



# Royal Government of Cambodia

## Pentagonal Strategy-Phase I

**Growth, Employment, Equity, Efficiency and Sustainability:  
Building the Foundation Towards  
Realizing the Cambodia Vision 2050**

**The Royal Government of Cambodia**

**of the Seventh Legislature of the National Assembly**

Phnom Penh, August 2023



# Pentagonal Strategy - Phase I

for

## Growth, Employment, Equity, Efficiency, and Sustainability: Building the Foundation Towards Realizing the Cambodia Vision 2050

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## INTRODUCTION

Over the last 25 years, since achieving full peace, national unity, and territorial integrity through the **Win-Win Policy of Samdech Akka Moha Sena Padei Techo HUN SEN**, the Royal Government of Cambodia (RGC) successfully implemented the **Triangular Strategy** and the **Rectangular Strategy in four distinct phases**. These achievements have resulted in commendable progress in all sectors, including politics, society, and economy enabling Cambodia to proudly renew its image.

Once war-torn, and known as a killing field, an insecure area and a dreaded minefield, Cambodia has emerged as a peaceful and independent sovereign state with rule of law and political stability, in accordance with the principles of liberal multi-party democracy under the blessings of the **Most Revered His Majesty the King**. Once politically and economically embargoed and isolated, Cambodia is now fully integrated into regional and global structures and architectures, and has played an important role in maintaining regional and global order, as well as safeguarding the world peace. Millions of Cambodian people have been lifted out of poverty, enjoying decent livelihoods, being educated, enjoying better welfare, and life expectancy being significantly increased.

Cambodia's economic base has shifted from one that relied almost entirely on traditional agriculture to one with a broad and robust economic base that is attractive to new and high value-added industries. Once plagued by chronic cash shortage crisis and relying almost entirely on international aids for survival, the country now enjoys full financial autonomy and ownership in determining its fate and future. The tangible and intangible Khmer cultural heritage that was stolen, lost, or damaged during the war, is now being revived and restored as national and world heritage, and some of which have been returned from overseas to the motherland after due verification and recognition of their origins. Recent major achievements of the RGC, such as the successful management of

the COVID-19 pandemic; its success in assuming the ASEAN chairmanship for the third time in its history, and the physical hosting of the ASEAN Summits and Related Summits in the immediate aftermath of the COVID-19 crisis; as well as its success in hosting the 32<sup>nd</sup> Southeast Asian Games and the 12<sup>th</sup> ASEAN Para Games, are also among the undeniable proofs of Cambodia's proud progress.

Overall, the **Triangular Strategy** and the **Four-Phase Rectangular Strategy** have played a prominent role as Cambodia's socio-economic development policy agenda. They have provided a common framework for building a strong and independent state institution, whose governance systems are regularly modernized to make them more comprehensive, resilient, and efficient; and a framework for the rapid socio-economic development, that is recognized by both the region and the world. These strategies have been especially instrumental in transforming Cambodia into a lower middle-income country in a short period of time, with high economic growth and rapid poverty reduction, as well as successful regional and global integration.

The commendable successes outlined above are the results of the RGC's resolute efforts to put national and public interests above all else and to implement regular reforms with the support from development partners and stakeholders, as well as active participation of the people from all walks of life. These efforts and participation have also laid a solid foundation for Cambodia to firmly maintain peace and political stability, strengthen its ownership over the nation's destiny, and promote the prosperity of its people to these days.

Cambodia's nation-building process is currently entering a new phase in an increasingly changing, difficult and uncertain world. Cambodia will face new challenges in its endeavors to transition to a high-income country and regularly needs to adapt to changing global trends. These challenges require a strong focus on enhancing leadership and institutional capacity at all levels, as well as

ensuring sound policies, practical implementation capacity, results, and accountability. In this context, priority work directions include: strengthening governance, efficiency, and institutional capacity; supporting growth and economic modernization; creating jobs, both quality and quantity; promoting the private sector and entrepreneurship; building human capital with a particular focus on the quality of education, health services, and social ethics; promoting social protection and people's welfare, especially for at-risk families and vulnerable groups; strengthening the quality of urbanization, in particular narrowing the urban-rural gaps; strengthening environmental sustainability and climate change response; and driving digital transformation, both socially and economically.

Against this background, consideration on the next phases of socio-economic development agenda shall focus on achieving the **Cambodia Vision 2050**, building on the experiences and achievements of the past 25 years and the assessments of the next 25 years, by formulating implementation strategies for the next five phases. In the past, the **Triangular Strategy** and the **Four-Phase Rectangular Strategy** can be considered as a cycle of nation-building that focused on restoring and rebuilding the country in the post-war period, maintaining peace and social order, integrating into regional and global structures and architectures, enhancing development and stability of socio-economic development, and improving people's livelihoods. The next 25 years will be a new cycle for Cambodia, and the country aspires to take its national pride to new heights as it did during the Angkor era, by building a nation that is strong, vital, glorious, and prosperous, and to become a high-income country by 2050.

Within the framework of this outlook, and in accordance with the **Political Platform of the Seventh Legislature of the National Assembly**, the RGC launches the **Pentagonal Strategy-Phase I for Growth, Employment, Equity, Efficiency, and Sustainability** by continuing to focus on ensuring performance efficiency through the implementation of the analogical approach related to good

governance, namely “**self-reflection, showering, scrubbing, treatment, and surgery,**” as well as the implementation of the **Dynamics of Stakeholder System**. In addition, the **Pentagonal Strategy-Phase I** adopts five key priorities, namely **People, Road, Water, Electricity, and Technology**. Here, technology refers especially to digital technology to address the 4<sup>th</sup> Industrial Revolution and accelerate the digital transformation of Cambodia’s economy and society, as well as to meet the needs for enhancing economic productivity. These are important foundation and means for achieving the **Cambodia Vision 2050**. This strategy’s primary objectives are to maintain the momentum of peace, economic growth, and development, while establishing the foundation to accelerate development of the country through building resilience in five priority sectors: public sector, economic sector, financial sector, human and social capital sector, and environmental sector and response to climate change.

Overall, the **Political Platform of the Royal Government of the Seventh Legislature of the National Assembly** and the **Pentagonal Strategy-Phase I** will jointly provide a comprehensive policy framework for formulating the **National Strategic Development Plan (NSDP) 2024-2028, Sectoral Development Plans**, and other related plans, with clear key performance indicators (KPIs) and timeframes. The **Pentagonal Strategy-Phase I** has additional role as an implementation-guiding document to give directions to all relevant stakeholders, in line with the approach of “**Dynamics of Stakeholders System.**” It will also include the mechanisms for expediting implementation and for monitoring and evaluation.

In this context, the **Pentagonal Strategy-Phase I** is the socio-economic policy agenda of the **Political Platform of the Royal Government of the Seventh Legislature of the National Assembly**, under the umbrella of the Constitution of the Kingdom of Cambodia and the blessings of the **Most Revered His Majesty the King of Cambodia**.

## PART I

### 1.1. Major Achievements Over the Past 25 Years

Cambodia has achieved significant progress and transformation in all areas, including politics, security, social order, and socio-economic development, despite being confronted with changing political landscape and new challenges related to severe public health crisis and acute global geo-political conflicts, along with global economic uncertainty, threats to national sovereignty and territorial integrity, recurring natural disasters, and the necessity for responding to the needs of people from all walks of life. Through the implementation of the **Triangular Strategy** and the **Four-Phase Rectangular Strategy** over the past 25 years, the RGC has made the following major achievements:

#### Political and Diplomatic Aspects

Through the **Win-Win Policy**, Cambodia has achieved and maintained the sustained full peace since the end of 1998, and firmly safeguarded sovereignty, social order, security, social safety, and political stability, by firmly adhering to the principles of rule of law and liberal multi-party democracy; strengthening internal unity; successfully thwarting various plots to overthrow its legitimate government; safeguarding the nation from descending into chaos; responding to external crises; and maintaining macroeconomic stability. All these achievements are indispensable prerequisites and a strong foundation for the nation's economic and social development.

In the international and diplomatic arenas, Cambodia has built close relations and enhanced cooperation with many countries around the world. It has also played an increasingly active and significant role in the regional and global affairs on the basis of equal footing and equal rights and has earned trust and support to lead various multilateral mechanisms in promoting the agenda for peace, security, and sustainable development within the region and the world. Cambodia's prestige has been enhanced through its major

leadership roles and contributions, including the assumption of Cambodia's ASEAN chairmanship for the third time in its history, and successfully leading the ASEAN Summit and Related Summits; taking the roles as the Chair of the Global Coordination Bureau of the Least Developed Countries (LDCs), the Vice-President of the United Nations General Assembly, and the Member of the United Nations Economic and Social Council; as well as its contribution of 8,671 peacekeepers to peacekeeping missions in various countries.

## **Economic and Financial Aspects**

Cambodia has achieved a high and sustainable economic growth at an average annual growth rate of more than 7% over the past two decades, thus enabling the country to attain the status of a lower middle-income country, as well as to improve the living standards of the population, as reflected by a tenfold increase in GDP from about USD 3.11 billion in 1998 to about USD 29.60 billion in 2022. Likewise, GDP per capita rose sevenfold from about USD 253 in 1998 to around USD 1,784 in 2022; poverty rate had declined to less than 10% before the COVID-19 crisis with a narrowing social inequality; the economic structure has shifted from an economy that relied primarily on traditional agriculture to a modern economy based on smart agriculture, industry, and service. Cambodia is also increasingly connected to the regional and global value and supply chains, with the emergence of new high value-added industries, and the further strengthening and expansion of industrial base diversification and international trade, especially the remarkable progress in garment and tourism sectors, and the increase of international trade volumes. In addition, Cambodia's ability to maintain macroeconomic stability, its effective implementation of fiscal and monetary policies, its sustainable management of national budget and financial inclusion, as well as its substantial development cooperation financing mobilization, and its building of inclusive partnerships have significantly contributed to the promotion of economic growth and the efficient resource allocation and utilization of resources.

