruption measures in close partnership with the Bank. The Government has refunded the agreed amount, adopted the GGFs for four projects, nearly completed the GGF for the remaining project, established the terms of reference for the ACWG, and nominated potential members.

## **D. Lessons Learned**

25. *The most recent Country Assistance Evaluation (CAE) for Cambodia has yielded a number of important lessons for improving future assistance strategies.* Although the CAE examines assistance to Cambodia from FY99 to the end of calendar year 2006, many of the recommendations are relevant to the current CAS period and will inform the proposed extended CAS program. Management agrees with the CAE recommendation that the Bank continues its satisfactory work in several sectors, including education, health, poverty analysis and public financial management. The CAE highlighted the limited progress on governance issues over the evaluation period, and urged the Bank to maintain a strong governance focus in its assistance, and to continue the intensified focus on fiduciary safeguards in the portfolio. As this report describes, these recommendations are already firmly embedded in the current CAS and will be maintained in the proposed extended period.

26. *Although the Bank group is not the lead donor in the agriculture sector, the CAE cites it as a sector where the Bank currently under-invests in Cambodia, a view shared by the RGC.* While it is true that the Bank currently does not invest in traditional agricultural inputs or large scale irrigation in Cambodia, the Bank provides considerable financial support and technical assistance in sub-sectors that are critical to agriculture and rural development. The Bank is engaged in support to land titling and administration, the expansion of rural roads and electrification, and decentralization and deconcentration, which taken together constitute a significant proportion of interventions that contribute to agricultural development. The Bank has also undertaken analytical work on agriculture's contribution to growth and constraints to its development. IFC is engaged in advisory work with banks and microfinance institutions to finance agriculture value chains and facilitate product diversification. Going forward, the Bank Group will continue such targeted work on constraints to agricultural diversification and productivity increases.

27. *The Bank Group has also learned important lessons from the groundbreaking nature of the joint CAS exercise that can be applied to the design and implementation of future assistance strategies in Cambodia and other countries.* While the process of writing a joint CAS is more time consuming and costly for CAS partners, it yields significant benefits. Coordination ensures that development partners speak with one voice regarding policy and assistance programs. The focus and selectivity that comes with a joint CAS allows development partners together to commit to a long-term coordinated engagement in the country. It also enables partners to use more a sector-wide approach to their assistance, reducing the burden on RGC to implement large numbers of projects in the same sector. At the same time, tightening the Bank's project level fiduciary standards in Cambodia while moving towards sector-wide approaches to program delivery has posed implementation challenges. Both are time consuming undertakings, which can tax a small country team. Moreover, the skills required for fiduciary monitoring and sectoral coordination are not necessarily the same skills, highlighting the need for strategic country office staffing and resource allocation.

### III. STRENGTHENED AND EXTENDED CAS PROGRAM

28. *Recent consultations with stakeholders suggest that the approach and objectives in the current CAS continue to be appropriate.* Stakeholders have urged CAS partners to maintain the current division of labor and encouraged the Bank to remain selective by deepening rather than widening engagement, particularly since the Bank is a relatively small financial player in Cambodia (accounting for less than 10 percent per cent of donor assistance). Stakeholder consultations also showed strong support for better aligning future donor assistance to the next NSDP, scheduled for 2011. In addition to the original CAS partners, other donors have expressed their strong interest in joining the Bank's next CAS if it is aligned to the NSDP. Finally, the delays that resulted from the fiduciary problems have left an unfinished agenda in the existing CAS program.

29. *In light of these considerations, the Bank proposes to extend the CAS period through the next IDA period. This will allow the Bank to develop the next CAS in parallel with the RGC's new NSDP. The focus of the Bank group's program will be on maintaining the overarching governance focus, but fine-tuning the program to incorporate lessons learned over the CAS period and to ensure that the country approach is consonant with the global priorities set for the Bank in the Governance and Anti-Corruption Strategy (C-GAC).* The proposed program for the extended CAS period is described in Table 1 and in an updated and streamlined Results Matrix (Attachment 3). The program relies on a broad range of instruments to facilitate effective CAS implementation. PRGOs will continue on an annual cycle, with co-financing from development partners. Investment operations will be complemented by technical support from the Bank and other development partners. All lending will be underpinned by relevant analytical work; and will be subject to strict fiduciary safeguards. The amount of IDA support for each operation is only indicative as the total amount of IDA resources available to Cambodia will depend on the IDA15 performance based allocation system. A continued improvement in CPIA ratings would help increase the allocation. A continued reduction in Cambodia's risks of debt distress could also lead to a shift in the allocation from half grant, half credit to 100 percent credits. If this scenario materializes, the Bank team will work closely with the RGC to ensure an orderly and predictable shift.

30. *On the overarching theme of governance, the Bank will continue its two-pronged approach of providing support to improve governance systems, while maintaining the controls and checks in project design and supervision arrangements to mitigate fiduciary risks to the Bank's portfolio.* In addition to the measures mentioned earlier in this report, the Bank is also taking steps to strengthen its own capacity and adjust its supervision strategy for meeting the challenges arising from the enhanced and diverse fiduciary oversight requirements. This includes significantly increasing the supervision budget for projects, and undertaking thematic and portfolio supervision. It also entails providing a higher level of procurement and financial management support from the Country Office and progressively increasing decentralization of these functions as capacity develops. The Bank will enhance procurement post

reviews, financial transaction reviews, monitoring implementation of GGFs, verification of end-use deliveries, and quality checks to monitor fiduciary risks during project supervision. Cambodia is also taking part as a pilot country in implementing the C-GAC program. Further capacity strengthening to build the broader skills-set required for supporting governance initiatives and the higher level of fiduciary oversight will be provided by the Regional Governance Hub that is to be established to support country offices.

31. *The Bank will continue to support the RGC and work with other partners in implementing the Paris Declaration as well as reaching out to other stakeholders in the private sector and civil society.* Particular emphasis will be placed on strengthening the TWGs and moving towards SWAps and PBAs, while recognizing capacity constraints and ensuring necessary fiduciary safeguards. The Bank will also take the lead in working with other donors on the preparation of a joint CAS in support of the next NSDP; and will further enhance its communications and outreach program.

32. *Work to promote private sector development (Objective 1) during the extended CAS period will build on three lessons from the CAS.* First, additional efforts will be made to deepen the coordination of activities with other partners through a Trade SWAp; and to exploit synergies among activities within the World Bank Group. Second, to complement the work to foster the demand side of governance, the Bank Group will expand efforts to stimulate the private sector to identify areas for reform and to demand Government accountability. Third, the Bank Group will intensify the focus on the agro-business sector, potentially a major source of growth in the future given the country's reliance on agriculture and the rise in food prices. To support this expanded agenda, the Bank Group is undertaking an Investment Climate Assessment, a study on sources of growth, advisory work with banks and microfinance institutions to finance agriculture value chains and facilitate product diversification, a policy note on the impact of food and oil price increases, and an extension of the Provincial Business Environment Scorecards to a national coverage. The IFC MPDF has initiated its third replenishment, and the IFC plans to significantly scale up its investment in the country. In the real sectors this investment will focus on supporting the development and implementation of commercially feasible projects in telecoms, power, rail, road and other non-garment sectors while in the financial sector the emphasis will be on microfinance and Small and Medium Enterprises (SME) lending. A Trade Development Trust Fund will be set up in 2008 to support the Trade SWAp, and a new Private Sector Development (PSD) technical assistance IDA operation is planned for FY11, and there will be further support through PRGOs.

33. *Bank support for improved land and natural resources management to the benefit of local communities (Objective 2) will build on progress over the past five years while also integrating work on emerging challenges.* The NRM framework will continue to guide Bank engagement, with emphasis on approaches which increase transparency, decentralization and partnership in NRM. During the initial CAS period, the legal basis for managing public lands and ensuring tenure security has improved significantly but there remains a tremendous challenge in assisting Government and non-state stakeholders to gain practical experience in implementing the legislation. During the extended CAS period, there will be a strong emphasis on results on the ground and identifying opportunities to scale up practical implementation approaches in the areas of social land concessions, Land Law awareness and dispute resolution, state land management, forest demarcation, community management of forests and protected areas, smallholder agricultural development, and indigenous peoples land rights. At the same time, additional issues not anticipated during the original CAS period have emerged as critical to the broader sectoral objectives due mainly to rapid increases in land values which are driving an increasingly informal land market. During the extended CAS period, the Bank will implement AAA to assess the formal and informal incentives driving actual land markets – including taxes and fees, and to identify impacts on vulnerable groups, including poor, informal urban groups and indigenous communities. In parallel, Japan Social Development Fund (JSDF) and other trust fund support will be sought to work with RGC and civil society groups to identify practical approaches to addressing the pressures between rapid, economic development and safeguarding the livelihoods of the poor in urban areas and indigenous

communities. This work is expected to inform the design of the Bank's role, through LMAP 2 in FY10, in a multi-donor supported Land PBA currently being developed with support from the Global Donor Platform for Rural Development, as well as further support through PRGOs.

**Box 3: Demand for Good Governance Project (DFGG)**

The DFGG project is designed to enhance the capacity of Cambodian citizens to demand good governance in selected public policy areas by strengthening promising state and non-state institutions that are working towards (i) increasing public access to accurate, relevant and timely information; (ii) improving communications between them and Government agencies; (iii) facilitating a constructive response from Government agencies, and (iv) monitoring Government performance.

The Project is expected to have three main components. For the first component, support to state institutions, four on-going Government programs have been selected by RGC for further expansion under the Project. These include the programs of Radio National Kampuchea, law dissemination and complaint resolution activities of Ministry of National Assembly and Senate Relations and Inspection; One Window Service Offices started as a pilot under an European Communities (EC) program in two provinces and sponsored by the Ministry of Interior, and labor dispute arbitration carried out by the Arbitration Council under the Ministry of Labor and Vocational Training. These state institutions were selected as they have demonstrated success and/or have a committed leadership willing to support DFGG activities and are working in sectors directly linked to the World Bank CAS for Cambodia.

In addition to these state sponsored activities, the Project will have a window to support civil society organizations and other non-state institutions. This will involve one or two competitive mechanisms to fund non-state institutions that will develop DFGG proposals working directly with or around the themes of the above state institutions.

The third component will support overall project coordination and learning to catalyze synergies between the different components and knit them together for broader governance impact. This component will also showcase the effectiveness of the DFGG supported institutions to create a 'ripple effect' for other state and non-state institutions to adopt better governance practices.

34. *During the extended CAS, the PFM Reform Program (Objective 3) will aim to address a number of key governance challenges.* First, the program will work to improve efficiency and transparency in revenue collection, incorporating an effective Extractive Industries Transparency Initiative (EITI) based framework for the expected increase in extractive industry revenues. Second, the program will strengthen financial accountability and human resource capacity to support the ongoing deconcentration and decentralization initiatives to improve service delivery and increase government responsiveness to citizens needs. Third, the program will support efforts to mitigate procurement, fiduciary and capacity risks so that project specific interventions can eventually be replaced by government systems and harmonized donor funding arrangements. The Bank will also support the strengthening of Cambodia's PFM, human resource and audit agencies, which are responsible for overall oversight of the PFM system. Finally, improved fiscal space, progress on MBPI and the establishment of an improved relationship with the Council for Administrative Reform (CAR) has also created a new opportunity to support civil service reform. During FY09 the Bank will support CAR to undertake a more extensive review of the current situation with the intention of development of a credible action plan for addressing Civil Service Reform and Remuneration. Analytical work will underpin this program, including annual External Advisory Panel Reports, a Public Administration Reform (PAR) assessment during FY09 and an updated Integrated Fiduciary Assessment and Public Expenditure Review (IFAPER)

in FY10. Program funding is available until the end of FY10 from the PFMRP MDTF<sup>4</sup> and the PFMAP IDA Grant, although additional funding will be required to support use of the IPA during this period, and for the work on PAR. A second PFM reform project is slated for FY10 and further support will be provided through the PRGO series.

35. *The Bank will also step up its support for decentralization and the promotion of citizens' partnerships for better governance (Objective 4) during the extended CAS period.* The Bank will provide technical support, together with other partners, for the implementation of the new organic law on decentralization and deconcentration and further investment and technical support through a new RILGP. The Bank will also increase support for demand side approaches to good governance involving the broader constituencies for reform, e.g., citizens, youth, media, parliament, private sector, NGOs, donors, and audit authorities. While the demand side program will need to be long-term, it is being initiated under the extended CAS period through a cluster of demand side activities including a trust fund grant already mobilized from the Low Income Countries Under Stress (LICUS) trust fund for a program to build civil society capacity on social accountability and two new lending operations: the Demand for Good Governance Project (see Box 3) to strengthen state and non-state institutions of accountability, and the Empowerment of the Poor in Siem Riep Project (FY10) to promote poor people's organizations (farmers' organizations, microfinance groups, self-help associations, etc.) and link them better to the tourism sector and other sources of growth.

36. *The Bank will continue to support the strengthening of institutions responsible for the implementation and monitoring of the NSDP (Objective 5).* From 2009, emphasis will shift increasingly to supporting the preparation of the new (2011-2015) NSDP. Working with other donors and national actors, the Bank will contribute to policy dialogue and provide financial and technical assistance in support of: a more inclusive approach to evaluating progress and identifying new policy issues; more detailed analysis of economic and social trends and government performance; and tighter linkages between policy priorities in the NSDP and institutions for directing resources towards those priorities. The key instruments to support this work will be two trust funds for analytical and advisory work and direct support to the Ministry of Planning (MoP). The Bank will also continue to support gender work, in particular with respect to mainstreaming gender in the NSDP cycle, with a focus on Monitoring and Evaluation.

37. *The Bank's work in human development and infrastructure (Objective 6) during the extended CAS period will focus even more strongly on moving towards sector-wide approaches, while ensuring that the necessary fiduciary safeguards are in place.* No major changes in the scope of the Bank's work in the health and transport sectors are foreseen. In education the Bank is likely to expand its involvement to include early childhood and higher education. In the energy sector, the Bank will continue to focus on rural electrification and will also increase its involvement in renewable energy development. In the urban water supply and sanitation sectors, on the other hand, a continued tense relationship with the Ministry following the INT investigations may result in no further Bank involvement in the sectors. In both the social sectors and infrastructure, the Bank will continue to rely on a mix of instruments including AAA, and sector-wide as well as more traditional investment operations.

38. *The updated results matrix (Attachment 3) will form the basis for monitoring and evaluating the extended CAS program.* The matrix builds on a well-established system of coordination that begins at the TWG level, where the RGC and development partners discuss sector specific goals aligned to the NSDP. This sectoral monitoring feeds into three GDCC meetings per year and the annual CDCF, where the RGC and development partners agree on Joint Monitoring Indicators, which are monitored through the TWG/GDCC process. Monitoring is complemented by Annual Progress Reports (APR) on NSDP implementation. Further building the capacity of the National Institute of Statistics – through the

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<sup>4</sup> MDTF – 13 development partners support the PFMRP SWAP with four partners pooling funds through the MDTF (AusAID, DFID, EC and SIDA).

implementation of the Statistical Master Plan – and other Monitoring and Evaluation (M&E) institutions is critical to improve the quality of information and its impact on policy making.

39. *To better deliver on these various programs during the extended CAS period, the Bank will further enhance the capacity of its Country Office in Phnom Penh.* In recent years the office has grown rapidly in size and now includes about 45 international and national staff. Going forward, there may be a small further expansion in staffing. More important, is the expected further decentralization of task management responsibilities to the Country Office, in line with the decentralization approach outlined in the East Asia regional strategy, as staff enhance their experience and receive additional training. Emphasis will also be placed on improving collaboration between Bank and IFC staff in the implementation of this Bank Group CAS.

#### IV. MANAGING RISKS

40. *The CAS identified a number of risks facing the development goals of the Government and the implementation of the Bank Group's program.* These included the fragile nature of Cambodia's global competitiveness, the challenge of developing and implementing genuine governance reforms, and the risk that donor coordination does not improve and there are difficult relationships with NGOs and civil society groups. To a large extent these risks have been effectively managed during the first three years of the CAS but they are still valid going forward.