Through Public Financial Management (PFM) Reform, independent national budget has been steadily enhanced, especially in terms of efficiency in revenue collections, expenditure execution, management of state assets, and public debt sustainability. Specifically, total domestic revenue collections increased from approximately USD 247 million or 8% of GDP in 1998 to around USD 6.8 billion or 23% of GDP in 2022. At the same time, total expenditure expanded from approximately USD 409 million or 13% of GDP in 1998 to USD 7.9 billion or 27% of GDP in 2022, allowing the RGC to implement its political programs effectively and efficiently. The Law on the Control, Use and Management of State Assets was approved and promulgated in 2020, with additional revisions and improved management of state asset registration. At the same time, external public debt was well managed to a low level of about 24.9% of GDP in 2022, which was assessed as being sustainable and low risk.

In addition, the financial sectors, both banking and non-banking, have developed remarkably. The banking sector, which was once considered somewhat unreliable by the public, has become a robust and stable banking system as reflected in its strong capital, adequate liquidity, and healthy credit growth. As of 2022, total assets, loans, and deposits increased to 274%, 193%, and 150% respectively, with international reserves increasingly accumulated to USD 18 billion; currency in circulation in the market and deposits in Khmer Riels increased by 55 times; the use of payment systems has rapidly grown, with retail electronic payments amounting to 10 times the size of GDP. Foreign direct investment inflows also significantly increased by around 15 times over 2007-2022.

Besides, the non-banking financial sector has well developed in recent years and is poised to continue to expand, as reflected in the increase of participants in the financial markets, the number and types of products, investment capital flows, integration, and reforms of institutional mechanisms, governance, management, and supervision over the non-banking financial sector through the

establishment of the Non-Banking Financial Services Authority (NBFA). As of mid-2023, 11 companies issued IPOs, and 9 companies issued bonds that mobilized USD 328.38 million, with the market capitalization of approximately 10.37% of GDP, while the trading value for the first quarter of 2023 was USD 310.8 million. In the same period, there were a total of 39 insurance companies, of which 18 were general insurance, 14 were life insurance, and 7 were micro insurances. The insurance market also grew rapidly in size, reaching USD 332 million in premiums, with an average annual growth rate of 28%. Additionally, Cambodia established a fully operational trust market that saw the number of registered trusts increased to 557 cases, amounting to USD 1.13 billion.

### **Institutional and Governance Aspects**

Cambodia has made outstanding progress in institutional and governance reforms. In fact, the public administration sector—especially the structure of ministries-institutions, human resources, salaries, and pensions—has been steadily improved, contributing to better institutional efficiency and public services. The PFM system has been strengthened through increased budget credibility, enhanced financial accountability, budget-policy linkages, and strengthened performance accountability, which contributes to the improved public service's efficiency and a better-managed macroeconomic stability. Moreover, the administrative and resource management system of the sub-national administration has been improved, especially in the aspects of human resource management and development, and the transfers of budget functions and accountabilities to the sub-national administration.

Additionally, the legal framework and the judicial system have gone through an in-depth reform, most notably through the establishment and operations of the Regional Court of Appeal, the capacity building of law enforcement officials and institutions in the judicial sector, effective inspection mechanisms, enhanced

legal service mechanisms, addressing backlogs of criminal cases at Municipal and Provincial Courts of First Instance, and the promotion of alternative dispute resolution mechanisms.

Cambodia's armed forces have also been reformed, particularly through professional capacity building and modernization. Anti-corruption efforts have also been enhanced through the establishment of the Anti-Corruption Unit (ACU), and the implementation of various measures to educate, prevent, contain, and suppress corruption. Meanwhile, private sector and corporate governance have also been improved by establishing regulatory and corporate governance frameworks.

### **Infrastructure and Connectivity Aspects**

Cambodia's infrastructure and connectivity have been notably improved and modernized. Its national and provincial roads with bituminous asphalt and concrete pavements reached a total length of 11,042 kilometers. Cambodia built a 187.5 kilometers-long Phnom Penh-Sihanoukville Expressway, 2,530 small and large bridges with a total length of 86.2 kilometers, and 1,750 kilometers inland waterways along the *Mekong* River, *Tonle Sap* River and *Bassac* River.

Concurrently, the RGC has also expanded and modernized other crucial infrastructures such as airports, deep seaports, waterways, and logistics systems. Regarding the energy sector, Cambodia's electricity coverage was recorded at 90% of the total by 2022. Its information technology's infrastructure has also been significantly developed through a growing linkage between terrestrial and undersea optical cable networks, a significant surge in mobile and internet service usages, and the launching of Cambodia Data Exchange (CamDX) platform, the Documents Verification Platform, and the system and applications for PFM.

### **Social and Cultural Aspects**

In terms of social and cultural aspects, Cambodia has made a momentous progress. Education and vocational training sectors

have seen regular reforms and produced many achievements, in terms of both quantity and quality, as evidenced by the receipt of the World Literacy Awards 2023, as well as other various awards by Cambodian students in international competitions. Cambodia's public health and nutrition have been improved and strengthened, providing Cambodia with the ability to weather public health crises, such as its admirable success in the fight against the COVID-19 pandemic; its huge reductions in maternal, infant, and child mortality rates, morbidity and mortality rates from diseases, and stunting rate in children under 5; the increase in life expectancy to 75.5 years old in 2019; and the elimination of various major diseases.

Additionally, Cambodia's Social Protection System (SPS) has been enhanced and expanded to maintain the people's well-being, especially in times of emergencies and crises such as the COVID-19 pandemic, through the implementation of the National Social Protection Policy Framework, the development of SPS, the establishment of Social Security Regulator as well as the National Social Assistance Fund, and the promotion of good governance in SPS. Regarding gender, the role of Cambodian women has been promoted through institutionalization and mainstreaming of gender which has led Cambodia to be ranked as one of the top countries that give great freedom to women.

In the cultural aspect, the cultural heritage that has been lost and/or is facing a threat of disappearance has been restored and promoted, contributing to the enhancement of Cambodia's national prestige, and the promotion of cultural tourism and development of national arts and culture. In particular, 11 national cultural heritages have been inscribed on the World Heritage List, the Intangible Cultural Heritage of Humanity, and the Memory of the World; a total of 195 heritage sites have been rehabilitated; a total of 634 artifacts were returned to Cambodia from various countries; 6,105 artifacts restored and preserved; and 11,804 returned artifacts were registered as state properties. Meanwhile, Cambodia has also seen its cultural and creative industry constantly promoted.

## **1.2. Global Megatrends**

### **A. Political Trends**

Global geopolitics is in a fragile and increasingly tensed situation. Rivalries between superpowers, and the division and struggle between the trends of multipolar-globalization and unipolar-protectionism have made future global order more complex and difficult to assess. Furthermore, such a trend could lead to a shift towards de-globalization, with regionalization becoming a new trend. This development will impact on the economic, trade, security, and diplomatic relations, thus leaving developing countries with small open and export-oriented economies being most affected.

The international architectures, especially the United Nations, are also facing a loss of confidence from member states in addressing the challenges of maintaining peace, security, and stability in the region and the world. Furthermore, superpower rivalries have undermined the international order and the existing multilateral mechanisms for addressing global challenges. They also translated into pressure on any attempt to pursue a foreign policy based on the principle of permanent neutrality and non-alignment. In tandem, developing countries also face challenges in implementing their economic, financial, trade and technology policies due to the increasing use of unilateral and extraterritorial coercive measures, as well as economic sanctions, which have interfered in the internal affairs of sovereign states, under the guise and pretext of democratic values and human rights.

In this context, developing countries face difficulties in sustainably developing their economies and societies. On one hand, they must pursue their core interests and, on the other, they must pursue a foreign policy that might be contrary to their own will and interests so that they can respond to geopolitical reality. Recently, many countries have protested against these pressures by mobilizing the solidarity of the countries in the Global South.

Looking ahead, the continued pursuit of an independent and rule-based foreign policy, the building of good friendship and cooperation with all countries in the world, as well as international organizations, and the active participation in the regional and global cause of peace, stability, security and prosperity, utilizing soft and dynamic diplomacy with firm adherence to the principle of "**international cooperation that provides mutual benefits, and based on the rule of law**" and the principle of "**multilateralism and the promotion of openness of international trade**" shall be the priority and necessary mechanisms for Cambodia to find the win-win solutions and to protect Cambodia's interest as much as possible in the evolving global political and socio-economic developments.

## **B. Geo-Economic Trends**

The global economic architecture has been rapidly changing, as the center of global growth is shifting towards Asia. Meanwhile, emerging economies, particularly the BRICS, are leading major contributions to the global growth, while the Western-dominated economies, especially the G7, are likely to continue to decelerate. In addition, trends in protectionism and geo-economic fragmentation could accelerate the flux of de-globalization and promote regionalization trends, that will exert an impact on the flows of goods, services, investment and labor, technology transfers, and international cooperation. In particular, regional and global supply and production chains are undergoing restructuring as production bases are increasingly relocated back to home countries, or to allied countries in special regard to geopolitical factors, especially in the context of strategic goods. At the same time, the international payment system also faces the risk of decoupling into different regional cooperation, which may negatively impact the efficiency of payments, while the establishment of new international financial institutions will play a crucial role in mobilizing resources for development.