41. *Maintaining competitiveness and sustaining rapid growth is essential to creating around 250,000 jobs per year (the number of entrants to the labor market), to reducing poverty, and to sustaining achievements in political stability.* Cambodia has continued to grow very rapidly over the past three years but sustaining this performance remains a difficult challenge given that growth has continued to be narrowly-based. A number of macroeconomic risks, articulated in the regional strategy – including rising inflation, high global food, energy and other commodity prices, and uncertain global economic prospects – add to this challenge. The RGC is also making efforts to reduce energy costs, mainly through development of hydropower and renewable energy, demand side management, reduction of system losses, efficiency improvement of power generation, and preparation for off-shore oil and gas exploitation and production. These measures have a medium- or long-term time frame, and it is, therefore, expected that the high international oil prices will continue to have a large impact on the Cambodia economy in the next few years.

42. *There is a clear recognition among the RGC and development partners that maintaining the focus on governance reforms is essential for improved development effectiveness.* Over the past three years, significant improvements in governance have been made but in a number of areas initiatives have fallen short of expectations. Governance reforms are a long and complex process that requires deep and meaningful reforms in institutions, consensus, strong internal conviction and ownership. To be effective, governance activities need to foster national ownership. To that end, the Bank and other external partners will continue to work closely with the Government in areas where the RGC has demonstrated commitment to reform, such as private sector development, natural resource management, public financial management, and decentralization and social accountability.

43. *Effective management of inflows of wealth from oil, gas and minerals will be one critical aspect of the broader governance agenda.* Although it is unclear whether Cambodia's reserves of oil, gas and minerals<sup>5</sup> are substantial and commercially viable, experience in other developing countries has shown that revenue management can stymie even the most skilled governments. Research points to

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<sup>5</sup> Geological conditions indicate that Cambodia may have considerable reserves of iron, gold, manganese, molybdenum, bauxite, copper, lead and zinc.

evidence that oil wealth could be damaging to governance, and can promote waste and corruption that lead to poor long-run economic performance. Nevertheless, examples of countries that have used their natural resource abundance to reap substantial economic gain prove that the resource curse is not inevitable. The Bank will continue to support the RGC's ambitious PFM reform program, in particular to support RGC's objectives to (i) maximize revenue collection from these industries and (ii) ensure spending from these revenues is in line with the priorities set in the NSDP. While the Bank Group is not directly involved in the mining sector at this stage, analytical work is being launched on "mining as a source of growth" as part of a broader analysis of growth in Cambodia. As part of the dialogue on the PRGO 2, the Bank is also supporting the RGC in a review of the pros and cons of endorsing the EITI which requires verification and publication - with involvement of a wide range of stakeholders including civil society - of oil payments made by all companies and oil revenues received by the RGC as a manageable and meaningful starting point to enhance transparency and improve governance. Endorsing the EITI is viewed as a critical signal and tool to ensure that, if revenues from oil, gas, or mining materialize in a significant way, their impact on the economy and on governance are positive - rather than turning into a "resource curse". Although there have been encouraging signs, endorsement of the EITI will nevertheless require substantial political will.

44. *Preventing and identifying fiduciary irregularities at both the project and portfolio level will continue.* The mitigation measures described in paragraph 30 need to be implemented effectively. To that end, the Bank and the RGC have initiated monitoring and evaluation mechanisms at the project and portfolio level.

45. *Donor coordination and partnerships with other stakeholders have improved over the past three years, and it is important that this positive momentum is maintained.* The ability to speak with one voice on policy matters, to pool funding, and to align donor efforts more closely with the RGC's strategies have vastly improved the effectiveness of the donor community in Cambodia. Reaching out to non-government partners has also enhanced the nature of the policy dialogue. Robust partnerships, however, are very time consuming and raise the costs of implementing the Bank's program. These efforts also require a strong and conscious commitment if they are to continue.

46. *In conclusion, while significant governance challenges remain, there has been considerable progress towards achieving the Cambodia CAS outcomes, with 30 percent of its intermediate progress indicators completed, and an additional 43 percent on track for completion.* Going forward, the CAS remains a sound strategy for a continued focus on governance. It is proposed that the CAS period be extended to 2011 to fully align with Cambodia's next NSDP and thereby enable the next CAS to be joined by other development partners, and to complete the unfinished agenda that resulted from implementation delays due to fiduciary problems. The program is ambitious, and entails some degree of risk, but if successful will contribute to continued gradual but tangible results in the country.

**Table 1 Cambodia: Summary of World Bank Program**

IDA Approvals FY99-FY07				Indicative IDA Program			
Operation	FY	IDA \$M	FY	Operation	FY	IDA \$M	FY
Road Rehabilitation	99	45.31	08	Poverty Reduction and Growth Operation-I (approved)			
Biodiversity and Protected Areas Management	00	1.91	08	Rural Investment and Local Governance-Add'l Fin (approved)			
Forest Concession Management and Control Pilot	00	4.82	08	Avian Influenza Emergency Project (approved)			
Land Management and Administration Project	02	24.30	08	Land Allocation for Social and Economic Development			
Economic and Public Sector Capacity Building	02	5.50	08	Road Asset Management			
Health Sector Support	03	27.00	08	<b>Second Health Sector Support Program</b>			
Rural Investment and Local Governance	03	22.00	09	Poverty Reduction and Growth Operation-II			
Provincial and Peri-Urban Water and Sanitation	03	16.90	09	Environment and Protected Areas Management			
Provincial and Rural Infrastructure	04	20.00	09	Empowerment for the Poor			
Rural Electrification and Transmission	04	40.00	09	Demand for Good Governance			
<b>Total FY99 - FY04</b>		<b>207.74</b>					
Cambodia Education Sector Support	05	8.00	10	Poverty Reduction and Growth Operation-III			
Trade Facilitation and Competitiveness	05	10.00	10	Land Management and Administration - Addn'l Financing			
Public Financial Management and Accountability	06	14.00	10	Higher Education and Capacity Building			
GMS Power Trade (Cambodia)	07	18.50	10	Public Financial Management-II			
<b>Total FY05 - FY07</b>		<b>50.50</b>		GMS Integrated Water Resources Management (Cambodia)			
<b>Major Trust Funds (&gt;US\$1 m)</b>	<b>FY</b>	<b>Grant \$M</b>					
GEF-Biodiversity and Protected Areas	00	2.75					
DFID-Poverty Reduction Support Program	03	2.75					
DFID-Health Sector Support Project	03	2.49					
JSDF-Public Education for Disadvantaged Children	04	1.82					
CIDA-Land Management and Administration	04	2.30					
GEF-Rural Electrification & Transmission	05	5.75					
MDTF-Public Financial Management	06	7.00					
JSDF-Mainstreaming Inclusive Education	06	1.80					
JSDF-Capacity Building for Sustainable Forest and Land Mgmt	07	1.75					
LICUS-Program to Enhance Capacity in Social Accountability	07	1.99					
<b>National Banking Services (ANA)</b>							
<b>Completed FY05-FY07</b>				<b>Ongoing and Proposed for FY08-FY11</b>			
<b>Private Sector Development</b>							
Global Opportunity Policy Conference				Cambodia ICA Round 2			
Capacity Building for Monitor				Capacity Building for Monitor			
<b>Capacity Building for Monitor</b>				ICT Policy Dialogue			
<b>Natural Resources Management</b>							
Rural Sector Strategy Note				Environment Monitor			
Povery Environment Nexus Study				Agrarian Structure			
Urban Water and Sanitation Strategy				Support to Forestry Policy and Strategy			
Support to Forestry Policy and Strategy				Support to Agricultural Policy and Strategy			
Support to Agricultural Policy and Strategy				Land Markets			
<b>Public Financial Management and Service Delivery</b>							
Cambodia Expenditure Tracking				Public Administration Reform			
IFAPER Follow Up				IFAPER			
Expenditure Tracking (PETS/HNP)				PFM External Advisory Panel			
Cambodia ROSC A&A							
<b>Local Governance and Social Accountability</b>							
Governance/Local Institution Strengthening				Justice for the Poor			
Gender Mainstreaming				Civil Society Assessment			
				Program to Enhance Capacity in Social Accountability			
				Gender Assessment			
<b>Poverty Analysis</b>							
Social Protection Policy Note				Poverty Assessment			
Child Labor Study							
Poverty Assessment							
<b>CMDG-Infrastructure/Other</b>							
Least Cost Option Study for Siem Reap				Optimization of Benefits of Energy Services			
Cambodia Oil and Gas Sector Policy				Rural Energy Strategy			
<b>CMDG-Human Development</b>							
Basic Education for All'				Health Sector Strategy			
Civil Service Reform for Teachers				Scholarship Program Impact Evaluation			
				Education Fast Track Initiative			
				Higher Education and Labor Market Strategy			
<b>Other</b>							
CG Report "Cambodia - at the Cross Roads"				Sources of Growth, Diversification, and the Oil Economy			
Cambodia Fiduciary Review							
CG 2007 Report -- Equity and Poverty							

## IMPLEMENTATION PROGRESS TOWARD CAS OBJECTIVES

### **Objective 1: Promote private sector development for poverty reduction**

1. *2005 Context:* Poor regulation subjects exporters to complex, costly trade facilitation practices that limit competitiveness. Outside the garment sector and tourism, firms are small, informal, and limited to local markets. Growth is constrained by a lack of institutions to integrate markets, reduce risks, strengthen property rights and enable trade. Unclear legal and institutional frameworks and a lack of regulatory capacity hamper private sector investment in infrastructure.
2. *Expected Outcomes:* Governance related constraints to productivity growth substantially reduced. Institutions that integrate new firms into international value chain established. Increased private investment in infrastructure and increasing transparency and accountability of public/private partnerships in infrastructure.
3. *Country Progress:* Progress in these areas has been mixed, with 50 percent of the intermediate indicators of progress toward CAS outcomes completed or on track and 41 percent delayed. On the trade facilitation front, there has been steady movement towards a customs automation program (ASYCUDA), with a pilot test of the automated customs procedures in a Single Administrative Document (SAD) scheduled in Sihanoukville by May, 2008 and nationwide roll-out scheduled in 2009. The Law on Customs, which is instrumental to customs reforms, and to the implementation of ASYCUDA, was passed by the National Assembly in 2007; a risk management strategy has been adopted and implementation is starting; and some progress has also been made on developing Special Economic Zones. With respect to improving the legal framework for investment and private sector development, the Law on Commercial Arbitration and the Law on Concessions were passed by the National Assembly in March 2006 and September 2007 respectively; but implementation of these laws has lagged.
4. *Role of the World Bank Group:* The focus of the Bank Group's Private Sector Development (PSD) program in Cambodia is on supporting investment climate development through trade facilitation, and improving the legal framework for investment. Policy reforms in both of these areas have been supported through the first in the series of Poverty Reduction and Growth Operations (PRGO) approved in July 2007; and the 2005 Trade Facilitation and Competitiveness Project is helping improve Cambodia's competitiveness by streamlining import/export formalities and reducing the costs of trade related activities. IFC-MPDF prepared the Cambodian Provincial Business Environment Scorecards in ten provinces, and the Bank Group has recently started a new Investment Climate Assessment (ICA) to monitor results since the last ICA in 2004, identify new issues and design future support. The Bank Group has also led the Technical Working Group (TWG) on private sector development, supported the Government/Private Sector Forum and participated actively in the dialogue on private sector issues among the RGC, donors, and the private sector.

### **Objective 2: Improve natural resource management (NRM)**

5. *2005 Context:* Lack of clear assessment, mapping, classification and registration of state lands (almost 80 percent of total land area) enables encroachment on forests, illegal sales and "land grabbing." The decline of the highly centralized forest concession system left a strategic management vacuum. There is inconsistent management and poor oversight of protected areas.

6. *Expected Outcomes:* Increased public access to information regarding status and use of state lands and local participation in state land decisions. Increased number of poor Cambodians able to benefit from formal mechanisms for access to and secure ownership of private lands. Strengthened systems for management of forest resources and protected areas.

7. *Country Progress:* Progress in this area has been satisfactory, with 65 percent of progress indicators completed or on track, but a number of concerns remain. Sub-decrees on State Land Management and on Economic Land Concessions (ELCs) have been adopted, including provisions for reviewing and cancelling non-performing economic land concessions and assigning the land for use as social land concessions for the poor. The RGC has distributed more than 800,000 titles and has also started a dialogue on titling of communally owned land by indigenous people. Actions were also taken to strengthen systems for forestry management including community based forest activities; and the RGC recently issued a new Protected Areas (PA) Law to provide greater clarity with respect to institutional roles, responsibilities, and obligations. However, transparency in the issuance of ELCs still needs to be improved, and the social land concessions program needs to be accelerated. Implementation of the laws governing access and title to natural resources has also been slow and governance weaknesses in the forestry sector are still a major concern to all stakeholders.

8. *Role of the World Bank Group:* To better integrate the Bank's efforts across land, forestry and biodiversity conservation, the Bank has developed a NRM framework which seeks to summarize the main challenges and required actions to move the overall agenda forward; and the Bank has used this framework in its engagement with the TWGs on land, agriculture, poverty, environment and water. Policy reforms in NRM are being supported through additional AAA (including an agrarian structures study and an environment monitor), through the PRGOs, and through a range of investment and technical support operations. Of particular importance are the Land Management and Administration Project (LMAP), which has supported the significant progress on land titling, and the Biodiversity and Protected Areas Management Project, which has successfully piloted measures for ensuring sound management of protected areas. However, both projects as well as three other projects in NRM and agriculture (the Forest Concession Management and Control Pilot Project, the Flood Emergency Rehabilitation Project and the Agricultural Productivity Improvement Project) were subject to INT investigations, misprocurement was declared on four of the projects and LMAP was temporarily suspended while additional measures were put in place to reduce fiduciary risks. The Forestry Project was also the subject of an Inspection Panel case; and based on lessons learned from the Inspection Panel process<sup>1</sup>, the Bank has been working to build a consensus with RGC and other partners on the future management of the forestry sector before engaging in any new investment operations. In the interim, a Japan Social Development (JSDF) Fund Grant has been mobilized to foster NGO, local community and RGC officials' capacity to expand community forestry activities.

### **Objective 3: Improve service delivery and public financial management (PFM)**

9. *2005 Context:* PFM is constrained by the cash-based nature of the budget system and deficient accounting and reporting systems. The ability of the government to deliver services is further constrained by a weak civil service.

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<sup>1</sup> Cambodia-Forestry Concession Management and Control Pilot Project: Progress Report on the Implementation of Management's Action Plan, (INSP/SecM2007-0004), May 18, 2007.

10. *Expected Outcomes:* Strengthened mobilization and management of public finances set stage for improved services and reduces corruption. Civil service management and incentives tied to performance set basis for better service delivery.

11. *Country Progress:* Progress in this area has been satisfactory, with 56 percent of the intermediate outcome indicators either completed or on track. There has been good progress in implementing improved arrangements for budget formulation, budget classification, cash and bank account management, financial control and transaction management. Procurement responsibility has been increasingly deconcentrated to line agencies, and an improved procurement sub-decree and the supporting implementing rules and regulations have been adopted, incorporating numerous measures for increasing competition, transparency and accountability in the procurement process. This has contributed to a strengthening of the overall PFM system with the latest indicators showing aggregate actual expenditures to be within 5 percent of the budget, revenues continuing to grow (from less than 10 percent to an estimated 12 percent of GDP in FY07), and arrears being largely eliminated.

12. An innovative merit-based pay initiative (MBPI) was implemented in the Ministry of Finance to tackle issues of civil service incentives, performance and capacity. This system is now being extended progressively to all development partner-financed strategic reforms with a view to eliminating current distortionary salary supplement schemes, harmonizing RGC and partner approaches to incentives, and beginning to address the broader needs for civil service reform.

13. *Role of World Bank Group:* The Bank has worked closely with the RGC and helped coordinate the 13 development partners in the TWG on public financial management in the design and implementation of the RGC's Public Financial Management Reform Program (PFMRP). The Bank has also supported the program through the PRGO as well as the Public Financial Management Accountability Project. The PFMRP is the first Sector Wide Approach (SWAp) in Cambodia and has been recognized as a model of aid effectiveness globally. The Bank has also initiated dialogue on oil revenue management and the Extractive Industries Transparency Initiative (EITI), engaged civil society in the dialogue on PFM, and assisted the RGC in adopting and extending the MBPI. The AAA on Public Expenditure Tracking Surveys (PETS) in education and health sectors as well as Civil Service Reform for Teachers have been completed, and grants from trust funds are supporting strengthened National Assembly oversight of the budget.