In this context and with reference to the consequences of the above trends, Cambodia must reconsider its new approaches and strategies for development, especially adapt itself to the new economic and financial architectures in the future, which is increasingly complex and harder to predict.

### **C. Technology and Digital Trends (Digital Transformation)**

In line with the momentum of the regional and global digital transformation, the acceleration of digitalization and the development of information technologies, telecommunications, and automation will demonstrate increasingly significant roles of digital technologies in economic activities, businesses, and governance. Over the past two decades, digital technologies have become an integral part of socio-economic activities, as well as a source of opportunities to bring about new start-up models with innovation, the enhancement of efficiency and productivity, and the improvements of competitive environment.

Recently, especially in context of the COVID-19 pandemic, digital technologies have doubly accelerated the promotion and facilitation of economic and business activities, and the public, through the introduction of new products and services, and the ability to maintain work's and learning's continuity, as well as the seizing of new opportunities. Additionally, financial technology (FinTech) is playing more important role in facilitating economic activities by improving cross-border trade, strengthening the efficiency of business operations, enhancing domestic business environment, and gaining an inclusive and sustainable access to formal financial services. Overall, rapid adoption of digital technologies among economic agents, especially businessmen and consumers, has emerged simultaneously as a strong trend in both global, regional, and national levels, although the progresses are uneven across geographical areas.

As a future trend, countries will promote digitalization and digital transformation to advance their other key sectors, through

prioritizing the building of digital governments, economies, and societies, that will in turn increase productivity and build a resilient socio-economic development.

## D. Environmental and Climate Change Trends

Tackling environmental issues and climate change has become major global trends. The sustainability of global environment has been threatened with pollution, erosion of natural resources, loss of biodiversity, and climate change, that result in various negative consequences for socio-economic development, such as migration, water, food and energy security, agriculture, industrialization, urbanization, and infrastructure, social protection system, and public health. In this regard, the world now and in the future needs to enhance collaboration on measures to reduce greenhouse gas emissions and adapt to climate change, including the prevention and cracking down on illegal logging, and the promotion of trees planting; promoting energy transition from fossil fuels towards clean energy; implementing energy efficiency programs; investing in green infrastructure development; promoting green financing; promoting circular economy; producing environmental sustainable products; using digital technologies in managing and monitoring the consumption and production; encouraging green transportation systems, and making adaptation to key sectors and so on.

### 1.3. Challenges

The changes in global economic, social, environmental, and political structures and architectures caused by geopolitical competitions, trade wars, protectionism and nationalism, as well as climate change and demography, have led Cambodia to face the following challenges:

1. The current economic growth model relies heavily on labor-intensive industry and a narrow growth base, that makes Cambodia vulnerable to external shocks and the middle-income country trap. New challenges are emerging due to the uncertainty of global economy, changes in global economic and financial

architecture, geopolitical competition, protectionism, rising energy prices, rising inflationary pressures, decreased labor productivity, and other economic and social issues.

**2.** The quality of human resources is still limited to build an economy that is based on skills, technology, and innovation. This requires the continued improvements of human resource development, focusing on the reforms of education sector and building of human capital with quality to ensure economic resiliency, economic and social development, technology adoption, technology adaptation, and innovation to maximize the benefits of new and innovative technologies, especially in the digital economy context.

**3.** Public institutions, despite gradual improvements, have not yet been highly effective. Institutional quality and capacity are essential for improving the efficiency of policy formulation and implementation, improving investment and business environment, reducing costs and time, and enhancing the efficiency of inter-sectoral works needed to build strong institutions for national development in all sectors.

**4.** Infrastructure is still not adequate to support development needs. Key infrastructures such as urban infrastructure, transport infrastructure, logistics, energy, and irrigation systems, continue to face challenges that must be addressed quickly and efficiently, to support the inclusive and sustainable socio-economic development.

**5.** Healthcare services remain expensive, and its quality is limited. Despite significant improvements, the healthcare system still faces challenges that must be addressed proactively, urgently, and consistently, to improve better quality and to reduce dependence on imports or the use of these services abroad. With the expectation of an increasingly aging population, the demands for better quality healthcare services are anticipated to grow, requiring careful consideration on improving and further developing all

aspects of healthcare, including health infrastructure, governance, human resources, and ethical professionalism.

**6.** Domestic savings remain low, affecting investment and long-term economic growth. Despite significant development of savings, Cambodia's financial sector continues to face other challenges, such as low supply and demand for financing, high degree of dollarization that undermines the effectiveness of the monetary policy, high-interest rates, low financial and digital literacy, too concentrated financial products, limited trust in banking sector, and high household debt. Meanwhile, the development of the non-banking financial sector still needs to be strengthened in many aspects.

**7.** Natural resource and environmental management have been significantly improved through the introduction of national policies for management and reforms in these areas. However, challenges remain due to increasing demand for development, climate change, and the imposition of new requirements for Cambodian products. In this sense, all national development policies require careful consideration, especially on the sustainability and efficiency of resource utilization and strengthening resiliency to climate change.

#### **1.4. Opportunities**

The current global and domestic contexts provide Cambodia with the following important opportunities:

**1.** In the context of geopolitical, economic, and multipolar competition, the continued strengthening of peaceful coexistence through building and expanding good relations with key partners, along with the pursuit of smart diplomacy, will open up better opportunities for international trade, investment, economic diversification, technology transfers, and stronger linkages of Cambodia to the global supply and value chains, thus maximizing benefits for the nation and people.

**2.** Given Cambodia's geographical advantage, the shifting center of economic growth towards Asia presents a **golden opportunity** for Cambodia to develop, industrialize, diversify its economy, increase production of goods and services, enhance the linkages of Cambodia's economy into the regional and global economy in a dynamic and potential manner, and accelerate economic integration with countries in this highly dynamic region.

**3.** The peace dividend will provide advantages for economic and social development. Indeed, maintaining and sustaining peace and political stability has been and will continue to create an indispensable and favorable environment for accelerating socio-economic development, maintaining macroeconomic stability, and promoting private investment and business, that are the backbones of economic growth and job creation.

**4.** The continued development of financial systems, both banking and non-banking, has provided more opportunities to meet the demands of financial services in the country, and respond to the needs of economic and financial integration in the region. Digital transformation of the financial services will support the implementation of digital economy policies and increase economic efficiency and financial inclusion.

**5.** The capacity building of domestic supporting industries will create opportunities for the industries to increase their value-added, efficiency, productivity, and competitiveness, by improving the efficiency of input supply for production processes, reducing costs of production, promoting technology transfers, and the sharing of information in regard to production factors and so on.

**6.** The advancement in technology and digitalization provides new opportunities to create new jobs and businesses, as well as to accelerate the development of Cambodia's digital economy and society. This will contribute to establishing a **new growth model** that is based on skills, technology, and innovation.

7. Cambodia's current demography provides opportunities to maximize its demographic dividend, to strengthen its demographic resilience, and to promote gender equality, digital economy and society development, technology transfers, labor productivity, and economic competitiveness that in turn enhance inclusive, resilient, and sustainable socio-economic development.

### **1.5. Looking Ahead to the Next 25 Years Towards Realizing the Cambodia Vision 2050**

In the next 25 years, the Pentagonal Strategy shall be implemented in an intertwined, proactive, and clear manner, with the aim of making Cambodia a civilized country that possesses the following principal characteristics:

1. Cambodia is “**a vibrant society**” that sustains everlasting peace, political stability and strong public order, as well as accords respect for the rule of law, social justice, rights and human dignity; is a strong sovereign state that enjoys full independence, territorial integrity, strong ownership, clear national identity, has high prestige, equal footing and equal rights on the international stage; and is a democratic state with good governance, and strong, transparent, and accountable institutions, which effectively serves the nation and people, in accordance with the approach of the dynamics of stakeholder system.

2. Cambodia is “**a high-income and resilient economy**” that is efficient, competitive, open, inclusive, and sustainable, wherein the state plays a role as a strategist, and a leader and manager of development; a defender of private ownership and properties; and an advocate of the private sector. In directing and managing development, the state firmly pursues an outward-looking open economy by strengthening and expanding bilateral and multilateral free trade frameworks, maintaining macroeconomic stability, promoting economic diversification, promoting digital economy and society, and strengthening resilience to the financial sector.

**3.** Cambodian people “**are highly knowledgeable and have at least one skill in life**” with perseverance, entrepreneurial spirit, innovation and high morality, while the state guarantees basic education for all up to grade nine; provides skills and technology trainings that meet the demand of the job market and businesses; strengthens vocational trainings and reskilling programs to respond to labor market; strengthens the quality of higher education to make it a national center of intellectual capital and universal stocks of knowledge; and improves the living standards for teachers, education staff, and professors.

**4.** Cambodian people “**live in dignity and happiness, and enjoy equal access, equal rights, and equal opportunities in social protection**” in a society wherein the state attaches great importance to the building of a robust social protection and social assistance system; promotes the insurance sector; strengthens and modernizes the healthcare system; pays attention to sports and public health sector; promotes gender equality; and promotes a digital society.

**5.** Cambodia is “**a country that enjoys harmony, resilience, and inclusivity of physical and natural environment, and has a good balance between development and environmental conservation**” for comfortable living of people, wherein the state emphasizes the importance of energy security; builds an efficient water supply system and management systems for all types of wastes; builds modern and automatic irrigation systems; mitigates and builds adaptation system to climate change; utilizes ecological system sustainably; equips modern technology in the agriculture sector; and manages and consumes natural resources, with environmental balance taken into consideration.