#### **Objective 4: Support decentralization and promote citizens' partnerships for better governance**

14. *2005 Context:* The legal, policy and institutional frameworks for decentralization processes are fragmented. Local level funding is inadequate and unpredictable. Weak accountability mechanisms make it difficult for citizens to participate in local planning and implementation and to access information. Civil society also has a limited capacity to articulate demand for improved accountability and to monitor government performance.

15. *Expected Outcomes:* Improved policy and regulatory framework for decentralization and civic engagement, improved mechanisms and processes for decentralization of resources and services to commune councils, increased protection of citizens' rights and access to justice and information, and greater involvement of citizens and elected representatives in the accountability process at national and sub-national levels.

16. *Country Progress:* Progress in this area has been considerable, with 71 percent of indicators either completed or on track. In line with the goal of decentralization of resources to

local government units, average funds to Commune/Sangkats are projected to double by 2010. A second round of Commune/Sangkat Council elections in 2007 has strengthened the foundation for enhanced accountability at the local level. The Ministry of Interior has successfully piloted “One Window Service” and the District Ombudsman’s office to enhance local governance. After some delay, the National Assembly adopted the Organic Laws on Decentralization and Deconcentration in April 2008. Progress on improving access to information, including drafting of an access to information law, has also been delayed; and civil society involvement in policy-making processes is developing slowly; as there is still insufficient constructive engagement with the RGC.

17. *Role of the World Bank Group:* The Bank has provided substantial support for decentralization through the Rural Investment and Local Governance Project (RILGP). The Bank has also conducted a series of studies on justice for the poor as well as a village level and dispute resolution study, has provided advice through the TWG on the RGC’s Decentralization Policy and Strategy, and has mobilized grant finance to support government-civil society consultations on the decentralization strategy as well as a program to build the capacity of civil society on social accountability.

#### **Objective 5: Formulation and implementation of the NSDP, 2006-2010**

18. *2005 Context:* Uncoordinated ODA and lack of government leadership resulted in parallel development strategies and high transaction costs for the RGC. There was little information available to understand poverty or formulate a poverty reduction policy. Specific constraints impeding the realization of gender equality not being addressed.

19. *Expected Outcomes:* Government focus on poverty reduction strengthened through a consolidated national plan with increased country ownership, implementation and monitoring capacity, and participation. RGC and ODA resources combined/aligned more effectively with national development goals. Gender inequality addressed in a comprehensive manner in the formulation and implementation of RGC’s development strategy.

20. *Country Progress:* Progress toward this objective has been impressive, with 92 percent of indicators completed or on track. The RGC adopted the NSDP in 2006, replacing previous donor-driven plans with a single national development strategy. The TWG for Planning and Poverty Reduction provides a forum for regular dialogue between the RGC, development partners and civil society on the implementation of the NSDP; and over the last two years, the Ministry of Planning (MoP) has developed (with support from the TWG) a strategic plan to refocus the Ministry and help build its capacity to coordinate the implementation, monitoring and evaluation of the NSDP. The TWG has also provided the forum for shifting external support towards a Ministry-wide, program-based approach, by which development partners supporting the MoP will coordinate their assistance behind the NSDP. On gender equality, there have also been improvements, including an increase in women’s representation in Commune Councils from 8 percent to 15 percent following the 2007 elections.

21. *Role of the World Bank Group:* The Bank, together with other development partners, has provided technical and financial support to the MoP for the formulation and implementation of the NSDP, with the Bank and UNDP serving as development partner co-facilitators of the TWG. In addition to direct support to RGC institutions and processes related to the NSDP, the Bank has helped to improve the knowledge base for policymakers and other stakeholders through the 2006 *Poverty Assessment* and the 2007 *Sharing Growth: Equity and Development Report*. The Bank has also provided support to the Ministry of Womens’ and Veterans’ Affairs through an IDF grant which jointly funded a Gender Budgeting Project, as well as a number of smaller stand alone

grants for various outreach, training, advocacy activities, including study tours for women in leadership, a regional workshop on mainstreaming gender in aid effectiveness, and local level dissemination activities.

**Objective 6: Analytical and investment support for achieving the CMDGs -- human development and infrastructure**

22. *2005 Context:* Donor-driven agendas result in considerable overlap in programs in some areas, particularly health, and gaps in others. The costs of services are high for the poor, and service delivery facilities are often unavailable for poor communities. The capacity of service delivery personnel is low. There are no clear accountability systems to monitor quality and performance.

23. *Expected Outcomes:* Key service delivery policy and funding gaps in health and education filled through coordinated approach based on national development plan. Clear government-owned strategy in infrastructure sub-sectors, with clear framework for donor support and increased ODA.

24. *Country Progress:* Progress towards CAS outcomes has been impressive, with 43 percent of indicators completed, and 57 percent on track. In both the social sectors and in infrastructure, there has been significant progress towards government-owned strategies around which donors can coordinate their financial and technical support. There has also been improvement in most human development outcomes such as infant mortality rate, fertility rate, HIV prevalence rate and school enrollment rates. There has been greater access to and utilization of health, education, and infrastructure services, and better targeting of health and education subsidies. More resources have been allocated to interventions in priority sectors, such as to reduce child and maternal mortality. Access to education and health, including by disadvantaged /vulnerable communities, has expanded, and the perception of service delivery in health and education among users of these services has improved. Nevertheless, other indicators—such as maternal mortality or drop-out rates—are lagging.

25. *Role of the World Bank Group:* The Bank has continued to provide support for the development and implementation of effective strategies in the social sectors through the ongoing Health Sector Support Project and Education Sector Support Project as well as through participation in the TWGs. Work is now nearing completion on the development of a health sector project jointly with Australia and DFID to support a new health sector strategy and program and on ensuring Cambodia makes good use of support from the Education For All (EFA) Fast Track Initiative (FTI) Catalytic Fund. The Bank has also undertaken Public Expenditure Tracking Surveys (PETS) in health and education to promote public financial management reforms in these sectors; and has supported additional analytical work in education (see Table 1).

26. In infrastructure, the Bank has helped in the development of sub-sector strategies through a range of AAA (*Energy Sector Strategy Review, Transport Sector Update, Implementation Strategy for Urban Water Supply Policy*, briefing notes on oil and gas sector policy issues) as well as through participation in the TWG. The Bank has also engaged in a number of investment projects that have had high development impact for the intended beneficiaries. However, the suspension of two infrastructure projects, the Provincial and Rural Infrastructure Project and the Provincial and Peri-Urban Water and Sanitation Project, delayed somewhat the implementation in infrastructure. These suspensions were lifted in February 2007.

## CAS RESULTS MATRIX: PROGRESS DURING THE CAS PERIOD

Longer-term Development Agenda		CAS Outcomes		Status (for indicators delayed, dropped or revised)	Remarks (for indicators delayed, dropped or revised)
Strategic and Longer-term/Higher Order Country Outcomes	Governance Impediments to Outcome Attainment	CAS Outcomes and Indicators Expected to be Influenced	Intermediate Indicators of Progress toward CAS Outcomes		
<b>CAS OBJECTIVE 1: Promote private sector development for poverty reduction</b>					
Promote export-led growth	While Cambodia's WTO accession will enhance market access, poor regulation exposes exporters to complex, costly trade facilitation practices that limit competitiveness: <ul style="list-style-type: none"><li>Multiple overlapping agency roles, approvals and inspections</li><li>Excess cost &amp; time to clear imports /exports, including high unofficial costs</li><li>Smuggling is widespread</li></ul>	A. Governance-related constraints to productivity growth are substantially reduced <ul style="list-style-type: none"><li>Investor score cards developed in 2006.</li><li>Agencies with the authority and mandate to conduct routine inspections of shipments reduced from six to two.</li><li>Selective inspections based on risk management introduced by June 2005.</li><li>The Single Administrative Document implemented by June 2005. Adopted in February 2006 and the implementation will be monitored.</li></ul>	<ul style="list-style-type: none"><li>Investor score cards developed in 2006.</li><li>Agencies with the authority and mandate to conduct routine inspections of shipments reduced from six to two.</li><li>Selective inspections based on risk management introduced by June 2005.</li><li>The Single Administrative Document implemented by June 2005. Adopted in February 2006 and the implementation will be monitored.</li></ul>	C O D R	C C Manual SAD implemented. The electronic SAD pilot at Sihanoukville port is scheduled on Q2 of 2008 as part of the ASYCUDA Customs Automation. Single Window is dropped by the government to follow ASEAN timeframe which is 2012.
Diversify the sources of growth	Outside garment sector and tourism, firms are small, informal, and limited to local markets. Growth is constrained by a lack of institutions to integrate markets, reduce risks, strengthen property rights and enable trade	B. Institutions that integrate new firms into international value chains established <ul style="list-style-type: none"><li>Mechanisms for sustainable monitoring of Corporate Social Responsibility (CSR) agreed by key stakeholders, funded, and in use by 2006.</li><li>Strategy to support resolution of disputes at local level developed.</li><li>Domestic trade networks website created to encourage diversification and access to markets.</li><li>Reforms to provincial commercial trade environment agreed by 2006.</li><li>Amended Law on Investment operational and</li></ul>	<ul style="list-style-type: none"><li>Mechanisms for sustainable monitoring of Corporate Social Responsibility (CSR) agreed by key stakeholders, funded, and in use by 2006.</li><li>Strategy to support resolution of disputes at local level developed.</li><li>Domestic trade networks website created to encourage diversification and access to markets.</li><li>Reforms to provincial commercial trade environment agreed by 2006.</li><li>Amended Law on Investment operational and</li></ul>	O C O D C	To be addressed in the ICA in 2008. Private sector unconvinced of its advantages against current practice. Government is not planning to proceed further. Further assistance is planned under the Trade Facilitation and Competitive Project (TFCP) in 2008/2009.

<i><b>Long-term Development Agenda</b></i>		<i><b>CAS Outcomes</b></i>		<i><b>Remarks (for indicators delayed, dropped or revised)</b></i>	
<i><b>Strategic and Longer-term/Higher Order Country Outcomes</b></i>	<i><b>Governance Impediments to Outcome Attainment</b></i>	<i><b>CAS Outcomes and Indicators Expected to be Influenced</b></i>	<i><b>Intermediate Indicators of Progress toward CAS Outcomes</b></i>	<i><b>Status</b></i>	<i><b>Remarks (for indicators delayed, dropped or revised)</b></i>
- National Poverty Reduction Strategy (NPRS)	Institutional learning is important. Small scale/rural private sector is isolated from policy development and lack awareness of standards, trade norms and corporate governance	C. Increased private investment in infrastructure	<ul style="list-style-type: none"> <li>IFC investments generated in the following sectors:           <ul style="list-style-type: none"> <li>• IFC investments generated in the following sectors:</li> <li>• Tourism, agro-industry and non-garment sectors.</li> <li>• MPDF linkage program and corporate governance award.</li> <li>• Capacity of business membership organizations strengthened in policy monitoring and advocacy (MPDF).</li> <li>• Government-Private Sector Forum (PSF) incorporated into donor PSD dialogue.</li> </ul> </li> </ul>	D	Work in progress.
A substantial role for the private sector in delivering public services, including infrastructure, health and education – NIPRS	Effective PPI creates efficiency gains from competition, but gains not realized due to: <ul style="list-style-type: none"> <li>• Unclear legal and institutional framework</li> <li>• Frequent closed concessions</li> <li>• A lack of regulatory capacity</li> <li>• Lack of coordination among public investment, sector strategy, and PPI projects</li> </ul>	<ul style="list-style-type: none"> <li>PPI policy issued by RGC by 2006. Concession Law is submitted to the National Assembly in June 2005.</li> <li>BOT Anukret replaced with Concessions Law and Subdecree, relevant to all forms of PPI, by 2005.</li> <li>Regulatory frameworks for private provision of electricity, water, telecom, transport and education issued by 2006.</li> </ul>	<ul style="list-style-type: none"> <li>The Concession Law was adopted on September 2007 but implementing rule and regulation are not yet in place.</li> <li>The Concession Law was adopted by the National Assembly in September 2007.</li> <li>The Water Law to be sent to the National Assembly in 2006 and the Electricity Act passed in 2003 is already covered. Road and Traffic Law was passed by the National Assembly on December 20, 2006 and promulgated on February 8, 2007.</li> </ul>	D	<p>The Concession Law was adopted on September 2007 but implementing rule and regulation are not yet in place.</p> <p>The Concession Law was adopted by the National Assembly in September 2007.</p> <p>The Water Law to be sent to the National Assembly in 2006 and the Electricity Act passed in 2003 is already covered. Road and Traffic Law was passed by the National Assembly on December 20, 2006 and promulgated on February 8, 2007.</p>

Longer-term Development Agenda		CAS Outcomes		CAS Objectives and Indicators Expected to be Influenced		Intermediate Indicators of Progress toward CAS Outcomes		Status	Remarks (for indicators delayed, dropped or revised)
Strategic and Longer-term/Higher Order Country Outcomes	Governance Impediments to Outcome Attainment								
<b>CAS OBJECTIVE 2: Improve natural resource management</b> <i>Increase access of local communities to benefits of land and forests</i>									
Strengthen overall framework for management of land resources	Lack of clear assessment, mapping, classification and registration of state lands (almost 80% of total land area) facilitates encroachment on forests, illegal sales and "land grabbing"	A. Increased public access to information regarding status and use of state lands and local participation in state land use decisions		<ul style="list-style-type: none"> <li>State Land Management Sub-decree enacted in 2005.</li> <li>Completion of aerial photography program and orthophotomap production by 2007 (on track).</li> <li>State land mapping completed for 10 provinces in 2007.</li> <li>Land use assessment completed in 2009.</li> </ul>	O	<ul style="list-style-type: none"> <li>Significantly delayed due to weather.</li> <li>Significantly delayed – progress on 5 districts on track for 2008.</li> </ul>	C	D	Significantly delayed due to weather.
Improve security of tenure and access to land	RGC will review idle and vacant state lands, as well as state lands illegally occupied by private entities - Rectangular Strategy	B. Increased number of poor Cambodians able to benefit from formal mechanisms for access to and secure ownership of private lands		<ul style="list-style-type: none"> <li>Weak judicial system facilitates land grabbing by powerful groups, increasing vulnerability of local communities, particularly poor and indigenous groups</li> <li>Allocation of state land for agriculture has favored large plantations (economic land concessions) over smallholders</li> </ul>	O	<ul style="list-style-type: none"> <li>One million plots surveyed and adjudicated through transparent, low cost systematic registration with 760,000 titles issued by 2007.</li> <li>Policy on Registration and Use Rights of Indigenous Communal Land adopted in 2006.</li> <li>75% of cadastral commission cases resolved within 100 days at each level.</li> <li>Implementation of measures to enable equitable access, fair, just, timely and accountable judicial hearings on land.</li> </ul>	D	O	Government will use CIDA Trust Funds to accelerate implementation in 2008. Expected by March 2009.
Improve management of forests to meet local, national and global needs	RGC will ensure	C. Strengthened systems for management of forest resources based on working with local communities		<ul style="list-style-type: none"> <li>Agrarian structure seminar in 2005.</li> <li>10,000 qualified, landless households receive at least 3 ha. of productive land, resettlement and production support through community-based mechanisms by 2008.</li> <li>Complete regulations regarding tenure status of occupation of state land by end 2006.</li> <li>10,000 hectares of land, including from cancelled or reduced ELCs, registered as state private land and made available for SLCs.</li> </ul>	O	<ul style="list-style-type: none"> <li>Decision by Bank and Govt to start with pilot of 3,000 households with land and support provided by end 2009.</li> <li>4,700 hectares registered and additional 6,000 hectares expected by early 2009.</li> </ul>	C	O	Significant strengthening required TWG to address as part of National Forest Plan preparation.