## **1.6. Rationale for the Formulation of the Pentagonal Strategy**

Against the backdrop of the post COVID-19 pandemic and the rapid changes in global geopolitics, Cambodia needs to stand firm and pull itself together in order, on the one hand, to recover from

the losses caused by the Covid-19 crisis and other global crises, and on the other hand, to join forces and build resilience to continue the journey to reach new milestones to become an upper middle-income country by 2030 and a high-income country by 2050, as set forth by the **Cambodia Vision 2050**, based on the above-mentioned five principal characteristics.

Building on the achievements of implementing the **Triangular Strategy** and the **Four-Phase Rectangular Strategy** in the past 25 years, the RGC has made a complete and thorough assessment of the strengths and challenges that need to be fully addressed in the Seventh Legislature of the National Assembly 2023-2028. The strengths of the **Triangular Strategy** and the **Four-Phase Rectangular Strategy** lie in the fact that these two sets of strategies provided a clear, intertwined, comprehensive, and coherent policy framework with the right targets, covering all the priority areas to carry out the implementation activities. At the same time, all ministries-institutions of the RGC—both national and sub-national—have tenaciously participated in the implementation of these strategies with an active and proactive spirit, bringing continuous great achievements for the nation and the people. However, in the previous implementation of these strategies, the RGC also noted some weaknesses related to the capacity and quality of institutions, as well as the effectiveness of inter-ministerial/institutional coordination in introducing and implementing actual policy measures and action plans under their respective jurisdiction. Moreover, there are still gaps in the implementation activities of ministries-institutions, which have not been properly aligned with the policy objectives of the RGC. In addition, outreach and dissemination remain challenges, affecting the effectiveness of participation and support for the implementation of these strategies.

Based on the stocktaking of the achievements over the past 25 years, the assessments of regional and global trends, and prognostications for the next 25 years, the objectives have been set

towards realizing the **Cambodia Vision 2050** to meet people's aspirations. In this spirit, before launching the **Pentagonal Strategy** that is the continuation of the **Rectangular Strategy**, the RGC has carried out in-depth reflection, focusing on achieving the long-term goals of the nation-building and adhering to a phased implementation approach by broadening the scope, refining and re-defining each priority pentagon, and also by improving policies and implementation mechanisms based on the evolutions of the national and international environment and each stage of development. However, the RGC maintains the intertwined structure as previously done in the preparation of the **Rectangular Strategy**.

Against this background, the RGC presents the **Pentagonal Strategy-Phase I for Growth, Employment, Equity, Efficiency, and Sustainability**, aimed at protecting, preserving, and accumulating national achievements, promoting national prestige, enhancing economic growth, and building the foundation towards realizing the **Cambodia Vision 2050**, based on the following key aspects:

1. The need to continue strengthening and expanding the achievements that the RGC achieved in the past legislatures within the frameworks of the **Triangular Strategy** and the **Four-Phase Rectangular Strategy**, by continuing to strengthen peace, political stability, and public order; strengthening respect for the rule of law, rights and freedoms, people's dignity, and liberal multi-party democracy; and implementing the actual measures aimed at improving the living standards and well-being of the people, particularly resolving the issues related to the effectiveness of governance, institutions and social justice, as well as enhancing integrity and quality of public services.

2. The need to continue the reforms of institutions and governance to realize a public administration with high competency, strengths, intelligence, and integrity, and to work in accordance with the approach of the **Dynamics of Stakeholder System** and to ensure high efficiency in all aspects of operations, namely leading, coordinating, monitoring, and evaluating the implementation of

policies and strategies, taking into consideration of the rapidly changing socio-economic situation, both at home and abroad.

3. The need to continue laying and strengthening the foundations for promoting economic and social development with emphasis on building strong human capital, especially through the reforms of education and health sectors, increasing economic productivity, enhancing people's knowledge and workers' skills, and strengthening corporate governance of the private sector and businesses, and promoting connectivity and development of infrastructures—including soft, hard, and digital—in order to create a new growth model based on skills, technology, and innovation.

4. The need to enhance Cambodia's economic diversification and competitiveness, to build resilience to changes in socio-economic and natural environmental factors to strengthen the foundation for economic growth and ensuring sustained high growth through increasing value-added in the existing drivers for economic growth, and other potential industries; to promote investment in agricultural and agro-industry sectors; to promote industrial development and industrialization; to promote fair competition and to enhance Cambodia's competitiveness; to build resilience to emergencies and crises; and also promote international relations and diplomacy, and deepen regional and global integration, aimed at maximizing social and economic benefits for the nation.

5. The need to launch a comprehensive socio-economic policy agenda of the **Political Platform of the Royal Government of the Seventh Legislature of the National Assembly** to build a strong foundation to continue the path towards realizing the **Cambodia Vision 2050**.

On this basis, reflecting upon the **Five Mottos**, namely **Growth, Employment, Equity, Efficiency, and Sustainability**, the RGC decided to set five strategic objectives and five key priorities for the **Pentagonal Strategy-Phase I**.

## **The Five Strategic Objectives are as follows:**

- 1.** Ensuring crisis-resilient economic growth of around 7% per year on average by accelerating the diversification of economic base to create new growth pillars; promoting competitiveness; and maintaining macroeconomic stability by keeping inflation rate low, ensuring exchange rate stability, striving to steadily increase reserves, and strengthening PFM, including improving the efficiency of state assets management and sustainable public debt management.
- 2.** Creating more jobs, both quantity and quality, for Cambodian people, especially for the youth, by strengthening the quality of education, and hard and soft skills trainings to meet the needs of the job market; providing extensive information about the job market; improving comfortable working conditions; improving productivity; promoting trade and business; and promoting and attracting both domestic and foreign direct investments.
- 3.** Achieving the poverty reduction targeting of below 10% and continue to keep the poverty rate to a minimum through measures to reduce economic inequality; to develop and build an integrated and consistent social protection system; and to reduce the living costs for the people; and to provide quality, efficient, and inclusive public services.
- 4.** Continuing to strengthen capacity, governance, and improving the quality of public institutions, both national and sub-national, to ensure efficiency of public services; continuing to strengthen private sector governance; and continuing to promote a favorable environment for business, investment, and trade.
- 5.** Ensuring sustainable socio-economic development and building resilience to climate change through optimization of demographic dividends and strengthening demographic resilience; promoting gender equality; sustainably managing natural resources; increasing sustainable and green financing in the total

loans portfolios to increase financial flows to green investment and green economy; increasing climate-resilient and low-carbon public investments; and ensuring environmental sustainability and readiness for responding to climate change.

### **The Five Key Priorities include the following:**

In the implementation of the socio-economic development strategy in the past, the RGC identified four key priorities, namely, “**people, road, water, and electricity**” to promote national development, the order of which was modified according to each stage of the country’s development. The **Pentagonal Strategy-Phase I** adopts five key priorities by adding “**technology**”, while “**people**” remains on the top. “**Road, water, electricity, and technology**” are in sequential priority. In this sense, **Five Strategic Pentagons** have been redesigned according to the above priorities by arranging them in an intertwined manner to respond to the needs and orientations of the new phase of Cambodia's development. The "people" priority is mainly reflected in the Pentagon 1 and is supplemented by the Side 1 of the Pentagon 3, Pentagon 4 and Pentagon 5. The "road, water and electricity" priorities are mainly arranged in the Side 2 of the Pentagon 2, which is complementary to the other Sides of the Pentagon 2, and intertwined with the Side 3 and Side 4 of the Pentagon 4. The "technology" priority is primarily reflected in the Pentagon 5, especially in the building and development of digital infrastructures, which contains in the Side 3 and is interconnected with all the Sides of the other four Pentagons. In sum, the **Five Key Priorities** in the form of the Strategic **Pentagons** are outlined below:

**Pentagon 1 - Human Capital Development:** 1) enhancement of quality of education, sports, science, and technology; 2) technical skills training; 3) improvements of people's health and well-being; 4) strengthening of social protection system and food system; and 5) strengthening of quality of citizenship of a highly civilized society with morality, equity, and inclusiveness.

## **Pentagon 2 - Economic Diversification and Competitiveness Enhancement:**

1) development of key sectors and new sources of economic growth; 2) enhancement of connectivity and efficiency in transport and logistics, energy, water supply and digital sectors; 3) improvements of business and investment environment; 4) strengthening of efficiency and attractiveness of special economic zones (SEZs), including industrial parks, agro-industrial parks, and domestic free-trade zones; and 5) innovation of financing mechanisms and financial products to support investment.

## **Pentagon 3 - Development of Private Sector and Employment:**

1) development of labor market; 2) promotion of micro, small, and medium enterprises, startups, entrepreneurship, and development of informal economy; 3) strengthening of public-private partnerships; 4) promotion of competition; and 5) strengthening of banking system and non-banking financial sector.

## **Pentagon 4 - Resilient, Sustainable and Inclusive Development:**

1) optimization of demographic dividends, strengthening of demographic resilience and promotion of gender equality; 2) sustainable management of natural resources, cultural heritages, and tourism; 3) promotion of agriculture and rural development; 4) strengthening of urban management and modernization; and 5) ensuring environmental sustainability and readiness for responding to climate change, as well as promotion of green economy.

## **Pentagon 5 - Development of Digital Economy and Society:**

1) building digital government and digital citizens; 2) development of digital economy, digital business, e-commerce, and digital innovation system; 3) building and development of digital infrastructures; 4) trustworthiness building in digital system; and 5) development of financial technology.



## PART II

### 2.1. Structure

The **Pentagonal Strategy** is a long-term socio-economic strategy, which will be implemented in five phases over the next 25 years. The Strategy includes: 1) the core of the strategy – institutional reforms and strengthening; 2) overarching environment conducive to the implementation of the entire strategy; and 3) strategic pentagons to spur economic growth and social progress. Additionally, the **Pentagonal Strategy-Phase I** also incorporates **Six Priority Policy Programs** of the **Political Platform of the Royal Government of the Seventh Legislature of the National Assembly**, which is to be implemented immediately in 2023.

### 2.2. The Core

The core of the Pentagonal Strategy focuses on governance and institutional modernization of state institutions making them modern, competent, strong, smart and clean through which political, economic, and administrative power can be exercised to govern and manage the national affairs, particularly to ensure the continuity of the roles and functions of the public administration, in line with people-centric interests, nation-building, and the strengthening of the rule of law, aimed at securing support for an inclusive and sustainable socio-economic development. Notwithstanding many significant achievements made, the RGC still faces several challenges related to the following aspects, namely overlapping functions and authorities; division of functions, authorities and responsibilities; institutional capacity and human resources; inter-institutional coordination; accountability, transparency and data and information sharing; monitoring, inspection and audit; modernization of the armed forces; and private sector governance frameworks.

In this context, the RGC continues to focus on the following: 1) institutional reforms and strengthening; 2) improvements of

human resources and work efficiency; 3) enhancement and strengthening of accountability and integrity in public administration; 4) enhancement and strengthening of the effectiveness of laws and justice system; and 5) strengthening of governance of private sector and businesses.

## **Side 1. Institutional Reforms and Strengthening**

The strategic objectives are to build a highly competent, smart, strong, and clean public administration to serve the best interest of the people.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Rationalizing functions and organizational structure, and defining procedures for service deliveries by state institutions, both at the national and sub-national levels, particularly clear definition of functions and duties; proper delegation of powers in decision-making; delineation of powers, responsibilities and accountability in the frameworks of leadership, management and operations; strengthening the institutional coordination frameworks and service integration; and adopting technologies in the public administration.
- 2.** Strengthening leadership capacity by way of formulating and implementing frameworks for leadership capacity development; training programs on leadership; assessing and recognizing role-model leadership; and building leadership networks in the public administration.
- 3.** Strengthening civil service management system and administration capacity by improving the legal and regulatory frameworks related to civil services; implementing frameworks to enhance work productivity; enhancing performance-based management; and promoting competition and innovation.
- 4.** Further improving the capability of the armed forces through institutional and human capital development; emphasizing on raising living standards and welfare of the armed forces; and

implementing appropriate policies for the retired armed forces, and for those who have lost their ability to work, as well as for those with disabilities in their sacrifices for the sake of national security.

## **Side 2. Improvements of Human Resources and Work Efficiency**

The strategic objectives are to build competent and skilled human resources with a high sense of professionalism, ethical standards, and ownership, in accordance with roles and responsibilities.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Strengthening human resource development and management systems that are based on meritocracy in terms of recruitments, appointments, promotions, and proper incentives, as well as development of a comprehensive capacity building system.
- 2.** Developing public sector pay and incentive system in a more effective and comprehensive manner, based on meritocracy aimed at enhancing work productivity, performance, and living standards of the civil servants, in consistent with the economic growth and affordability of the national budget.
- 3.** Strengthening the effectiveness of human resource development and management at the sub-national level through the delegation of powers in decision making and responsibilities in terms of staff recruitments, management and deployment.
- 4.** Further reforming the public financial management by enhancing the budget credibility, financial accountability, linking budget to policies, and performance accountability, in order to build a public finance system in accordance with the international standards and best practices.
- 5.** Decentralizing sub-national administration's finance and planning to ensure adequate budget to perform its functions and policy priorities, as stipulated in the development plans, investment programs, and the budget strategic plans.

**6.** Further promoting database modernization and usage, as well as information sharing and exchanges in public administration.

### **Side 3. Enhancement and Strengthening of Accountability and Integrity in Public Administration**

The strategic objectives are to promote and strengthen cleanliness, integrity, and trust in public administration to contribute to inclusive and sustainable socio-economic development.

In the Seventh Legislature, the RGC focuses on the following:

**1.** Developing and implementing a code of ethics and professional conduct in civil service and fostering compliance by public officers with the principles of functional incompatibility and conflict of interests.

**2.** Strengthening the effectiveness of inspection and audit mechanisms and creating rules of audit and inspection systems to ensure the harmonization of inspection and audit functions in public administration.

**3.** Strengthening mechanisms for public service management and deliveries, merit-based incentives, and the adoption of strict legal measures for public conducts and responsibilities to promote trust and to increase effectiveness in public service deliveries.

**4.** Further strengthening and expanding anti-corruption education and corruption prevention efforts, as well as strengthening stringent enforcement of laws to combat corruption.

**5.** Enhancing cooperation between the Anti-Corruption Unit and public institutions, especially through a focal person mechanism, both in the provisions of anti-corruption education and in the prevention of corruption, in order to put in place the monitoring, evaluation, implementation of strategic plans, and plans for promoting integrity in public institutions.

## **Side 4. Enhancement and Strengthening of the Effectiveness of Laws and Justice System**

The strategic objectives are to strengthen the rule of law, to further fight against social injustice, and to promote public trust in the justice sector, which are key to maintaining social stability, public order, and harmony in the society.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Enhancing the capacity of human resources in the justice sector, both quantity and quality, to increase the work efficiency in the justice sector and the effectiveness and speed of the dispute settlements, both in court and out of court.
- 2.** Promoting effectiveness, consistency, and legal compliance in introducing laws and regulations aimed at achieving the national vision and at meeting societal needs.
- 3.** Strengthening law compliance and providing legal support services through the promotion of education, the dissemination of the laws, the provision of legal consultation services, and the provision of legal defense services to ensure the rights to justice, particularly for the poor and the vulnerable.
- 4.** Promoting fairness and effectiveness of law enforcement by law enforcement officers and court officials, particularly strengthening the effectiveness of court proceedings, integrity, professionalism, and ethics of law enforcement officers and court officials, as well as improving the inspection and punishment mechanisms to build trust in law enforcement.
- 5.** Enhancing the quality and effectiveness of the court system through modernizing the court administration to improve the quality of justice service deliveries and through strengthening the quality of justice.
- 6.** Promoting the development of the legal frameworks and dispute settlement mechanisms for adjudicating and mediating disputes both in and out of court in ways to increase the

effectiveness and speed of the dispute settlements; and bringing dispute settlement services closer to the people.

## **Side 5. Strengthening of Governance of Private Sector and Businesses**

The strategic objectives are to promote all stakeholders' trust in the private sector and businesses by way of strengthening good governance of the private sector and businesses.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Strengthening and promoting good governance in the private sector and businesses through formulating and implementing policy frameworks relevant to good governance, laws and regulations, and other related principles in the private sector and businesses.
- 2.** Accelerating the formulation and implementation of policy frameworks that promote the environmental and social responsibility of the private sector and businesses to increase participation in addressing social issues, promote social morality and cultural values, and intensify environmental protection efforts, through providing supportive mechanisms and proper incentives to businesses that practice good governance and adhere to high standard environmental and social responsibility.
- 3.** Reviewing, updating, revising, and amending relevant laws and regulations, as well as monitoring and implementing law enforcement mechanisms.
- 4.** Encouraging and supporting the private sector and civil society organizations in developing the code of ethics and professional conduct, as well as encouraging the private sector and civil society organizations to set the qualification standards for their respective Board of Directors to enhance accountability and to reduce conflict of interests.
- 5.** Promoting the effectiveness of dialogue mechanisms and public-private partnerships at policy and technical levels and at

national and sub-national levels to stimulate policy discussions and to find solutions to challenges by leveraging the roles of domestic and external chambers of commerce and other stakeholders.

**6.** Promoting the effectiveness and transparency of the inspection of the private sector and businesses through encouraging the use of information technology systems in the inspection procedure; strengthening capacity building and integrity of inspectors; and accelerating the implementation of inspection measures.

### **2.3. Overarching Environment**

The overarching environment determines a full and comprehensive framework to ensure the achievement of the policy priorities of the Pentagonal Strategy-Phase I. Cambodia has achieved a remarkable success by reshaping and enhancing her image and prestige regionally and globally through maintaining security and political stability which is a prerequisite for ensuring development, implementing an open economic policy, continuing to develop and promote the private sector participation, and strengthening ownership, partnerships and mechanisms for cooperation in mobilizing financial, technical, and knowledge resources for socio-economic development. In the context of current geopolitics and major global trends, the RGC continues to focus on the following: 1) continued strengthening of peace, political stability, security, and public order; 2) adherence to an independent, rule-based, and smart foreign policy; 3) ensuring macroeconomic and financial stability; 4) continued building of inclusive and effective partnerships for development cooperation; and 5) continued promotion of deeper integration into the regional and global economy.

#### **Side 1. Continued Strengthening of Peace, Political Stability, Security, and Public Order**

The strategic objectives are to continue to maintain, at all costs, peace, political stability, security, and public order, which are indispensable preconditions for the national development.