<i><b>Longer-term Development Agenda</b></i>		<i><b>CAS Outcomes</b></i>		<i><b>Remarks</b></i> <i>(for indicators delayed, dropped or revised)</i>	
<i><b>Strategic and Longer-term/Higher Order Country Outcomes</b></i>	<i><b>Governance Impediments to Outcome Attainment</b></i>	<i><b>CAS Outcomes and Indicators Expected to be Influenced</b></i>	<i><b>Intermediate: Indicators of Progress toward CAS Outcomes</b></i>	<i><b>Status</b></i>	
sustainable forest management based on: (i) the rational and strict monitoring of forest exploitation according to international best practices in forest management; (ii) protected area system to protect biodiversity and endangered species; and (iii) community forestry - Rectangular Strategy	Need to develop consistent and sustainable approach to PA management and to ensure greater oversight and control over protected areas system programs supported by NGOs	<ul style="list-style-type: none"> <li>Expand benefit sharing approaches to forestry, including community forestry, implemented in 2005/6, and evaluated with TWG by 2007.</li> <li>Protected Areas management plan preparation manual completed in 2005.</li> <li>Sustainable financing plan for PAs system completed in 2006.</li> <li>Standard national ranger training programs initiated in 2006</li> <li>Community Consultation Field Manual on forestry completed by end 2007.</li> <li>Forestry boundary demarcation implemented in 2 provinces by March 2009.</li> </ul>	<p>Delayed but under implementation with JSDF support.</p> <p>Implementation ongoing from March 2007; evaluation expected by end 2008.</p> <p>NGO contracted after protracted negotiations with government.</p>	D C D C D O	
		<i><b>CAS OBJECTIVE 3: Improve service delivery and public financial management</b></i> <i><b>Improve capabilities and strengthen institutions to reduce poverty in accordance with the NSDP</b></i>			
Accelerate improvements in service delivery - NPRS	Public financial management is constrained by: • Delayed and unpredictable release of funds, which undermines operational planning	<p><b>A. Strengthened mobilization and management of public finances sets stage for improved services and reduces corruption</b></p> <ul style="list-style-type: none"> <li>• Cash-based nature of the budget system</li> <li>• Diversion of resources from budget to private uses</li> <li>• Deficient accounting systems, leading to a weak control environment</li> <li>• Difficulty reallocating resources from lower to higher priorities</li> </ul>	<p>Competitive pay and appropriate performance standards introduced in the Ministry of Economy and Finance as measured by the number of officials earning a living wage in 2007 (as compared to 2004) and implementation of performance management system.</p> <ul style="list-style-type: none"> <li>• Program budgeting introduced across government by 2008.</li> <li>• Staff recruitment and deployment fully controlled by the budget formulation process (through the HRMIS) by 2008.</li> </ul> <p>Administrative savings of 20% (of non-wage recurrent expenditure) identified/reallocated by 2007.</p> <p>MoWA identifies key gender and poverty policy interventions.</p>	C O D D	
Uproot causes of corruption and enhance compliance - NPRS		<ul style="list-style-type: none"> <li>• Percentage of Treasury payments made through banking system rises to 33% by 2007 and 67% by 2008.</li> <li>• Consolidation of all government accounts, including those in foreign currency, into the Treasury Single Account.</li> <li>• Financial management information system rolled out (by priority modules and provinces) and generating reliable data</li> </ul>	<p>Move toward implementation at line ministry level partial and uneven.</p> <p>Slow progress.</p>	C O R	

Attachment 2

Longer-term Development Agenda		CAS Outcomes		Status	Remarks (For indicators delayed, dropped or revised)
Strategic and Longer-term/Higher Order Country Outcomes	Governance Impediments to Outcome Attainment	CAS Outcomes and Indicators Expected to be Influenced	Intermediate: Indicators of Progress toward CAS Outcomes		
of fees extracted from citizens and firms in order to facilitate service provision			<ul style="list-style-type: none"> <li>for managerial review and action.</li> <li>Promulgation of new legal framework that unifies budget systems while providing for control and flexibility by 2007.</li> <li>Internal audit standards promulgated and internal audit departments operationalized in major ministries.</li> <li>Procurement regulations modernized by Jan. 2006 and procurement law passed by 2007.</li> <li>Procurement system restructured to establish a single monitoring office.</li> <li>Budget information, including expenditure tracking data, disseminated regularly through media, websites, and civil society.</li> <li>Comprehensive external audit program with regular reporting to government and National Assembly and publication of government's audited financial statements.</li> <li>Strengthened National Assembly staff capacity to oversee and analyze budget formulation and execution as measured by number of capacity building activities for NA members and their staff.</li> <li>Improved capacity of Civil Society Organizations (CSOs) to analyze impact of budget allocations and provide feedback at local and national levels.</li> <li>Anti-corruption Law passed and implemented</li> </ul>	C O C O O O O O D	<p>implemented by FY08. FMIS to be rolled out on a pilot basis by FY10.</p> <p>25 Internal Audit Departments established, but not all are fully operational.</p> <p>Anticorruption Law drafted but passage delayed.</p>
Ability of the government to deliver services is constrained by a weak civil service and limitations on internal coordination	B. Civil service management and incentives tied to performance set basis for better service delivery		<ul style="list-style-type: none"> <li>Civil service reform study program completed in 2005.</li> <li>HRMIS 11 fully implemented so as to control staff recruitment and promotion based on budget ceilings.</li> <li>Accelerated pay and employment reform in priority pilot ministries/departments in 2006.</li> <li>Improvements over time in citizens' perceptions of priority service quality based on citizen surveys.</li> <li>Establishment register in pilot departments set up by 2005.</li> <li>Low pay, which is</li> </ul>	R O D D	<p>CSR study program completed in 2007, but with little impact. Stocktaking exercise expected during FY08.</p> <p>Revised MBPI being implemented. Pay reform pending outcome of reassessment.</p> <p>Pending outcome of reassessment. Slow progress.</p> <p>Pending outcome of reassessment. Slow</p>

Longer-term Development Agenda		CAS Outcomes		Status	Remarks (for indicators delayed, dropped or revised)
Strategic and Longer-term/Higher Order Country Outcomes	Governance Impediments to Outcome Attainment	CAS Outcomes and Indicators Expected to be Influenced	Intermediate Indicators of Progress toward CAS Outcomes		
<b>CAS OBJECTIVE 4: Support decentralization and promote citizens' partnerships for better governance</b>					
Increase government accountability towards citizens, particularly the poor and vulnerable, including women and youth	Key local governance issues: <ul style="list-style-type: none"><li>National framework (legal, policy &amp; institutional) for decentralization &amp; deconcentration (D&amp;D) processes remains fragmented &amp; contains significant ambiguities; current allocation of power &amp; responsibilities between levels gives rise to lack of discretion &amp; horizontal integration</li></ul>	A. Improved policy and regulatory framework for D&D and civic engagement <ul style="list-style-type: none"><li>Intergovernmental policy developed June 2005; regulatory framework (Organic Law) for D&amp;D drafted and released for consultation by June 2006; adopted by June 2007 and under implementation after June 2007.</li><li>Civil society provided with information and support to provide informed input to the dialogue on legal and policy reforms relevant to civic engagement (including NGO Law)</li><li>Anti-Corruption Law and Freedom of Information policy passed and implemented by March 2007.</li></ul>	O		
Improve government responsiveness to people's needs	Strengthen channels of external accountability including media, civil society, and the National Assembly (NA)	B. Improved mechanisms and processes for decentralization of resources and services to commune councils <ul style="list-style-type: none"><li>Revised sub-decree establishing C/SF allocations for 2008-10 issued by late 2007.</li><li>Communes receive cash transfers equal to C/SF allocations within timeframe of agreed schedule of monthly cash releases by 2005.</li></ul>	R		
Increase citizen empowerment and citizens' ownership of development process and reforms		<ul style="list-style-type: none"><li>Development of strategy to increase commune own-source revenues by end 2007.</li><li>Regulations promulgated to facilitate collection of OSRs</li><li>Implementation of strategy starting 2009.</li></ul>	D	Expected mid-2009 as part of NPSNDD.	
Put in place mechanisms to solve disputes and uphold rights through the		<ul style="list-style-type: none"><li>Formal arrangements for village representation in C/SC planning and budgeting committee in 2nd 5-year mandate confirmed prior to 2007 local elections.</li><li>Enhanced reporting and disclosure procedures adopted at commune level by mid 2007.</li><li>Revised gender strategy to be mainstreamed into post-Steila institutions during RILGP process during mid 2007</li></ul>	O	Expected end 2009. Expected 2010.	

Attachment 2

Longer-term Development Agenda			CAS Outcomes	Intermediate Indicators of Progress toward CAS Outcomes	Status	Remarks (for indicators delayed, dropped or revised)
Strategic and Longer-term/Higher Order Country Outcomes	Governance Impediments to Outcome Attainment	CAS Outcomes and Indicators Expected to be Influenced				
institution of dispute-resolution and legal mechanisms	implementation, and to hold local government to account	C. Increased protection of citizens' rights and access to justice and information	<ul style="list-style-type: none"> <li>Improved financial management and accounting practices adopted and consistently applied for C/SF from 2006.</li> <li>Annual audits by NAA of C/SF are undertaken, publicly available, and appropriate actions are taken to redress deficiencies found from 2006 onwards.</li> </ul>	<ul style="list-style-type: none"> <li>Government agrees on role of commune councils and other dispute resolution councils.</li> <li>Methods in place to increase dissemination of laws and policies to civil society and citizens, including through the establishment of public information centers in at least two national and provincial agencies and training programs for government staff to respond to information queries to be defined as part of the DFG project.</li> <li>Increased assistance to communities to help them access formal or alternative justice or dispute resolution systems (led by UNDP).</li> <li>Development of policy for improved C/SC dispute resolution practices June 2007.</li> <li>Agreement on research program to improve access to justice for the poor by 2007.</li> <li>Greater use of independent community radio and grassroots media to disseminate and discuss information on government actions and public policies.</li> <li>Media begins to report on public policy issues and civil society efforts to enact SA.</li> </ul>	C	NAA audit of C/SF completed for year 2003. No further audits conducted since then.
Devolution of power through decentralization & deconcentration will shift the focus of development towards the people...-promote pluralist participatory democracy at local level; promote the culture and practice of participatory development... & contribute to reduction of poverty in the country through improvement in service conditions - NPS	<ul style="list-style-type: none"> <li>Judicial system is weak, lacks independence, and is not trusted by the people, so rarely used by the poor</li> <li>Underdeveloped accountability framework, both in terms of capacity and laws</li> <li>Weak social accountability instruments and limited access to information</li> <li>Relatively high levels of corruption</li> <li>Limited capacity of civil society to articulate demand for improved accountability and monitor government performance</li> </ul>	D. Greater involvement of citizens and elected representatives in accountability process at national and sub-national levels	<ul style="list-style-type: none"> <li>Weak link between legislative oversight and greater accountability.</li> <li>Weak capacity of media to engage in broad expenditure policy issues</li> </ul>	<ul style="list-style-type: none"> <li>Scorecards piloted to measure quality of service delivery in schools.</li> <li>Community monitoring tools developed and piloted with extensive civil society participation in selected communes.</li> <li>Grievance mechanisms in place for abuses in donor funded projects.</li> <li>Increased donor coordination on social accountability activities.</li> </ul>	O	

Strategic and Longer-term/Higher Order Country Outcomes	Longer-term Development Agenda	Governance Impediments to Outcome Attainment	CAS Outcomes and Indicators Expected to be Influenced	CAS Outcomes		Status	Remarks (for indicators delayed, dropped or revised)
				Intermediate Indicators	Outcomes		
<b>CAS OBJECTIVE 5: Support formulation and implementation of a government-led strategy and investment program for achieving the CMMDGs</b>							
Increase effectiveness and poverty focus of available resources	Uncoordinated ODA and lack of government leadership have resulted in co-existence of parallel development strategies; different targets and M&E frameworks, and limited implementation	A. Government focus on poverty reduction strengthened through a consolidated national plan with increased country ownership, implementation and monitoring capacity, and participation	<ul style="list-style-type: none"> <li>National Strategic Development Plan (NSDP) 2006-2010 produced on schedule (December 2005) and meets improved standards for good process, coordination and quality.</li> <li>NSDP contributes to accelerated implementation of priority policy and institutional reforms.</li> </ul>	O	<ul style="list-style-type: none"> <li>Increased capacity of national NGOs to monitor and report on implementation and outcomes of development policies.</li> <li>NSDP 2006-2010 reflects increased and more systematic engagement with parliament, civil society organizations, sub-national authorities, citizens and private sector.</li> <li>Reporting from NGOs/ CSOs on strategy implementation regularly received and incorporated into updates.</li> </ul>	O	Limited meaningful engagement with other stakeholders.
• Increase national ownership of development policy	Weak engagement of actors outside senior central government in anti-poverty strategy		<ul style="list-style-type: none"> <li>Key pieces of AAA poverty analysis (CSES, MOPS) completed and synthesized in National Poverty Assessment 2006, which is produced in consultation with other actors, and provides broadly-shared analytical base for final draft of NSDP.</li> <li>Indicator definitions and baseline and target values streamlined in a single strategic M&amp;E framework for NSDP implementation.</li> <li>Strengthened RGC capacity to collect, analyze and report on NSDP; data collection systems put in place to monitor change.</li> </ul>	O		D	Mismatch between supply and demand for data.
• Increase participation of national stakeholders other than central government (e.g., sub-national administrations, civil society, and private sector)	Weak information base for understanding poverty or formulating and monitoring poverty reduction policy; little consensus						
• Improve harmonization and alignment of development assistance	Uncoordinated donor-led initiatives have resulted in numerous alternative M&E frameworks						
	Narrow national base for high quality, policy-focused poverty research						

Longer-term Development Agenda		CAS Outcomes		Intermediate Indicators of Progress toward CAS Outcomes		Remarks (for indicators delayed, dropped or revised)	
Strategic and Longer-term/Higher Order Country Outcomes	Governance Impediments to Outcome Attainment	CAS Outcomes and Indicators Expected to be Influenced				Status	
Lack of donor-donor coordination and donor harmonization with government policies means that the government has to coordinate multiple donor initiatives, resulting in high transaction costs	B. Government & ODA resources combined/aligned more effectively with national development goals	<ul style="list-style-type: none"> <li>Action Plan for Harmonization and Alignment (2004-2008) and ODA Management Policy prepared and agreed with donors.</li> <li>Single ODA coordinating body (the CDC), with senior government leadership, established and supplied by donors with information needed to provide coordination role.</li> <li>Regular government progress reports on implementation of Action Plan.</li> <li>Completed assessment of capacity development needs of government.</li> <li>Donor capacity development practices streamlined and harmonized.</li> <li>Agreement reached on principles for donor support to allowances &amp; salary supplements.</li> </ul>	C	<ul style="list-style-type: none"> <li>National Operational Guidelines introduced for each element of program cycle; standards for procurement, FM, reporting and auditing introduced by government and increasingly used by donors.</li> <li>Increased role of TWGs in guiding alignment at the sector level.</li> <li>Increasing % of ODA on-budget.</li> <li>Medium Term Expenditure Framework (MTEF) strengthened and expanded from 4 sectors (agriculture, health, education, justice).</li> <li>More joint missions and joint country planning—at TWG level.</li> <li>Improving ratio of number of projects to total ODA (i.e., fewer larger projects) at TWG level.</li> </ul>	O	O	O
Multiple donor planning, implementation and reporting requirements impose transaction costs on the government and retard development of government systems	C. Gender inequality addressed in a comprehensive manner in formulation and implementation of RGC development strategy	Mainstreaming gender in sectors fails to sufficiently address specific constraints impeding the realization of gender equality	O	<ul style="list-style-type: none"> <li>Support TWG G Action Plan – WB supporting CGA and gender and aid effectiveness agenda.</li> <li>Priority programs for promoting gender equality identified and budgeted.</li> <li>Implementation of programs addressing gender inequality supported through donor programs and coordinated through TWG.</li> <li>Regular monitoring of progress against the indicators developed.</li> </ul>	O	O	O

<i><b>Longer-term Development Agenda</b></i>			<i><b>CAS Outcomes</b></i>			<i><b>Intermediate Indicators of Progress toward CAS Outcomes</b></i>			<i><b>Status</b></i>		<i><b>Remarks</b></i>	
<i><b>Strategic and Longer-term/Higher Order Country Outcomes</b></i>			<i><b>Governance Impediments to Outcome Attainment</b></i>			<i><b>CAS Outcomes and Indicators Expected to be Influenced</b></i>						
<b>CAS OBJECTIVE 6: Support with analytical and investment services those under-funded sectors and sub-sectors critical to achieving the CMDGs</b>												
Improve selected CMDG outcomes through targeted gap-filling support to policy development and investments in under-funded aspects of service delivery reform	Donor-driven agendas result in considerable overlap in some areas and gaps in others	A. Key service delivery policy and funding gaps filled through coordinated approach based on national development plan				<ul style="list-style-type: none"> <li>Increased targeting of education subsidies to the poor and reduced unofficial user fees; measures to mitigate private costs for disadvantaged population.</li> <li>Improvements in the coverage of complete primary and lower secondary schools, disaggregated by location and community ranking.</li> <li>Education sector services enhanced as measured by school monitoring report cards and the number of higher education institutions accredited.</li> <li>Review of youth, skills and labor markets (FY09).</li> <li>Completion and publication of PETS for education.</li> <li>Increased resource allocation to interventions for basic education.</li> <li>Annual expenditure tracking M&amp;E for education.</li> <li>Increased targeting of health subsidies to the poor (within expanded official user fees and reduced unofficial user fees).</li> <li>Increased resource allocation to interventions to reduce child/maternal mortality.</li> <li>Review and expansion of contracting system for health service delivery.</li> <li>Introduction of MBPI to MoH.</li> <li>Improvements in the utilization of basic health services, disaggregated by location and income.</li> <li>Completion and publication of PETS for health.</li> <li>Annual expenditure tracking M&amp;E for health.</li> <li>244 km of national and provincial, and 160 km rural roads improved by the end of 2006.</li> <li>Number of households access to of grid power supplies under electrification and transmission project and rural areas for rural electrification are identified in 2005.</li> <li>Government-owned sector strategies developed in energy and water &amp; sanitation (complementing ADB leadership for strategy development and increased investments in transport sector).</li> <li>About 20,000 households have been connected with electricity under the Rural Electrification Fund (REF). About 30 Rural Electricity Enterprises have received grant from REF.</li> <li>Water supply systems in 11 towns built and functional.</li> </ul>	O	O	O	O	O	C
Improve access to and quality of service delivery and infrastructure, especially for poor and disadvantaged communities	Costs of services (formal and informal, including under-the-table payments) are high for the poor	Service delivery facilities are unavailable for poor communities										
Lack of accountability systems to monitor quality and performance	Low skills of service delivery personnel	Lack of accountability systems to monitor quality and performance										

Attachment 2

<i><b>Longer-term Development Agenda</b></i>		<i><b>CAS Outcomes</b></i>				
<i><b>Strategic and Longer-term/Highest Order Country Outcomes</b></i>	<i><b>Governance Impediments to Outcome Attainment</b></i>	<i><b>CAS Outcomes and Indicators Expected to be Influenced</b></i>		<i><b>Status</b></i>		<i><b>Remarks (for indicators delayed, dropped or revised)</b></i>
		B. Cambodia's water resource needs integrated into overall Mekong resource planning		C C		

	Total Indicators				
		Completed	On-track	Delayed	Dropped
CAS Objective 1	22	5 (23%)	6 (27%)	9 (41%)	1 (5%)
CAS Objective 2	20	7 (35%)	6 (30%)	7 (35%)	0
CAS Objective 3	23	4 (17%)	9 (39%)	8 (35%)	0 (9%)
CAS Objective 4	24	10 (42%)	7 (29%)	6 (25%)	0 (4%)
CAS Objective 5	24	6 (25%)	16 (67%)	2 (8%)	0
CAS Objective 6	21	9 (43%)	12 (57%)	0	0
<b>Total</b>	<b>134</b>	<b>40 (30%)</b>	<b>57 (43%)</b>	<b>32 (24%)</b>	<b>1 (1%)</b>
					<b>4 (3%)</b>

**CAMBODIA: UPDATED AND STREAMLINED CAS RESULTS MATRIX FOR THE EXTENDED PERIOD (2008-2011)**

CAS Outcome	Milestones	Instruments
<b>CAS OBJECTIVE 1: Promote private sector development for poverty reduction</b>		
	<i>Promote broad-based sustainable economic growth of 6-7% with equity with the private sector playing the leading role</i>	
1.1 Governance-related constraints to productivity growth are substantially reduced  <i>Baseline:</i> Costly trade facilitation practices limit competitiveness (2005)  <i>Target:</i> Transparent, streamlined trade processes and business environment (2011)	<ul style="list-style-type: none"> <li>Developing institutions to identify constraints and assess progress <ul style="list-style-type: none"> <li>Business environment analysis <i>Baseline:</i> ICS (2004) Provincial Business Environment Scorecard (PBES) covering 10 provinces (2007) <i>Target:</i> Updated ICS (2008); PBES covering 24 provinces (2009); trade reform monitoring (2010)</li> <li>Government Private Sector Forum <i>Baseline:</i> Well established and respected dialog at national level (2007) <i>Target:</i> Continuation at national level and deepening at provincial level (2011)</li> </ul> </li> <li>Facilitating trade <ul style="list-style-type: none"> <li>Risk management strategy and ASYCUDA in place <i>Baseline:</i> Risk management office in Customs and Excise Department and ASYCUDA tested (2007) <i>Target:</i> Risk management offices in all key trade-institutions (2008); ASYCUDA rolled out (2011)</li> <li>Transparent regulations for trade and business <i>Baseline:</i> Concept of Trade Information Gateway (2007) <i>Target:</i> Implementation of Trade Information Gateway (2011), including at provincial level</li> <li>Transparent legal framework in line with WTO accession work program <i>Baseline:</i> Uneven progress on work program and limited transparency (2007) <i>Target:</i> Completion of major pieces of the work program, with commercial laws and regulations publicly available (2011)</li> </ul> </li> <li>Increasing Corporate Social Responsibility <ul style="list-style-type: none"> <li>Sustainable business model for “Better Factories Cambodia” <i>Baseline:</i> “Better Factories Cambodia” created for garment industry, with no clear sustainable business model (2007) <i>Target:</i> Sustainable business model adopted for “Better Factories Cambodia” and extended to other sectors as appropriate (2011)</li> <li>Improved labor arbitration mechanism (Arbitration Council) resolves employee-employer disputes fairly and effectively <i>Baseline:</i> High incidence of labor disputes and limited capacity for arbitration (2007) <i>Target:</i> Smoother industrial relationships and well established arbitration mechanism (2011)</li> </ul> </li> </ul>	<b>FINANCING</b> Ongoing: Trade Facilitation and Competitiveness Project (CFCP) Proposed: Trade Development Trust Fund; New PSD project; DFGG (component on labor arbitration)
1.2 Institutions that integrate new firms into international value chains established  <i>Baseline:</i> Outside garment sector and tourism, firms are small, informal, and limited to local markets (2005)  <i>Target:</i> Higher levels of	<ul style="list-style-type: none"> <li>Enabling higher levels of investment, including foreign direct investment <ul style="list-style-type: none"> <li>Special Economic Zones (SEZs) <i>Baseline:</i> 1 operational zone and SEZ regulated by sub-decree (2007) <i>Target:</i> 5 operational zones or more and SEZ regulated by law (2011)</li> <li>Sustainable commercial dispute resolution mechanism <i>Baseline:</i> Law on Commercial Arbitration (2005) <i>Target:</i> Credible and respected Commercial Arbitration Center functioning (2011)</li> </ul> </li> </ul>	<b>FINANCING</b> Ongoing: IFCP Proposed: New PSD project; Empowerment of the Poor in Siem Reap (EPISR) Project; IFC investments
		<b>AAA/OTHER</b> Ongoing: ICA; Sources of Growth;

CAS Outcome	Milestones	Instruments
investments, including foreign direct investment, to connect Cambodian firms to international markets (2011)	<ul style="list-style-type: none"> <li>Effective credit information system           <ul style="list-style-type: none"> <li><b>Baseline:</b> Initial creation of credit information system (2007)</li> <li><b>Target:</b> Well established credit information system (2011)</li> </ul> </li> <li>Enabling development of microfinance and agro-business sector           <ul style="list-style-type: none"> <li>Consolidation and outreach of micro-finance institutions               <ul style="list-style-type: none"> <li><b>Baseline:</b> Number of clients: 371,054; outstanding loans: US\$52 million (2005)</li> <li><b>Target:</b> Number of clients 1 million; outstanding loans: US\$200 million (2011)</li> </ul> </li> <li>Size of agro-business industry (National Accounts Value Added, constant 2000 prices)               <ul style="list-style-type: none"> <li><b>Baseline:</b> 508b riel (includes food, wood product manufacturing, and rubber manufacturing) (2005)</li> <li><b>Target:</b> 650b riel (2011)</li> </ul> </li> </ul> </li> </ul> <p>Undertaking catalytic investment in new sectors</p> <ul style="list-style-type: none"> <li>IFC investments generated in commercially feasible projects in the following sectors: tourism, agro-industry, telecoms, power, rail, road and other non garment sectors           <ul style="list-style-type: none"> <li><b>Baseline:</b> Around US\$20 million per year (2007)</li> <li><b>Target:</b> Around US\$50 million per year (2011)</li> </ul> </li> <li>Local private sector livelihoods linked to international tourism value chains in Siem Reap</li> </ul>	<b>FIAS TA; MPDF; G-PDF</b> <b>Proposed:</b> Scoping and diagnostic studies for ESPR (PHRD US\$1m)
1.3 Increased private investment in infrastructure	<p>Increasing transparency and accountability of PPI</p> <ul style="list-style-type: none"> <li>Concession Law under implementation, with disclosure of concessions               <ul style="list-style-type: none"> <li><b>Baseline:</b> Law on Concession adopted (2007)</li> <li><b>Target:</b> Sub-decree and implementing regulations adopted; main terms of contracts disclosed by website; effective process of concession allocation and management</li> </ul> </li> </ul>	<b>FINANCING</b> <b>Ongoing:</b> TFCP <b>Proposed:</b> New PSD project; IFC investments
	<b>CAS OBJECTIVE 2: Improve natural resource management</b> <i>Increase access of local communities to benefits of land and forests</i>	<b>AAA/OTHER</b> <b>Ongoing:</b> FIAS TA <b>Proposed:</b> IFC advisory on concessions
2.1 Increased transparency and participation in the management of state lands	<ul style="list-style-type: none"> <li>Key state land allocation processes (including for economic land concessions, social land concessions, forest and protected areas demarcation and classification/zoning and mining concessions) provide for public transparency and local stakeholder participation in allocation decision process               <ul style="list-style-type: none"> <li><b>Baseline:</b> Legal framework for state lands allocation, demarcation and registration processes increasingly include transparency and local participation provisions but very limited experience in practice and many decisions still being taken without implementing these legal provisions (2007)</li> <li><b>Target:</b> All state land allocation, mapping, demarcation and registration processes include a priori participation and transparency measures (2011)</li> </ul> </li> <li>Public access to information on the location and use of state lands               <ul style="list-style-type: none"> <li><b>Baseline:</b> No centralized source of information on state lands with public access (2007)</li> <li><b>Target:</b> Establishment of state land databases at national and provincial/municipal levels to record assigning use of state lands include</li> </ul> </li> </ul>	<b>FINANCING</b> <b>Ongoing:</b> Multi-donor LMAP program to 2010; PRGO <b>Proposed:</b> Land program approach with renewed focus on state lands including LMAP 2 or Additional Financing; DFGG Project

CAS Outcome	Milestones	Instruments
participatory mechanisms working with local stakeholders (2011)	<ul style="list-style-type: none"> <li>information on location and use of state lands including maps, coordinates, characteristics of planned land use (2011)</li> <li>Improved management of economic land concessions consistent with RGC goals</li> </ul> <p><i>Baseline:</i> Almost 1 million hectares of ELCs granted – many much larger than 10,000 hectare legal limit or effective area to carry out investment, with less than 10% of area under cultivation with regular conflicts with local communities and concerns of use mainly for logging outside normal controls</p> <p><i>Target:</i> ELCs reviewed and rationalized consistent with environmentally and socially appropriate areas including reductions in area and cancellations as well as stricter controls on respecting investment commitments and provision of benefits to local communities. New ELCs respect provisions of ELC subdecrees regarding a priori state land registration and use primarily of bidding process for allocation (2011)</p> <ul style="list-style-type: none"> <li>State land mapping completed for 10 provinces</li> <li>Increased citizen awareness of their rights and obligations under the Land Law</li> <li>Enhanced complaints resolution mechanism in place</li> </ul>	
2.2 Increased number of poor Cambodians able to benefit from formal mechanisms for access to and secure ownership of private lands	<ul style="list-style-type: none"> <li>Increased systematic land titling</li> </ul> <p><i>Baseline:</i> 1 million plots adjudicated and 805,000 titles distributed in 11 provinces/municipalities (2007)  <i>Target:</i> 1.545 million plots adjudicated and 1,174 million titles distributed in 14 provinces/municipalities (2011)</p> <ul style="list-style-type: none"> <li>Improved transparency and incentive framework for private lands</li> </ul> <p><i>Baseline:</i> Current land taxation and subsequent registration fees neither provide adequate incentives for use of land nor maintenance of current land registration in registry (2007)  <i>Target:</i> Land taxation and fee structure reviewed and revised and implemented with resulting reductions in speculative landholdings and increases in rates of subsequent registration (2011)</p> <ul style="list-style-type: none"> <li>Indigenous Communal Land Registration and Titling</li> </ul> <p><i>Baseline:</i> No policy or subsidiary legal framework to allow indigenous communal titling to move forward (2007)  <i>Target:</i> Policy and legal requirements in place and 30 communities have registered as indigenous communities and 20 have received communal titles (2011)</p> <ul style="list-style-type: none"> <li>Distribution of state land to the poor</li> </ul> <p><i>Baseline:</i> Policy and legal framework in place but not yet implementation of locally initiated social land concessions (2007)  <i>Target:</i> 10,000 qualified, landless households receive at least 3 ha of productive land, settlement and production support through community-based mechanisms (2011)</p>	<b>FINANCING</b> Ongoing: LMAP Proposed: LASED; Land allocation JSDFs; LMAP 2 or Additional Financing; JSDF on indigenous communal titling; JSDF on tenure security approaches with vulnerable urban communities <b>AAA/OTHER</b> Ongoing: Agrarian Structure, NRM Framework, Growth Study Proposed: Land incentives study
2.3 Strengthened systems for management of forests and protected areas based on working with local communities	<ul style="list-style-type: none"> <li>Forest demarcation</li> </ul> <p><i>Baseline:</i> 0 km demarcated forest boundary (214 km as of March 4, 2008) and 350 km of protected area boundaries demarcated</p> <p><i>Target:</i> Forest and PA boundaries demarcated in 5 provinces (2011)</p> <ul style="list-style-type: none"> <li>Expanded benefit sharing approaches to forestry, including community forestry</li> </ul> <p><i>Baseline:</i> 0 community forestry areas formally recognized by Forest Administration and no commun-</p>	<b>FINANCING</b> Ongoing: Biodiversity and Protected Areas Management Project; Community Forestry JSDF Proposed: CEPAMP
<b>Post-forest concession</b>		