In the Seventh Legislature, the RGC focuses on the following:

1. Safeguarding the independence, national sovereignty, and territorial integrity from external interference in the internal affairs of Cambodia, as well as preventing and resolutely opposing any attempt to overthrow the legitimate Royal Government of Cambodia or any incitement to cause political instability or social unrests.
2. Further strengthening the rule of law, liberal multi-party democracy, culture of peace, social morality, respect for human rights and dignity, and further strengthening a favorable environment and strong normalcy for the well-functioning of public institutions.
3. Continuing to resolve land and maritime boundary issues with neighboring countries based on international laws, as well as continuing to develop and promote the implementation of the border development strategy as borders for peace, friendships, cooperation and development, while continuing to adhere to the principle of not allowing the use of Cambodian territory against her neighboring countries.
4. Preventing and cracking down on all types of criminal offenses, including the fight against terrorism, transnational crimes, human trafficking, labor trafficking, sex trafficking, money laundering and terrorism financing, financing of weapons of mass destruction, combatting illegal activities related to illicit drug trafficking and use, illegal gambling, as well as continued strengthening of the implementation of “**Safe Village-Commune**” Policy.
5. Continuing to strengthen traffic safety and order on the streets in cities and towns to solve traffic congestions and reduce road accidents, aimed at reducing related costs and increasing economic optimization.
6. Continuing efforts to achieve the goal of a “Mine-Free Cambodia by 2025”, and to reduce unexploded ordinances to a minimum.

7. Preventing and addressing fire issues and social hazards to ensure safety for people at the time of expansion in urbanization, large congregation of people in towns, and number of high-rise buildings.

8. Continuing to strengthen the implementation of the Nationality Law and Immigration Law; continuing to make a push for the development of legal frameworks and mechanisms to ensure that “one person possesses one identity” and “all people are identified”; the entry-exit Cambodia control; management of stay and employments of foreigners; and the modernization of the immigration data management system to prevent illegal border crossings, illegal stay and illegal businesses by foreigners.

9. Strengthening law enforcement and capacity building to effectively prevent cybercrimes.

10. Promoting the implementation of the National Strategic Plan on Identification, 2017-2026, by establishing a national center for population data management; introducing the use of individual identification numbers; and promoting the implementation of the Law on Registration, Registration Statistics and Identification, and relevant regulations.

## **Side 2. Adherence to an Independent, Rule-based, and Smart Foreign Policy**

The strategic objectives are to continue to strengthen the implementation of independent, rule-based foreign policy in national defense and in promoting the core national interests; and building good friendships and cooperation with all countries in the world and international organizations; as well as actively participating in the cause of peace, stability, security and prosperity in the region and the globe, in accordance with the approach of “**keep the old, establish the new.**”

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to implement an independent foreign policy,

based on international laws and strict respect for sovereignty, territorial integrity, and independence of member states in accordance with the United Nations Charter and universally recognized principles.

- 2.** Continuing to adhere to the principle of not supporting the threats or use of the force in international relations, invasion against an independent state, separatism, seizure of territory from a sovereign state and interference in the internal affairs of other countries, as well as continuing to take a firm stand against the presence of a foreign military base in the Cambodian territory.
- 3.** Continuing to adhere to the principles of permanent neutrality, non-alignment, and the practice of soft yet firm, flexible, and balanced diplomacy, in line with the regional and global strategic geopolitical changes.
- 4.** Continuing to uphold the core national interests in the implementation of foreign policy that contributes to the protection of national sovereignty and territorial integrity, socio-economic development for the improvements of people's livelihoods and the promotion of national prestige and excellence within the region and the globe.
- 5.** Promoting good relations with neighboring countries to achieve the vision of transforming the border into an area of peace, stability, and prosperity while continuing to strengthen and expand relations with strategic partners within the region and beyond.
- 6.** Continuing to strengthen Cambodia's role in ASEAN through active and constructive participation in the work of maintaining internal ASEAN unity and regional integration in accordance with the ASEAN Charter, especially the decision-making based on dialogues and consensus principle without interfering in the internal affairs of member state countries.
- 7.** Continuing to strengthen multilateralism through active participation in regional and international forums; contributing to

the UN peacekeeping operations; participating in maintaining stability and peace by promoting dialogues and peaceful settlements of disputes; and promoting free, open, rule-based, and multilateral trade.

**8.** Continuing the implementation of multidimensional and multifaceted foreign policy, aimed at enhancing defense efficiency and promoting national interests by actively participating in relevant sectors creating synergy to leverage negotiation power; and aims to respond in a timely manner to expand strategic flexible space in international relations.

**9.** Continuing to strengthen international confidence and shape perceptions towards Cambodia with regard to the real and actual situations of Cambodia, to improve partnerships, prestige and global promotion of Cambodia, aimed at increasing attractiveness and promoting economic relations, investment, and tourism.

**10.** Continuing to deepen institutional reforms and to provide trainings to human resources in foreign affairs to achieve high capacity, sufficient skills, and competencies to protect the core interests of the nation.

### **Side 3. Ensuring Macroeconomic and Financial Stability**

Macroeconomic and financial stability is a vital condition for promoting inclusive, resilient, and sustainable socio-economic development.

In the Seventh Legislature, the RGC focuses on the following:

**1.** Continuing to maintain macroeconomic stability to ensure the sustained inclusive growth through managing the inflation rate at an appropriate level, stabilizing the exchange rate, increasing national reserves, and maintaining the stability of people's livelihoods.

**2.** Undertaking deeper and sharper reforms, especially to address structural and inter-institutional challenges, aimed at

promoting economic diversification and increasing productivity and competitiveness of Cambodia.

**3.** Maintaining the sustainability of public finance by continuing to promote the implementation of public financial management reforms, focusing on the strengthening of revenue collections, and enhancing effectiveness of expenditure, strengthening state assets management, sustainably managing public debts, promoting the development of mechanisms to mobilize financing from domestic sources, and gradually expanding national budget space.

**4.** Strengthening financial stability and resilience, both in the banking and non-banking financial sectors, especially through the development of the financial safety net and the promotion of financial deepening.

**5.** Promoting financial cooperation, both regional and global, to contribute to the strengthening of the stability of financial system, resource mobilization, and development of new financial markets and financial technologies.

**6.** Developing a comprehensive and inclusive social protection system to strengthen socio-economic resilience.

#### **Side 4. Continued Building of Inclusive and Effective Partnerships for Development Cooperation**

The continued enhancement of the effectiveness of cooperation and further strengthening of partnerships with all development stakeholders are essential for creating an environment conducive to inclusive, resilient, and sustainable socio-economic development.

In the Seventh Legislature, the RGC focuses on the following:

**1.** Formulating and implementing the “Development Cooperation Partnership Strategy 2024-2028” to strengthen inclusive partnerships.

**2.** Mobilizing, coordinating, and managing development cooperation financing from all sources, and aligning resources with national priorities to improve efficiency of the resource utilization.

**3.** Enhancing the effectiveness of the implementation of existing partnership mechanisms and tools, which can be additionally created, when needed, to enhance bi-directional accountability and to strengthen inclusive partnerships.

**4.** Continuing to undertake regional and global integration and communications through mechanisms, measures, programs, and initiatives, to enhance Cambodia's prestige and interests, as well as to increase opportunities for development and confidence towards the climate for investment, business, and trade in Cambodia, based on the principles of "**equal rights and equal footing**".

**5.** Continuing to implement the public-private partnership mechanisms by strengthening the implementation of the Law on Public-Private Partnerships.

**6.** Continuing to strengthen partnerships with non-governmental organizations through the implementation of the Law on Associations and Non-Governmental Organizations to increase collaboration in a harmonious, effective, transparent, and accountable partnership.

## **Side 5. Continued Promotion of Deeper Integration into the Regional and Global Economy**

The continued promotion of deeper integration into the regional and global economy creates opportunities to promote and support international trade and investment attraction, as well as enhance greater participation in regional and global value and supply chains, contributing to the strengthening of Cambodia's competitiveness and sustainable economic and social development.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Continuing to negotiate, through both bilateral and multilateral mechanisms, to open new potential markets which can be elevated to more comprehensive and to a new height; and undertaking negotiation of international agreements related to e-commerce by focusing particularly on bilateral agreements that are found to be effective with high potentials to diversify export markets and products.
- 2.** Developing strategies and action plans to deepen Cambodia's integration through existing multilateral and bilateral mechanisms to intensively expand Cambodia's linkages with regional and global value and supply chains.
- 3.** Developing policy measures to reduce trade costs and related costs, and to eliminate unnecessary trade barriers to increase Cambodia's competitiveness, as well as the development and the promotion of compliance to standards and regulations by micro, small, and medium enterprises, especially infant and new industries with high exports and competitiveness potentials.
- 4.** Continuing to promote Cambodia's active participation in major international cooperation frameworks and initiatives, and in the promotion of a global multilateral trading system, based on the principles of openness, transparency, inclusiveness, and fair competition.
- 5.** Strengthening and expanding cooperation and coordination between ministries, public institutions, and all other development stakeholders to enhance competitiveness and industrial and commercial capacity in line with regional and global trends, especially linking domestic production to international product markets.
- 6.** Formulating strategic frameworks for a smooth graduation with momentum from the Least Developed Countries, and formulating orientation policy frameworks for long-term strategic

economic integration, while continuing to negotiate for other trade preferences during the transition period to ensure export market stability and new market accesses for Cambodian products.

## 2.4. The Five Strategic Pentagons

### Pentagon 1: Human Capital Development

The development of human capital is indispensable for promoting sustainable and resilient economic diversification and economic growth. High quality and healthy human capital are strong assets for the nation in increasing economic values, promoting cultural values, and developing new ideas to ensure long-term sustained growth, and dynamic socio-economic development. Therefore, investment in human capital development is critical in responding to the growing needs of the national socio-economic development. In this regard, the RGC focuses on five priorities: 1) enhancement of quality of education, sports, science, and technology; 2) technical skills training; 3) improvements of people's health and well-being; 4) strengthening of social protection system and food system; and 5) strengthening of quality of citizenship of a highly civilized society with morality, equity, and inclusiveness.

#### Side 1. Enhancement of Quality of Education, Sports, Science, and Technology

The strategic objectives are to create a conducive environment for education and trainings with high quality and expertise, focusing on strengthening the governance in educational institutions, improving the quality of trainings at all levels, improving the quality and access to education related to science, technology, engineering, arts, and mathematics (STEAM), and strengthening physical education and sports.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to enhance quality of education and trainings at all levels, updating curricula at all levels, and creating an environment conducive to lifelong learning.

2. Continuing to implement school reforms with a focus on further enhancing the existing achievements, promoting the establishment of new generation schools and role-model schools, strengthening governance and management efficiency of the Departments of Education, Youth and Sports, as well as promoting strong participation and ownership from parents, communities, and the private sector.

3. Strengthening the quality of teachers' training and teaching methods, as well as continuing to improve livelihoods and promoting social values of teaching personnel at all levels.

4. Continuing to promote digital education, developing digital infrastructures in schools, and promoting studies of science, technology, engineering, arts and mathematics (STEAM).

5. Promoting school health, and increasing scholarships for the poor and vulnerable students.

6. Strengthening the governance of higher education institutions, promoting research and development (R&D), and innovation, and promoting public-private partnerships.

7. Promoting sports by linking with education, and continuing to promote movement of "**one youth can play at least one sport in life.**"

## Side 2. Technical Skills Training

The strategic objectives are to pursue the transformation of the technical and vocational trainings, increase enrollments in the sector, promote reskilling and upskilling, strengthen ecosystems for skills development, address skills mismatches between trainings and actual demands, both in terms of skills and quality, and strengthen monitoring and evaluation of the implementation of policies and strategies that have been laid out.

In the Seventh Legislature, the RGC focuses on the following:

1. Strengthening governance system, and governance of

technical and vocational education and training (TVET) institutions, both public and private, through updating relevant policies and regulations, digitalization, and strengthening monitoring and evaluation mechanisms.

2. Continuing to improve the teachers' capacity and qualifications by encouraging them to conduct further studies and carry out regular research, as well as by attracting highly qualified teachers with strong practical backgrounds to teach in TVET institutions nationwide.

3. Strengthening the quality of technical and vocational skills, both soft and hard, through the full implementation of training programs based on capacity and industrial needs.

4. Promoting and strengthening upskilling programs; expanding skills training, reskilling, and skill recognition testing programs; promoting research, innovation, and practical techniques in line with actual needs; as well as promoting dissemination in all forms.

5. Establishing loans mechanisms for students to encourage the acquisitions of technical and vocational skills, especially priority skills.

6. Continuing to strengthen public-private partnerships, promoting regular dialogues between the public and private sectors, as well as development partners, and mobilizing funds to support R&D.

### **Side 3. Improvements of People's Health and Well-being**

The strategic objectives are to continue to reduce morbidity and mortality from major non-communicable diseases; continue to promote reproductive health, and infant, child and maternal health; strengthen institutional capacity to lead the transformation and governance in health sector; continue to improve the quality and diagnostic capacity in treatment and care; continue to strengthen the quality of health vocational training; enhance expertise;

promote cooperation between relevant ministries-institutions; and encourage community participation.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Strengthening institutional capacity to lead digital governance and transformation in health sector; formulating health-related laws and regulations; promoting the implementation of regulatory mechanisms over public and private health care services; promoting medical research; and strengthening monitoring and evaluation.
- 2.** Enhancing capacity of health and social welfare systems so that they can respond in a timely and effective manner to the endeavors to promote public health and people's well-being, including in the event of disease outbreaks.
- 3.** Strengthening innovative health care systems, focusing on primary health care; promoting healthy diet for all; improving quality, safety, and efficiency; expanding the coverage of health care services, distribution, and use of medicines; and enhancing monitoring and evaluation mechanisms, and quality control.
- 4.** Increasing health-related education and dissemination programs, aimed at raising people's awareness and proper conducts in the prevention and management of diseases or public health problems, as well as ensuring proper behaviors of the people in seeking and using health care services.
- 5.** Improving the training quality of medical professions, as well as supporting professions based on competencies, promoting professional ethics, and promoting extensive deployment of medical doctors and staff in accordance with technical standards.
- 6.** Expanding physical infrastructures; and strengthening the supply of medicines and equipment, supply of medical equipment to health posts, health centers, referral hospitals, priority referral hospitals of target provinces and national hospitals in accordance with modern technical standards.

7. Enhancing multi-sectoral and inter-sectoral cooperation, community participation, and responsibilities of sub-national administrations, to ensure the deliveries of health care services that meet the essential health needs of the local population.

8. Building partnerships between public and private sectors, development partners and non-governmental organizations; and enhancing regional and global cooperation in strengthening resilience, developing health sector, and expanding the coverage of the social health protection system.

#### **Side 4. Strengthening of Social Protection System and Food System**

The strategic objectives are to build and develop centralized and consistent social protection system, both the social assistance system and the social security system, and to strengthen food system that can support food security and nutrition for all people. The continued development of the social protection system is based on the spirit of “**leaving no Cambodian citizen behind**”, and the expansion of the scope of the social protection system is based on four approaches: 1) the sustainability of the programs; 2) the affordability of the national budget; 3) ensuring social inclusiveness and equity by focusing on state interventions for the poor, vulnerable and at-risk households; and 4) the expandability of the scope of the social protection system through systematic development.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to provide livelihood support to target households through the national social assistance program, with immediate actions focusing on the national social assistance program as a family package, vocational and technical training programs for target youth, as well as their empowerment, and social protection programs to end poverty; and institutionalizing social protection frameworks that can respond to emergencies, including strengthening food system that is robust, smart, resilient, and inclusive.

2. Continuing to develop the social security system, the implementation of the social security schemes, and the continued expansion of social health care services towards universal health coverage (UHC) in line with the evolving socio-economic situation.

3. Continuing to strengthen governance system to make it more robust, effective, and standardized in all three levels, namely the policy level (National Social Protection Council), the regulatory level (Social Security Regulator), and the operational level (National Social Security Fund, National Social Assistance Fund and other relevant operators).

4. Launching an independent National Agency for Payment Certification, which covers healthcare and occupational risks.

5. Promoting the use of information technology within the system; and continuing to enhance and improve the accuracy of the identification system for target households and individuals who are eligible for social protection schemes, with the aim of launching a basic system for registration and national social data.

6. Promoting awareness on the important roles of the social protection system; and establishing mechanisms for feedback and suggestions, and mechanisms for monitoring and evaluation.

7. Promoting and improving the well-being of the poor families, families of militants with disabilities, families of deceased militants, and families of veterans, by providing various protections, including the continued granting of land, and provision of social land concessions for housing and agriculture purposes.

#### **Side 5. Strengthening of Quality of Citizenship of a Highly Civilized Society with Morality, Equity, and Inclusiveness**

The strategic objectives are to enhance people revitalization, which is to enable people to be competent, productive, have morality, virtues, good attitude, perseverance, integrity, discipline, and be highly responsible; and to promote a strong mentality for patriotism, national defense, national unity, mutual help, sharing,

participation, social values, and the mentality that has strong respect for laws, loves peace, culture, tradition, good deeds, and justice, in order to ensure social cohesion and social harmony.

In the Seventh Legislature, the RGC focuses on the following:

1. Strengthening and increasing cooperation in education on morality, virtues, and ethics for students and youth, both inside and outside the education system.
2. Formulating a roadmap to nurture behaviors with morality, virtues and ethics, and respect for laws and discipline; incorporating education on Buddhism and Khmer's arts and culture, both tangible and intangible, into school curricula at all levels; and disseminating and mainstreaming these endeavors to all ministries-institutions, both at national and sub-national levels.
3. Promoting knowledge about national identity and ownership in the preservation and development of national culture; promoting the creation of new cultural products by maintaining the Khmer art styles, and, based on national identity, promoting the participation from senior art masters who are living human heritages and cultivating successors for those ancient forms of arts; and strengthening public participation in these endeavors.
4. Cultivating nationalism and positive ideals in the conservation, development and innovation of national arts and culture.
5. Strengthening the effectiveness in research, compilation, and dissemination of historic values of heritage buildings, artifacts, ancient sites, *sleuk rith* manuscripts, ancient teachings, traditions, customs, Khmer virtuous attitude, and the sense of gratitude towards the nation.
6. Nurturing citizens' habits of respecting laws and of good discipline; and establishing criteria to encourage good deeds as exemplary citizens and global citizens.
7. Continuing to promote respect for morality, women's values, family's dignity, and dignity of the Cambodian society.

8. Promoting knowledge about and the roles of Buddhism in contributing to education on morality, virtues, and ethics; and promoting creativities in uplifting the prestige of the society.

## **Pentagon 2: Economic Diversification and Competitiveness Enhancement**

Economic diversification and competitiveness enhancement are the solid foundation for supporting the sustained and resilient growth in medium- and long-terms through increasing production base, increasing values added, linking production chains and global supply chains, as well as attracting and encouraging investments into the new emerging industries. In this regard, the RGC focuses on the following five priorities: 1) development of key sectors and new sources of economic growth; 2) enhancement of connectivity and efficiency in transport and logistics, energy, water supply and digital sectors; 3) improvements of business and investment environment; 4) strengthening of efficiency and attractiveness of special economic zones (SEZs), including industrial parks, agro-industrial parks, and domestic free-trade zones; and 5) innovation of financing mechanisms and financial products to support investment.