CAS Outcome	Milestones	Instruments
approach requires strengthening role of state and local communities in boundary demarcation and collaborative management approaches for forests and protected areas based on limited pilot experiences (2005)	<ul style="list-style-type: none"> <li>Protected areas system strengthened           <ul style="list-style-type: none"> <li><i>Baseline:</i> Protected areas law passed but still lacking subsidiary legislation, and one comprehensive pilot drawing on pilot and NGO assisted experience (2007)</li> <li><i>Target:</i> Protected areas law passed and subsidiary legislation in place – particularly regarding zoning and community protected areas with extension of standardized approach to 5 protected areas representing 30%</li> </ul> </li> <li>Expansion of community protected areas           <ul style="list-style-type: none"> <li><i>Baseline:</i> 65 community protected areas formally registered with DNCP/MoE (2007)</li> <li><i>Target:</i> 100 community protected areas formally registered (2011)</li> </ul> </li> </ul>	<b>AAA/OTHER</b> Ongoing: Forest Law Enforcement Governance, Support to National Forest Plan <b>Proposed:</b> Sector financing study (w/ DANIDA)
<b>CAS OBJECTIVE 3: Improve service delivery, public financial management and civil service performance</b> <i>Improve capabilities and strengthen institutions to reduce poverty in accordance with the NSDP (all targets expected to be achieved by FY2011 except where explicitly stated)</i>		
3.1 Strengthened framework of accountability for the mobilization of resources and management of public finances sets stage for improved governance, service delivery, and reduction in corruption	<ul style="list-style-type: none"> <li>Improving resource mobilization, allocation, and control           <ul style="list-style-type: none"> <li>Improved revenue mobilization               <ul style="list-style-type: none"> <li><i>Baseline:</i> Revenue collection less than 10% of GDP, outcome deviates by more than 10% of budget projection</li> <li><i>Target:</i> Revenue collection increased progressively to 13.5% of GDP and outcome deviates by less than 5% of budget forecast. New extractive industry revenue management both efficient and transparent</li> </ul> </li> <li>Resource allocation progressively integrated and aligned with NSDP priorities               <ul style="list-style-type: none"> <li><i>Baseline:</i> Weak MTEF and fragmented development/ recurrent annual budget preparation</li> <li><i>Target:</i> Integrated MTEF/Budget framework implemented based on Budget Strategic Plans in 10 priority ministries incorporating key poverty and gender policy interventions</li> </ul> </li> <li>Budget accountability and responsibility de-concentrated to Budget Managers in line ministries               <ul style="list-style-type: none"> <li><i>Baseline:</i> Existing budget classification does not distribute accountability below ministry level</li> <li><i>Target:</i> Specified budget roles, responsibilities, and accountabilities for all national and sub national level budget entities (FY2010)</li> </ul> </li> <li>Fiscal decentralization framework developed               <ul style="list-style-type: none"> <li><i>Baseline:</i> New Organic Law for Decentralization in place but detailed fiscal framework undefined</li> <li><i>Target:</i> Developed and implemented fiscal decentralization strategy, transition path and institutional arrangements for management of vertical/horizontal allocation of resources and design; consolidation and analysis of sub-national government reporting systems (FY2009); pilot systems operational for FY2010 budget</li> </ul> </li> </ul> </li> </ul>	<b>FINANCING</b> Ongoing: PFM & Accountability Program and Multi Donor Trust Fund; PRGO (including support to sector programs) <b>Proposed:</b> New PSM and FM program (next phase commencing 2011); US\$35m IDA/MDTF incorporating PFM (financial accountability, policy based budgeting and resource management, external audit and key aspects of civil service reform)

CAS Outcome	Milestones	Instruments
oversight strengthened	<p>ministries and 5 provinces; (ii) Procurement/resource management policy, and processes implemented (FY2008) and oversight arrangements implemented (FY2009); continued support for Independent Procurement Agent (FY2009); (iii) Internal audit units established and reporting on the basis of agreed standards in 50% of ministries; (iv) Full operation of Treasury Single Account (TSA) and progressive reduction in number of project bank accounts (FY2010)</p> <ul style="list-style-type: none"> <li>Strengthened external audit and National Assembly oversight <i>Baseline:</i> External audit/National Assembly independence and capacity limited; NAA reports to National Assembly; reports not publicly disclosed <i>Target:</i> NAA capacity and independence strengthened; outstanding reports for financial years 2003-2006 published (FY2008) and regular NAA reporting to Government and National Assembly with publication of government's annual audited financial statements (FY2009 onwards)</li> </ul>	<b>AAA/OTHER</b> <b>Ongoing:</b> Annual External Advisory Panel Reports; PETs, review/ design of new civil service incentive schemes; assessment of civil service reform task environment; continued input to sector program design and management  <b>Proposed:</b> PAR Assessment and Action Plan (FY2009); IFAPER (national & sub national government) (2020)
3.2 Civil service management and incentives tied to performance, set basis for strengthened service delivery and reduced reliance on patron client systems	<ul style="list-style-type: none"> <li>Substantive steps toward establishment of a meritocratic civil service and greater accountability to citizens <i>Baseline:</i> Low levels of productivity and motivation due to inadequate merit based recruitment, performance management, accountability and remuneration levels <i>Targets:</i> (i) Strengthened CAR HR oversight capacity FY2010; (ii) HR Policy and implementation plan developed (FY2009); (iii) HRMIS II fully implemented for control staff recruitment and promotion based on budget ceilings-(FY2010); (iv) MBPI extended to all Strategic Reform Programs (FY2010); (v) Progressive improvements over time in citizens' perceptions of priority service quality based on citizen surveys (each year)</li> </ul>	<b>FINANCING</b> <b>Ongoing:</b> Program to Enhance Capacity in Social Accountability (PECSA), RILGP; RILGP Additional Financing
<b>CAS OBJECTIVE 4: Support decentralization and promote citizens' partnerships for better governance</b>		
4.1 Improved policy and regulatory framework for D&D and civic engagement	<p>Improving framework for D&amp;D</p> <ul style="list-style-type: none"> <li>Policy and strategy <i>Baseline:</i> Intergovernmental policy (Strategic Framework for Decentralization and Deconcentration) developed June 2005, regulatory framework (Organic Law) for D&amp;D drafted and released for consultation by November 2007 <i>Target:</i> Organic Laws approved by Council of Ministers by February 2008, adopted by National Assembly by April 2008 and under implementation thereafter. Related National Program for Sub-National Democratic Development developed by June 2009, adopted by August 2009, and under implementation by January 2010           <ul style="list-style-type: none"> <li>Anti-Corruption Law and Freedom of Information policy passed and implemented by March 2007</li> <li>Development and implementation of strategy to increase sub-national own-source revenues</li> <li>Regulations promulgated to facilitate collection of sub-national OSRs</li> </ul> </li> </ul>	<b>FINANCING</b> <b>Ongoing:</b> Program to Enhance Capacity in Social Accountability (PECSA), RILGP; RILGP Additional Financing  <b>Proposed:</b> DFGG Project; RILGP-II; IDF grant to Ministry of Interior for better promoting NGO-Government relations  <b>AAA/OTHER</b>

CAS Outcome	Milestones	Instruments
	<p>[Baseline data and targets for the following will be developed as part of the Bank-supported RILGP II, DFGG and PECSA Projects and related AAA. These will be included in the annual CAS monitoring exercise]</p> <p><u>Enabling environment for civic engagement</u></p> <ul style="list-style-type: none"> <li>• A strategy and program for constructive engagement between state and NGO sector and for building capacity of CSOs is produced and its implementation initiated</li> <li>• Improved capacity of civil society institutions to impact good governance in the public sector</li> </ul>	<p><b>FINANCING</b> Ongoing: RILGP; RILGP-AF Proposed: DFGG Project ( One window service component); RILGP II</p>
4.2 Improved mechanisms and processes for decentralization of resources and services to commune councils	<p><u>Improving intergovernmental fiscal transfers</u></p> <p><u>Improving local revenue systems</u></p> <p><u>Strengthening participation, transparency, accountability</u></p> <ul style="list-style-type: none"> <li>• Annual audits by NAA of CJSF are undertaken, publicly available, and appropriate actions are taken to redress deficiencies found from 2006 onward</li> <li>• One window service and Ombudsman offices set up to deliver certain decentralized services under the Organic Law on D&amp;D</li> </ul>	<p><b>FINANCING</b> Ongoing: PECSA Proposed: DFGG Project (RNK radio) subcomponent and Non-state Institutions component)</p>
	<p><u>Target : Increased reliability and predictability of funding from central to commune level; increased local level own resources</u></p> <p><u>Protecting citizens' rights and improving access to justice and information</u></p> <ul style="list-style-type: none"> <li>• Government agrees on role of commune councils and other dispute resolution councils</li> <li>• Mechanisms in place to increase the information for dissemination of laws and policies to citizens</li> <li>• Increased level of awareness among citizens on use of demand side approaches to improve their access to information, service delivery and justice</li> <li>• Greater use of media to disseminate and discuss information on government programs</li> </ul>	<p><b>FINANCING</b> Ongoing: PECSA Proposed: DFGG project (Non-state institutions component) and Good Governance Frameworks in the Bank Portfolio</p>
4.4 Greater involvement of citizens and elected representatives in accountability process at national and sub-national levels	<p><u>Improving involvement of citizens' inputs into public policies and development debate</u></p> <ul style="list-style-type: none"> <li>• Increased monitoring of public sector institutions and programs through DFGG programs and institutions supported by the Bank</li> <li>• Increased responsiveness by government to demands triggered through DFGG approaches in Bank supported portfolio</li> </ul>	<p><b>AAA/OTHER</b> Ongoing: Civil Society Assessment</p>

CAS Outcome	Milestones	Instruments
<b>CAS OBJECTIVE 5: Support formulation and implementation of a government-led strategy and investment program for achieving the CMDDGs</b>		
5.1 Government focus on poverty reduction strengthened through a consolidated national plan with increased country ownership, implementation and monitoring capacity, and participation  <i>Baseline:</i> Uncoordinated ODA and lack of government leadership have resulted in parallel development strategies (2005)  <i>Target:</i> NSDP-II advances on NSDP-I in inclusive process, analytical depth, and influence on resource allocation (Government budget and ODA), while retaining government ownership; systems for implementation and monitoring are significantly strengthened (2011)	<p>Accurate, comparable poverty estimates produced regularly and in time for use in NSDP formulation and monitoring</p> <ul style="list-style-type: none"> <li>• Agreement reached between Government and development partners (World Bank, Sweden, UNDP) on methodology for calculating consumption and poverty estimates from CSES</li> </ul> <p><i>Baseline:</i> In 2003, conflicting advice to NIS resulted in both recall and diary modules for collecting consumptions data, creating potential for alternative methods of calculating poverty and doubt over trend</p> <p><i>Target:</i> Agreement reached in advance on how CSES 2009 will collect consumption data (consensus on whether to use recall or diary modules) and how this will be analyzed to generate poverty estimates</p> <ul style="list-style-type: none"> <li>• Large-estimate CSES (2009) generates new poverty profile, trend and analysis in time for incorporation in NSDP-II (due end 2010)</li> </ul> <p><i>Baseline:</i> Data from CSES 2004 only became available late June 2005, leaving less than six months in which to produce new poverty analysis for inclusion in the NSDP</p> <p><i>Target:</i> CSES 2009 data by March 2010; poverty profile by May; draft Poverty Assessment by October</p> <p>Strengthened RGC capacity for evidence-based policy-making</p> <ul style="list-style-type: none"> <li>• Improved official capacity to collate and analyze performance and socio-economic data; report findings and recommendations in improved NSDP Annual Progress Reports; and feed this back into policy review and Government-donor dialogue</li> </ul> <p><i>Baseline:</i> Limited RGC capacity for conducting policy-oriented situation analysis or M&amp;E. Low levels of statistical literacy; little communication between producers and users of socio-economic data</p> <p><i>Target:</i> Greater NIS ownership of socio-economic analysis and improved statistical literacy and policy formulation skills within NSDP Secretariat (reduced dependence on TA); NSDP II (2011-2015) prepared with increased country ownership, improved situation and performance analysis, and broader participation by government and non-government stakeholders</p>	<b>FINANCING</b> <b>Proposed:</b> 2 DFID Trust Funds (one Bank-executed, one MoP-executed MDTF) under overarching National Planning for Poverty Reduction (NPPR) Program, 2008-2013
5.2 Government and ODA resources combined/ aligned more effectively with national development goals  <i>Baseline:</i> Uncoordinated donor-led initiatives (2005)  <i>Target:</i> Significant progress towards Cambodia Harmonization and Alignment targets	<p>Progress (total ODA and Bank program) against Paris Declaration indicators of harmonization and alignment:</p> <ul style="list-style-type: none"> <li>• Increased % of ODA reported on budget</li> </ul> <p><i>Baseline:</i> 79% (2005)</p> <p><i>Target:</i> 90% (RGC 2010 target)</p> <ul style="list-style-type: none"> <li>• Improved alignment at sector and sub-sector level through increased percentage of ODA delivered via sector-wide/ program-based approaches</li> </ul> <p><i>Baseline:</i> 24% of ODA delivered via program-based approaches (2005)</p> <p><i>Target:</i> 66% of ODA delivered via program-based approaches (RGC 2010 target)</p>	<b>FINANCING</b> <b>Proposed:</b> DFID TF for NPPR
5.3 Gender inequality addressed in a comprehensive manner in formulation and implementation of RGC development strategy  <i>Baseline:</i> Narrow national base for high-quality, policy-focused	<p>Policy recommendations in the CGA 2008 operationalized, in particular through Bank projects as well as the TWGs that the Bank co-facilitates (as above) for sectors that are Bank CAS pillars. These recommendations are conveniently laid out in the sector/TWG specific CGA Policy Briefs developed by MOWA</p> <p>Inclusion of gender analysis and specific gender policy outlines in NSDP II (2010)</p>	<b>FINANCING</b> <b>Proposed:</b> MDTF to support building MoP gender planning capacity

CAS Outcome	Milestones	Instruments
poverty research (2005)  <i>Target:</i> Improved and broader research base for poverty research (2011)	Ongoing: Contribution to Ministry of Women's Affairs (MOWA) Cambodia Gender Assessment  Proposed: Gender analysis in 2010 Poverty Assessment	
<b>CAS OBJECTIVE 6: Support with analytical and investment services those under-funded sectors and sub-sectors critical to achieving the MDGs</b>		
6.1 Key service delivery policy and funding gaps filled through coordinated approach based on national development plan  <i>Baseline:</i> Costs of services are high for the poor and service delivery facilities are unavailable for poor communities (2005)  <i>Target</i> Lower costs and better quality of services for the poor and expanded service delivery for poor communities (2011)	<p>Improvements in the coverage of basic education and health services</p> <ul style="list-style-type: none"> <li>Education</li> </ul> <p><i>Baseline (2007):</i> <u>Outcome Monitoring:</u> Net enrollment rate of 5-year olds in Early Childhood Education (29.2%); Primary and lower secondary net enrollment rates (92.1% and 33.7%); Education recurrent budget share (17.8%) <u>Output Monitoring:</u> Number of formal preschool classrooms (2,564); Number of incomplete primary schools (1,499); Number of lower secondary schools (846) <i>Targets (2011):</i> Number of formal preschool classrooms (3,000); Number of incomplete schools (1,000); Number of lower secondary schools (1,050)</p> <ul style="list-style-type: none"> <li>Health</li> </ul> <p><i>Baseline (2007):</i> <u>Outcome Monitoring:</u> Coverage of fully immunized children for children 12-23 months (67% in 2005); Percentage of births delivered in a health facility (20%); Health recurrent budget share (12.6%) <u>Output Monitoring:</u> Number of health equity funds (29); <i>Targets (2011):</i> Number of health equity funds (tbd)</p> <p>Improvements in the quality and efficiency of basic education and health service delivery</p> <ul style="list-style-type: none"> <li>Education</li> </ul> <p><i>Baseline (2007):</i> <u>Outcome Monitoring:</u> Average academic performance in mathematics (40.4%) and language (37.5%) in Grade 3 <u>Output Monitoring:</u> Number of school improvement grants awarded (0) <i>Targets (2011):</i> Number of school improvement grants awarded (400); Issuance of New Inspection and Monitoring policy; Issuance of new school-self-assessment and planning tools</p> <ul style="list-style-type: none"> <li>Health</li> </ul> <p><i>Baseline (2007):</i> <u>Outcome Monitoring:</u> Coverage of antenatal care ANC2 by trained personnel (60%) <u>Output Monitoring:</u> Percentage of essential drugs that experienced stock out periods (12%); Number of licensed health professionals (tbd) <i>Targets (2011):</i> Percentage of essential drugs that experienced stock out periods (5% in 2008); Number of licensed health professionals (at least 70% by 2008); Number of registered and licensed polyclinics, consultation cabinets and pharmacies (tbd)</p> <p>Developing infrastructure sector strategies Clear government-owned strategies in infrastructure sub-sectors (energy access, rural electrification, and transport), with clear framework for donor support and increased ODA <i>Baseline:</i> Donor-supported strategy studies were poorly coordinated, with weak government ownership</p>	<p><b>FINANCING</b> Ongoing: Education Sector Support; Education Sector Support Scale Up Action Program (FTI CF); JSDF Mainstreaming Inclusive Education, HSSP 1 and 2 Proposed: Higher Education and Skills, Second Chances for Youth AAA/OTHER Ongoing: Scholarships for the Poor; A Conditional Cash Transfer Impact Evaluation in Lower Secondary Schools Proposed: Youth, Skills and Labor Mobility; Early Childhood Education Impact Evaluation; Stimulating Demand for Primary Education</p>

CAS Outcome	Milestones	Instruments
Improving access to infrastructure	<p><i>Target:</i> Clear government-owned strategies formulated, adopted and agreed with donors through the Infrastructure and Regional Integration Technical Working Group (IRITWG)</p> <ul style="list-style-type: none"> <li>National, provincial and rural roads improved and better maintained           <ul style="list-style-type: none"> <li><i>Baseline:</i> Essentially all existing roads were poorly maintained and fast deteriorating</li> <li><i>Targets:</i> Approximately 60% (of 2,100 km) of the primary national network, 38% (2,600 km) of the secondary national network, and 6.5% (6,500 km) of the provincial roads in good condition (2011)</li> </ul> </li> <li>A sustainable road maintenance program established and functional           <ul style="list-style-type: none"> <li><i>Baseline:</i> There was no clearly defined road maintenance program, and the Road Maintenance Fund was poorly managed</li> <li><i>Targets:</i> Budgets for road maintenance increased, with domestic funding to cover annually (i) routine maintenance on 100% of the primary national roads and at least 30% of the maintainable secondary national and provincial road networks, and (ii) periodic maintenance on 5% of the national roads (100 km) and 4% of the secondary and provincial roads (380 km) (2011)</li> </ul> </li> <li>Additional 135,000 rural households provided with access to electricity, of which 53,000 households by grid extension, 66,000 households by off-grid systems and 16,000 households by solar home systems by 2009</li> <li>Approximately 86% of power demand in Kampong Cham and Stung Treng met with imported electricity from Vietnam and Lao PDR (2011)</li> </ul>	<p><b>FINANCING</b></p> <p><b>Proposed:</b> GMS Regional Water resources Management Program</p> <p><b>AAA/OTHER</b></p> <p><b>Ongoing:</b> GMS initiatives</p>
6.2 Cambodia's water resource needs integrated into overall Mekong resource planning	<p>Integrating with regional water resource plans</p> <p><i>Baseline:</i> Weak capacity to design and implement water sharing arrangements and projects on trans-boundary water management that sustainably reduce poverty (2007)</p> <p><i>Targets:</i> Sound implementation of approved water utilization rules/procedures; strengthened country sectoral capacity; progress towards sustainable poverty reduction and income generation from better water resource management (2011)</p>	

**CAMBODIA TRUST FUND PORTFOLIO: March, 2008**

Manag.	Fund		Closing Date	Grant Amt (USD)
EASTE	TF053036	RURAL ELECTRIFICATION AND TRANSMISSION PROJECT	06/30/09	5,750,000
EASRE	TF023524	BIODIVERSITY AND PROTECTED AREAS	12/31/07	2,750,000
EACTF	TF055281	INST. OF PROJ&PROG MGMT FUNCTIONS	07/17/08	200,000
EAPCO	TF054190	IMPROVEMENT OF EFFICIENCY OF PUB PROC	11/14/07	100,000
EAPCO	TF056233	STRENGTHEN THE NAT AUDIT AUTHORITY	02/13/09	211,000
EASPR	TF052143	STRENGTHEN THE CIVIL SER THRO IMPROVED HR EXP MGMT	03/31/07	310,000
EASPR	TF054331	BLDG CAP IN NAT SURVEYS, PA&M	05/18/08	310,000
EASRE	TF055949	STRENGTHEN ENV MGMT CAP AT LOCAL LEVEL	01/02/09	235,000
EASSO	TF057126	STRENGTHEN CAP TO ENGAGE WITH CS	09/17/09	280,000
EASHD	TF054868	MAINSTREAM INCLUSIVE EDUCATION	03/03/09	1,800,291
EACSQ	TF055390	CAP BLDG FOR SUS FOREST&LAND MGMT	07/31/09	1,756,900
EASPR	TF054547	PUBLIC FINANCIAL MANAGEMENT - CO	11/11/10	7,035,000
EASHD	TF051053	HEALTH SECTOR SUPPORT PROJECT	12/31/08	2,500,848
EASRE	TF053043	LAND MGMT&ADMINISTRATION - CO	12/31/09	2,354,807
EASRE	TF055076	LAND ADMI MGMT&DIST (LAMDP)	06/30/08	700,000
EAPVP	TF056974	PROVINCIAL&RURAL INFRASTRUCTURE	09/30/09	450,300
EASRE	TF055139	LAND ALLOCATION FOR SOC&ECON DEV (LASED)	03/25/08	510,000
EASRE	TF090637	ENV&PROTECTED AREAS MGMT	11/04/08	410,000
EASSO	TF058014	EMPOWERMENT OF THE POOR IN SIEM REAP	06/20/08	990,000
DEC DG	TF055438	STATISTICAL CAPACITY DEVELOPMENT	03/31/08	168,500
ETWWP	TF057263	FROM OPEN WELLS TO ROAD PUMPS	06/15/08	91,917
ETWES	TF057469	SME CAMBODIA	06/30/08	451,979
EASPR	TF091634	DFSG - CAMBODIA COUNTRY STUDY	02/28/09	50,000
EASSO	TF091306	DEMAND FOR GOOD GOVERNANCE PROJECT	04/30/10	324,864
EASHD	TF054869	MAINSTREAM INCLUSIVE EDUCATION	03/03/09	65,000
EASRE	TF055411	CAP BLDG FOR SUS FOREST&LAND MGMT	07/31/09	39,600
EASRE	TF057591	SEED - STRENGTHEN GG IN LAND DISTRIBUTION	11/07/07	48,350
EASPR	TF050799	POVERTY REDUCTION SUPPORT PROGRAM	03/31/08	2,758,550
EASPR	TF054546	PUBLIC FINANCIAL MANAGEMENT	11/11/10	1,127,200
EASHD	TF057629	HEALTH SECTOR SUPPORT PROGRAM	04/30/09	896,130
EASRE	TF053042	LAND MGMT & ADMINISTRATION	06/30/10	703,384
EASRE	TF055075	LAND ADMI MGMT&DIST (LAMDP)	06/30/08	303,576
EASRE	TF055077	LAND ADMI MGMT&DIST (LAMDP) - SUPERVISION	06/30/08	23,056
EASSO	TF058304	PECSA IN CAMBODIA	12/31/09	1,995,000
WBIFP	TF055378	WBI: INVEST CLIMATE - CAP BLDG FOR TRADE-LED PRIVATE SECTOR GROWTH	05/12/08	175,000
DEC DG	TF055305	SMP FINALIZATION	12/31/07	53,500
				<b>37,929,752</b>

# Cambodia at a glance

POVERTY and SOCIAL		Cambodia	East Asia & Pacific	Low-income	Development diamond*	
<b>2006</b>						
Population, mid-year ( <i>millions</i> )		14.4	1,900	2,403		
GNI per capita ( <i>Atlas method, US\$</i> )		490	1,863	650		
GNI ( <i>Atlas method, US\$ billions</i> )		7.0	3,539	1,562		
<b>Average annual growth, 2000-06</b>						
Population (%)		2.0	0.9	1.9		
Labor force (%)		3.0	1.3	2.3		
<b>Most recent estimate (latest year available, 2000-06)</b>						
Poverty (% of population below national poverty line)		35	..	..		
Urban population (% of total population)		20	42	30		
Life expectancy at birth (years)		57	71	59		
Infant mortality (per 1,000 live births)		68	26	75		
Child malnutrition (% of children under 5)		36	15	..		
Access to an improved water source (% of population)		41	79	75		
Literacy (% of population age 15+)		74	91	61		
Gross primary enrollment (% of school-age population)		134	114	102		
Male		139	115	108		
Female		129	113	96		
<b>KEY ECONOMIC RATIOS and LONG-TERM TRENDS</b>						
	1986	1996	2005	2006	Economic ratios*	
GDP (US\$ billions)	..	3.5	6.3	7.3	Trade	
Gross capital formation/GDP	..	14.7	20.1	21.5	Domestic savings	Capital formation
Exports of goods and services/GDP	..	25.4	64.2	68.8		
Gross domestic savings/GDP	..	-3.7	11.4	14.5		
Gross national savings/GDP	..	4.7	14.4	17.4		
Current account balance/GDP	..	-5.3	-5.7	-4.6	Indebtedness	
Interest payments/GDP	..	0.1	0.2	..		
Total debt/GDP	..	67.1	56.1	..		
Total debt service/exports	..	1.1	0.7	..		
Present value of debt/GDP	..	..	47.2	..		
Present value of debt/exports	..	..	69.6	..		
	1986-96	1996-06	2005	2006	Growth of capital and GDP (%)	
(average annual growth)					GCF	GDP
GDP	..	8.8	13.5	10.8	..	..
GDP per capita	..	6.6	11.3	11.5	..	..
Exports of goods and services	..	20.7	16.2	19.3	..	..
<b>STRUCTURE of the ECONOMY</b>						
	1986	1996	2005	2006	Growth of exports and imports (%)	
(% of GDP)					Exports	Imports
Agriculture	..	44.5	30.8	30.1		
Industry	..	15.0	25.1	26.2		
Manufacturing	..	10.1	17.8	18.6		
Services	..	40.5	44.2	43.7		
Household final consumption expenditure	..	98.0	84.5	82.1		
General govt final consumption expenditure	..	5.7	4.1	3.5		
Imports of goods and services	..	43.8	72.9	75.8		
	1986-96	1996-06	2005	2006		
(average annual growth)						
Agriculture	..	3.7	15.7	5.5		
Industry	..	16.4	12.7	18.3		
Manufacturing	..	17.5	9.7	17.4		
Services	..	9.5	12.4	9.9		
Household final consumption expenditure	..	6.9	11.6	6.4		
General govt final consumption expenditure	..	5.0	2.9	-4.9		
Gross capital formation	..	13.9	30.7	20.8		
Imports of goods and services	..	16.1	17.3	15.5		

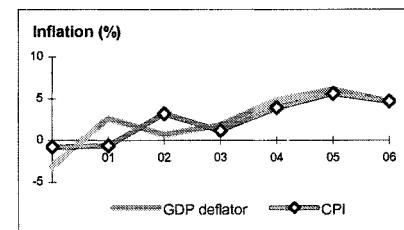
Note: 2006 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

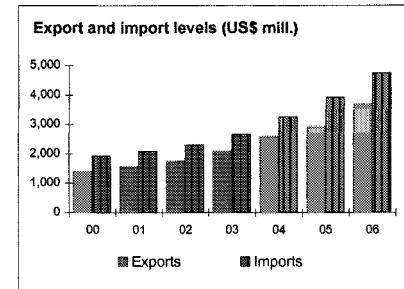
**PRICES and GOVERNMENT FINANCE**

	1986	1996	2005	2006
<b>Domestic prices (% change)</b>				
Consumer prices	..	10.1	6.7	2.8
Implicit GDP deflator	..	3.5	6.1	4.7
<b>Government finance (% of GDP, includes current grants)</b>				
Current revenue	..	7.7	9.8	10.2
Current budget balance	..	-1.1	1.6	1.4
Overall surplus/deficit	..	-7.5	-3.2	-1.5



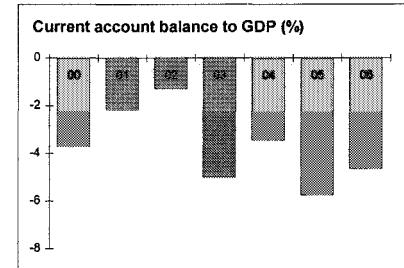
**TRADE**

	1986	1996	2005	2006
<b>(US\$ millions)</b>				
Total exports (fob)	..	644	2,910	3,693
Forestry	..	32	119	175
Rubber	..	148	20	22
Manufactures	..	80	2,275	2,743
Total imports (cif)	..	1,072	3,928	4,749
Food	..	81	35	50
Fuel and energy	..	132	751	821
Capital goods	..	..	1,069	1,275
Export price index (2000=100)	..	38	..	..
Import price index (2000=100)	..	..	..	..
Terms of trade (2000=100)	..	..	..	..



**BALANCE of PAYMENTS**

	1986	1996	2005	2006
<b>(US\$ millions)</b>				
Exports of goods and services	..	806	4,028	4,989
Imports of goods and services	..	1,287	4,575	5,539
Resource balance	..	-480	-547	-550
Net income	..	-86	-254	-290
Net current transfers	..	381	440	503
Current account balance	..	-185	-361	-337
Financing items (net)	..	..	439	476
Changes in net reserves	..	..	-78	-139

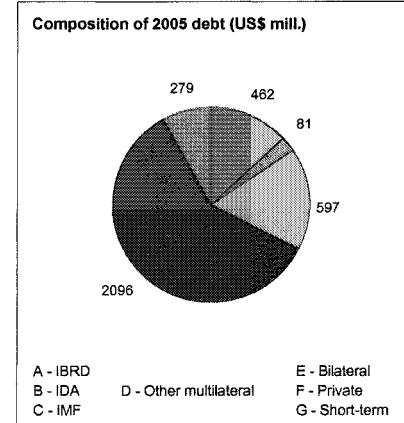


**Memo:**

Reserves including gold (US\$ millions)	..	164	1,040	1,350
Conversion rate (DEC, local/US\$)	..	2,624.1	4,097.0	4,107.0

**EXTERNAL DEBT and RESOURCE FLOWS**

	1986	1996	2005	2006
<b>(US\$ millions)</b>				
Total debt outstanding and disbursed	31	2,354	3,515	..
IBRD	0	0	0	0
IDA	0	108	462	500
Total debt service	0	9	31	..
IBRD	0	0	0	0
IDA	0	1	6	7
Composition of net resource flows				
Official grants	5	194	210	..
Official creditors	0	75	160	..
Private creditors	0	-3	0	..
Foreign direct investment (net inflows)	0	294	379	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	0	0	8	0
Disbursements	0	46	36	19
Principal repayments	0	0	2	4
Net flows	0	46	34	15
Interest payments	0	1	4	4
Net transfers	0	45	30	11



Note: This table was produced from the Development Economics LDB database.

9/28/07

**Annex B2**  
**Selected Indicators\* of Bank Portfolio Performance and Management**  
**As Of 03/24/2008**

<b>Indicator</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b><i>Portfolio Assessment</i></b>				
Number of Projects Under Implementation <sup>a</sup>	13	12	11	10
Average Implementation Period (years) <sup>b</sup>	3.8	4.0	3.6	4.2
Percent of Problem Projects by Number <sup>a, c</sup>	15.4	25.0	45.5	20.0
Percent of Problem Projects by Amount <sup>a, c</sup>	9.5	23.6	33.9	10.7
Percent of Projects at Risk by Number <sup>a, d</sup>	15.4	25.0	45.5	20.0
Percent of Projects at Risk by Amount <sup>a, d</sup>	9.5	23.6	33.9	10.7
Disbursement Ratio (%) <sup>e</sup>	16.9	18.5	13.5	11.7
<b><i>Portfolio Management</i></b>				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

<b>Memorandum Item</b>	<b>Since FY 80</b>	<b>Last Five FYs</b>
Proj Eval by OED by Number	16	10
Proj Eval by OED by Amt (US\$ millions)	407.7	209.6
% of OED Projects Rated U or HU by Number	25.0	30.0
% of OED Projects Rated U or HU by Amt	10.0	11.9

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
  - b. Average age of projects in the Bank's country portfolio.
  - c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
  - d. As defined under the Portfolio Improvement Program.
  - e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- \* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

**Annex B3**  
**IBRD/IDA Program Summary**  
As Of 03/24/2008

**Proposed IBRD/IDA Base-Case Lending Program<sup>a</sup>**

Fiscal year	Proj ID	US\$(M)	Strategic Rewards <sup>b</sup> (H/M/L)	Implementation Risks (H/M/L)
2008	Road Asset Management (ADB/AusAID)	30.0	M	M
	Rural Investment & Local Governance (AF)	36.3	H	M
	PRGO I	15.0	H	M
	Avian Influenza Emergency Project	6.0	M	M
	Land Allocation for Social & Economic Dev.	11.5	H	H
	Second Health Sector Support Program	30.4	H	H
Sub-total		129.2		
2009	Environment & Protected Areas Management	10.0	H	H
	Demand for Good Governance	20.0	H	H
	Empowerment for the Poor in Siem Reap	15.0	H	M
	PRGO II	20.0	H	M
	Sub-total		65.0	
2010	Higher Education and Capacity Building	15.0	M	L
	PRGO III	15.0	H	M
	Land Management & Admin. (AF)	10.0	H	H
	Public Financial Management II	15.0	H	M
	GMS - Integrated Water Resource Mgt.	15.0	M	L
	Sub-total		70.0	
Total		264.2		

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Notes: AF denotes Additional Financing  
GMS denotes Greater Mekong Sub-region

a. This table presents the proposed program for the next three fiscal years.

b. For each project, indicate whether the strategic rewards and implementation risks are expected to be high (H), moderate (M), or low (L)

**Annex B3**  
**IFC Investment Operations Program**  
As Of 02/24/2008

	2005	2006	2007	2008*
<b>Commitments (US\$m)</b>				
Gross	22.1	24.5	39.9	39.8
Net**	22.1	24.5	39.9	39.8
<b>Net Commitments by Sector (%)</b>				
Financial Sector	57%	64%	36%	35%
Infrastructure	43%	36%	64%	64%
<b>Net Commitments by Investment Instrument (%)</b>				
Equity	7%	15%	15%	15%
Debt	93%	85%	85%	85%

\*\* IFC's Own Account only

## Annex B4

### Summary of Nonlending Services

<b>Non-Lending Services (AAA)</b>	
<b>Completed FY05-FY07</b>	<b>Ongoing and Proposed for FY08-FY11</b>
<b>Private Sector Development</b>	
Global Opportunity Policy Conference	Cambodia ICA Round 2
Capacity Building for Monitor	Capacity Building for Monitor
Capacity Building for Monitor	ICT Policy Dialogue
<b>Natural Resources Management</b>	
Rural Sector Strategy Note	Environment Monitor
Poverty Environment Nexus Study	Agrarian Structure
Urban Water and Sanitation Strategy	Support to Forestry Policy and Strategy
Support to Forestry Policy and Strategy	Support to Agricultural Policy and Strategy
Support to Agricultural Policy and Strategy	
<b>Local Governance and Social Accountability</b>	
Governance/Local Institution Strengthening	Justice for the Poor
Gender Mainstreaming	Civil Society Assessment
	Program to Enhance Capacity in Social Accountability
	Gender Assessment
<b>Public Financial Management and Service Delivery</b>	
Cambodia Expenditure Tracking	Public Administration Reform
IFAPER Follow Up	IFAPER
Expenditure Tracking (PETS/HNP)	PFM External Advisory Panel
Cambodia ROSC: Accounting & Auditing	
<b>Poverty Analysis</b>	
Social Protection Policy Note	Poverty Assessment
Child Labor Study	
Poverty Assessment	
<b>CMDG-Infrastructure/Other</b>	
Least Cost Option Study for Siem Reap	Optimization of Benefits of Energy Services
Cambodia Oil and Gas Sector Policy	Rural Energy Strategy
<b>CMDG-Human Development</b>	
Basic Education for All	Health Sector Strategy
Civil Service Reform for Teachers (FY07)	Scholarship Program Impact Evaluation
	Education Fast Track Initiative
	Higher Education and Labor Market Strategy
<b>Other</b>	
CG Report "Cambodia - at the Cross Roads"	Sources of Growth, Diversification, and the Oil Economy
Cambodia Fiduciary Review	
CG 2007 Report -- Equity and Poverty	

**Annex B5**  
**Cambodia Social Indicators**

	Latest single year			Same region/income group	
	1980-85	1990-95	2000-06	East Asia & Pacific	Low-income
<b>POPULATION</b>					
Total population, mid-year (millions)	8.1	11.4	14.2	1,898.9	2,419.7
Growth rate (% annual average for period)	3.7	3.2	1.8	0.9	1.9
Urban population (% of population)	12.6	14.2	20.3	42.4	30.4
Total fertility rate (births per woman)	6.2	4.9	3.3	2.0	3.5
<b>POVERTY</b>					
(% of population)					
National headcount index	..	47.0	35.0	..	..
Urban headcount index	..	..	18.0	..	..
Rural headcount index	..	..	38.0	..	..
<b>INCOME</b>					
GNI per capita (US\$)	..	280	490	1,856	649
Consumer price index (2000=100)	..	74	119	138	145
Food price index (2000=100)	..	73	101	..	..
<b>INCOME/CONSUMPTION DISTRIBUTION</b>					
Gini index	..	38.3	41.7	..	..
Lowest quintile (% of income or consumption)	..	8.0	6.8	..	..
Highest quintile (% of income or consumption)	..	46.8	49.6	..	..
<b>SOCIAL INDICATORS</b>					
<b>Public expenditure</b>					
Health (% of GDP)	..	..	1.5	1.8	1.2
Education (% of GDP)	..	..	1.7	3.5	3.1
<b>Net primary school enrollment rate</b>					
(% of age group)					
Total	..	72	90	93	78
Male	..	78	91	93	81
Female	..	66	89	93	75
<b>Access to an improved water source</b>					
(% of population)					
Total	..	29	41	79	75
Urban	..	54	64	92	88
Rural	..	25	35	70	69
<b>Immunization rate</b>					
(% of children ages 12-23 months)					
Measles	29	62	78	89	69
DPT	23	39	80	89	68
Child malnutrition (% under 5 years)	..	..	28	13	35
<b>Life expectancy at birth</b>					
(years)					
Total	53	56	59	71	60
Male	51	54	57	69	59
Female	54	58	61	73	62
<b>Mortality</b>					
Infant (per 1,000 live births)	92	89	65	24	74
Under 5 (per 1,000)	130	123	82	29	112
Adult (15-59)					
Male (per 1,000 population)	473	392	359	165	285
Female (per 1,000 population)	355	319	248	104	223
Maternal (modeled, per 100,000 live births)	..	..	540	150	650
Births attended by skilled health staff (%)	..	..	44	87	43

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

World Development Indicators database, World Bank - 11 April 2008.

**Annex B6**  
**Key Economic Indicators**

As of 03/24/2008

Indicator	Actual			Estimate		Projected			
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>National accounts (as % of GDP)</b>									
Gross domestic product <sup>a</sup>	100	100	100	100	100	100	100	100	100
Agriculture	32	30	31	30	30	29	29	28	28
Industry	25	26	25	26	26	27	27	28	28
Services	43	45	44	44	44	44	44	45	45
Total Consumption	88	90	89	86	85	85	85	85	85
Gross domestic fixed investment	19	18	19	20	22	24	24	25	26
Government investment	7	6	5	6	8	9	9	10	10
Private investment	12	12	14	14	14	15	15	16	16
Exports (GNFS) <sup>b</sup>	57	64	64	69	67	66	71	72	72
Imports (GNFS)	67	71	73	76	74	73	76	77	77
Gross domestic savings	12	10	11	14	15	15	15	15	15
Gross national savings <sup>c</sup>	17	14	14	17	14	15	14	14	14
<i>Memorandum items</i>									
Gross domestic product (US\$ million at current prices)	4,651	5,310	6,271	7,340	8,696	9,906	11,120	12,343	13,701
GNI per capita (US\$, Atlas method)	340	380	440	490	540	572	601	631	663
Real annual growth rates (%), calculated from 2000 prices)									
Gross domestic product at market prices	8.5	10.0	13.5	10.8	9.6	7.5	7.0	7.0	7.0
Gross Domestic Income	8.6	9.3	12.8	10.6	8.6	7.8	6.5	6.0	6.0
Real annual per capita growth rates (%), calculated from 2000 prices)									
Gross domestic product at market prices	6.7	8.2	11.5	9.0	7.0	6.0	5.0	5.0	5.0
Total consumption	5.9	8.9	9.3	4.1	4.0	3.5	3.5	3.5	3.5
Private consumption	6.1	10.0	9.7	4.6	5.0	5.0	5.0	5.0	5.0
<b>Balance of Payments</b>									
Exports (GNFS) <sup>b</sup>	2,635	3,394	4,028	4,989	5,804	6,507	7,353	8,309	9,389
Merchandise FOB	2,087	2,589	2,910	3,693	4,313	4,793	5,272	5,800	6,379
Imports (GNFS) <sup>b</sup>	3,102	3,784	4,575	5,539	6,395	7,199	7,991	8,869	9,845
Merchandise FOB	2,668	3,269	3,928	4,749	5,526	6,243	6,867	7,554	8,309
Resource balance	-467	-390	-547	-550	-591	-691	-637	-560	-456
Net current transfers	413	428	440	503	..	..	..	..	..
Current account balance	-233	-183	-361	-337	-219	-385	-471	-498	-350
Net private foreign direct investment	74	121	375	475	598	660	759	873	1,004
Long-term loans (net)	150	160	..	..	..	..	..	..	..
Official	168	163	160	138	116	115	..	..	..
Private	-18	-3	..	..	..	..	..	..	..
Other capital (net, incl. errors & omissions)	57	-37	..	..	..	..	..	..	..
Change in reserves <sup>d</sup>	-48	-61	-78	-139	-180	-183	-185	-190	-193
<i>Memorandum items</i>									
Resource balance (% of GDP)	-10	-7	-9	-7	-7	-7	-6	-5	-3
Real annual growth rates (YR89 prices)									
Merchandise exports (FOB)	..	..	..	..	..	..	..	..	..
Primary	..	..	..	..	..	..	..	..	..
Manufactures	..	..	..	..	..	..	..	..	..
Merchandise imports (CIF)	..	..	..	..	..	..	..	..	..

Indicator	Actual					Estimate	Projected		
	2003	2004	2005	2006	2007		2008	2009	2010
<b>Public finance (as % of GDP at market prices)<sup>e</sup></b>									
Current revenues	9.4	10.3	9.8	10.2	10.5	11.2	11.3	11.6	11.8
Current expenditures	10.0	8.9	8.1	8.4	8.7	8.8	8.9	9.1	9.2
Current account surplus (+) or deficit (-)	-0.5	1.3	1.8	1.8	1.8	2.4	2.4	2.5	2.6
Capital expenditure	6.7	6.0	5.6	5.5	4.6	5.6	5.6	5.4	5.4
Foreign financing	5.4	4.8	4.8	4.5	3.5	3.3	3.2	3.0	2.9
<b>Monetary indicators</b>									
M2/GDP	18.0	20.3	19.6	23.3	32.5	30.2	33.0	35.0	40.0
Growth of M2 (%)	15.3	30.0	16.1	38.2	63.0	33.0	30.0	30.0	30.0
Private sector credit growth / total credit growth (%)	104.0	120.2	158.3	175.3	109.0	112.0	115.0	120.0	125.0
<b>Price indices (2000 =100)</b>									
Merchandise export price index	..	..	..	..	..	..	..	..	..
Merchandise import price index	..	..	..	..	..	..	..	..	..
Merchandise terms of trade index	..	..	..	..	..	..	..	..	..
Real exchange rate (US\$/LCU) <sup>f</sup>	95.3	93.4	93.4	94.3	95.3	96.6	97.0	97.5	98.0
Real interest rates	16.5	15.1	13.8	13.4	13.0	12.5	12.5	12.0	11.0
Consumer price index (% change)	0.5	5.6	6.7	2.8	10.8	7.0	5.0	5.0	5.0
GDP deflator (% change)	1.8	4.8	6.1	4.7	8.2	6.5	4.5	4.5	4.5

a. GDP at factor cost.

b. "GNFS" denotes "goods and nonfactor services."

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated central government.

f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

**Annex B7**  
**Key Exposure Indicators**

As of 03/24/2008

Indicator	Actual			Estimate		Projected			
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total debt outstanding and disbursed (TDO) (US\$m) <sup>a</sup>	3,193	3,439	3,515	3,527	2,135	..	..	..	..
Net disbursements (US\$m) <sup>a</sup>	..	..	..	..	..	..	..	..	..
Total debt service (TDS) (US\$m) <sup>a</sup>	..	28	29	28	27	27	26	26	26
Debt and debt service indicators (%)									
TDO/XGS <sup>b</sup>	113.9	95.9	82.6	67.1	42.8	41.5	41.5	41.5	41.5
TDO/GDP	68.7	64.8	56.1	48.6	29.5	28.4	30.0	30.0	30.0
TDS/XGS	..	0.8	0.7	0.5	0.5	0.6	0.7	0.8	0.8
Concessional/TDO	89.5	89.2	89.5	93.8	89.7	86.0	86.0	85.0	85.0
IBRD exposure indicators (%)									
IBRD DS/public DS	..	..	..	..	..	..	..	..	..
Preferred creditor DS/public DS (%) <sup>c</sup>	..	..	..	..	..	..	..	..	..
IBRD DS/XGS	..	..	..	..	..	..	..	..	..
IBRD TDO (US\$m) <sup>d</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which present value of guarantees (US\$m)									
Share of IBRD portfolio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IDA TDO (US\$m) <sup>d</sup>	400	467	462	500	520	..	..	..	..
IFC (US\$m)									
Loans									
Equity and quasi-equity /c									
MIGA									
MIGA guarantees (US\$m)									

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

**Annex B8**  
**Operations Portfolio (IBRD/IDA and Grants)**  
As of 03/24/2008

**Closed Projects**

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<b>IBRD/IDA *</b>								Difference Between Expected and Actual Disbursements <sup>a/</sup>						
		Active Projects			Last PSR			Original Amount in US\$ Millions						
		Project ID	Objectives	Development Progress	Supervision Rating	Implementation	Fiscal Year	IBRD	IDA	GRANT	Cancel.	Undisb.	Orig.	Frm Rev'd
P087945	Public Financial Management & Accountability	S	S	2006			14.0				14.5	0.2		
P105329	GMS Power Trade Project	S	S	2007			18.5				20.1			
P071146	Rural Investment & Local Governance	S	S	2003			58.3				38.5	-2.2		
P089196	Trade Facilitation & Competitiveness	MS	MU	2005			10.0				7.9	5.0		
P070668	Education Sector Support	S	S	2005			28.0				15.2	3.7		
P071591	GEF Rural Electrification & Transmission	S	S	2004				5.8				5.4		
P070542	Health Sector Support Project	MS	S	2003			27.0				14.4	9.1		
P070875	Land Management & Administration	MS	MS	2002			24.3				13.7	8.6		
P073311	Provincial & Per-Urban Water	MU	MU	2003			19.9				11.2	9.5		
P071207	Provincial & Rural Infrastructure	MS	MS	2004			20.0				8.7	8.0		
P064844	Rural Electrification & Transmission	S	S	2004			40.0				40.2	32.5		
Overall Result				260.0			5.8				189.7	73.9	35.5	

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

**Annex B8 (IFC)**  
**Committed and Disbursed Outstanding Investment Portfolio**  
**As of 11/30/2007**  
**(In US\$ Millions)**

<u>FY Approval</u>	<u>Company</u>	<u>Committed</u>				<u>Disbursed Outstanding</u>					
		<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GTR/RM</u>	<u>Partici- pant</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GTR/RM</u>	<u>Partici- pant</u>
FY04***	SCA Cambodia	77.1	0.0	0.0	0.0		24.6	0.0	0.0	0.0	0.0
FY06***	SEF Acleda Bank	24.8	18.4	0.0	0.0		18.8	13.5	0.0	0.0	0.0
	<b>Total Portfolio:</b>	<b>101.8</b>	<b>18.4</b>	<b>0.0</b>	<b>0.0</b>		<b>43.3</b>	<b>13.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

\* Denotes Guarantee and Risk Management Products.

\*\* Quasi Equity includes both loan and equity types.

\*\*\* FY of last approval; figures are cumulative.



# CAMBODIA

- SELECTED CITIES AND TOWNS
  - ◎ PROVINCE CAPITALS
  - ★ NATIONAL CAPITAL
  -  RIVERS
  -  MAIN ROADS
  -  RAILROADS
  -  PROVINCE BOUNDARIES
  -  INTERNATIONAL BOUNDARIES