### **Side 1. Development of Key Sectors and New Sources of Economic Growth**

Strategic objectives are to broaden and diversify economic growth base through increasing values added in the existing key sectors and developing new sources of growth, which are indispensable for increasing growth potentials and for strengthening resilience to crisis.

In the Seventh Legislature, the RGC focuses on the following:

1. Promoting micro, small, and medium enterprise development through strengthening backward linkages and enhancement of technology transfers, research and development, as well as formulating and implementing Cambodia Micro, Small, and Medium Enterprise Development Policy.

- 2.** Continuing to make a push for the establishment and implementation of free trade agreements—either bilateral, multilateral, or regional—to its highest efficiency, particularly strengthening inter-institutional coordination.
- 3.** Encouraging and enhancing investment attractiveness into the industries with high values added and green industry through the implementation of Cambodia Automotive and Electronics Sectors Development Roadmap, Cambodia Garment, Footwear and Travel Goods (GFT) Sector Development Strategy 2020-2027, and Law on Investment of the Kingdom of Cambodia.
- 4.** Continuing to promote and increase values added to agriculture and agro-industrial sectors by continuing to implement the National Development Plan on Agriculture Sector 2022-2030 and increasing commercialization, as well as accelerating the implementation of Cambodia Agro-Industrial Development Strategic Plan 2019-2030.
- 5.** Continuing to promote tourism sector, especially promoting cultural and natural tourism development in addition to green, clean, and smart tourism; promoting the development of new types of tourism with high values added and business tourism through formulating and enhancing the implementation of policies and tourism sector development master plans.
- 6.** Continuing to promote the development of entertainment service sector, literatures, arts, animation, films, and creative industries with high potentials, with relevant ministries-institutions formulating and implementing policies, strategies, and plans to promote these sectors.
- 7.** Accelerating Sihanoukville development as a multi-purpose special economic zone that serves as an important economic pole for tourism sector, financial service center, industrial zones and so on, through defining comprehensive and clear-cut implementation mechanisms and preparing a master plan for developing Cambodia coastal provinces as multi-purpose and inter-connected economic corridors.

8. Continuing to implement Cambodia Industrial Development Policy 2015-2025; and updating this policy to align with the new context of changing architecture of regional and global trade and economy.

9. Continuing to accelerate the development of extractive industries and supporting industries through establishing and operationalizing a national petroleum company; continuing to accelerate the development of petroleum and gas sector, especially re-operationalizing oil wells; and continuing to encourage the investments into mineral resources industries, and considering the possibility of formulating policies for producing resources with which Cambodia is well endowed.

## **Side 2. Enhancement of Connectivity and Efficiency in Transport and Logistics, Energy, Water Supply and Digital Sectors**

The strategic objectives are to continue to build and strengthen the foundation and key prerequisites to increase productivity, enhance competitiveness, and accelerate diversification through enhancing efficiency of supportive infrastructures, and construction and development of new infrastructures.

In the Seventh Legislature, the RGC focuses on the following:

### **Transport and Logistics Sectors**

1. Continuing to encourage the implementation of Interim Master Plan on Intermodal Transport Connectivity and Logistics System 2021-2030, as well as promoting the endorsement and the implementation of the Comprehensive Master Plan on Cambodia Intermodal Transport and Logistics System 2023-2030.

2. promoting and strengthening the implementation of the Postal Sector Development Policy 2022-2030.

3. Continuing to increase capital investments and mobilization of financing, as well as strengthening the efficiency of their utilization to continue to develop key physical

infrastructures, namely roads, railways, waterway, ports, and airways, especially navigation projects and logistics systems, project on modernization of *Phnom Penh-Sihanoukville* railway network, and *Poipet-Siem Reap-Phnom Penh* new railway network; as well as considering the development of more expressways connecting important economic poles and domestic key economic corridors to the neighboring countries.

4. Carrying out a study on roads and amending the law on roads, in order to make adjustments to the maximum weight level; and speeding up the preparation of law on land transport, law on water transport and seaports, and law on railway; as well as formulating policies, strategies, and legal frameworks related to the law enforcement and promotion of logistic skills development.

### **Energy Sector**

5. Continuing to maintain price stability and considering the possibility of reducing the electricity tariffs, as well as ensuring sufficiency and stability of electricity supplies for industrial and agricultural sectors.

6. Promoting the use of renewable energy and implementation of energy efficiency program to the utmost potential.

7. Increasing the management, development, and cooperation on the three pillars of energy sub-sector, civil nuclear power, and radioactive power, in order to ensure energy security.

### **Water Supply Sector**

8. Developing and implementing water supply master plans, in order to achieve the goal of 100% access to water supply in 2030.

9. Continuing to undertake a review and establishing legal frameworks for the management of water supply sector, especially simplifying the process for network connection request, strengthening the implementation of permit condition, and preserving the raw water sources, as well as establishing important

institutional mechanisms, and setting up the water supply regulator in order to manage, develop and address challenges, aiming at achieving water security.

**10.** Enhancing the strategic roles and participation of the state and creating incentives for the private sector for their investments in water supply sector in the prioritized geographic locations, such as SEZs, clusters of micro, small, and medium enterprises, industrial parks, and economic poles in cities and provinces.

**11.** Continuing to promote automation and incentivize water supply authorities in municipal-provincial urban areas.

### Digital Sector

**12.** Encouraging the optimum use of digital technologies, especially in the business and economic activities through interconnected and systematic measures.

### Side 3. Improvements of Business and Investment Environment

The strategic objectives are to improve the favorable climate for businesses, trade, and investment through facilitation and simplification of various procedures, digitalization of public service deliveries and administration, strengthening institutional capacity, and enhancing the efficiency of inter-ministerial coordination.

In the Seventh Legislature, the RGC focuses on the following:

**1.** Continuing to introduce and amend laws and regulations, such as law on commercial regulation and commercial registration, law on commercial enterprises, bankruptcy law; and finalizing trade secrets and confidential information law to ensure the sound management of intellectual property and prevent the leakage of commercial information.

**2.** Enhancing quality, transparency, efficiency, and reliability, and bringing public services closer to consumers/users

through the use of automation systems and technology platforms for public service delivery to facilitate procedures, reduce time and other related expenses; as well as performing inspections and ensuring other compliances to rest assured ensure that the public service delivery is made with quality, efficiency and transparency.

3. Continuing to accelerate in-depth reforms and modernizing tax administration to increase the efficiency of revenue collections and foster fair competition in business and investment, and reduce the costs of fulfilling fiscal obligations and procedures.

4. Continuing to strengthen governance and to expand the roles of private sector in the business forums under ASEAN frameworks, and those of ASEAN with partners and RCEP, in order to promote trade and attract foreign investment and tourism.

5. Accelerating the enactment by the legislature of the Framework Agreement on Cross Border Paperless Trade Facilitation and increasing effective cooperation in implementation, aimed at promoting exports and imports by using digital system.

6. Promoting trade dispute resolutions—either in court or out of court—effectively, skillfully, and competently through introducing regulations and commercial courts mechanisms.

7. Establishing monitoring and evaluation mechanisms; and improving business and investment climate, based on the assessment of the ease of doing business and investment in Cambodia.

#### **Side 4. Strengthening of Efficiency and Attractiveness of Special Economic Zones, including Industrial Parks, Agro-Industrial Parks, and Domestic Free-Trade Zones**

The strategic objectives are to cluster and develop the production networks to play an important role in increasing efficiency and competitiveness of Cambodia industries, aiming at enhancing

attractiveness for foreign and domestic direct investments, promotion of production and innovation for exports, and especially facilitating the creation of jobs and the improvements of the livelihoods of rural population.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Introducing and implementing laws and regulations to manage and encourage the establishments of, and investment in SEZs, including industrial parks, agro-industrial parks, and domestic free-trade zones, to promote clusters of enterprises, aiming at enhancing efficiency and facilitating the ease for promoting the development of potential and key products, such as agricultural produces and agro-industrial products, electronic components, automobiles, textiles and/or furniture.
- 2.** Conducting a study and examining the possibility of developing and utilizing state's private land for SEZs, including industrial parks, agro-industrial parks, and domestic free-trade zones, to ensure job creation and production diversification.
- 3.** Establishing state-owned economic zones in some strategic locations, with the aim of supporting concentration/clustering of factories and domestic and foreign enterprises, to produce and innovate products, as well as support potential sectors in which private sector are unable to invest.
- 4.** Continuing to strengthen and expand public investments in the construction of connecting infrastructures, such as roads, transport and logistics systems, electricity networks, water supply systems, and wastewater treatment systems, for SEZs, including industrial parks, agro-industrial parks, technology parks, and domestic free-trade zones.
- 5.** Enhancing connectivity between foreign direct investment and micro, small, medium, and large enterprises located in SEZs, including industrial parks, agro-industrial parks, and domestic free-trade zones, to support domestic enterprises' readiness for their participation in the regional and global supply chains.

## **Side 5. Innovation of Financing Mechanisms and Financial Products to Support Investment**

The strategic objectives are to design and improve financing frameworks and mechanisms, and product diversification and financial services that guarantee market liquidity and financing options for investments, aimed at contributing to promoting investment and economic diversification.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Continuing to promote product diversification in the securities sector through issuing green bonds, social bonds, sustainability bonds, and bonds linking to sustainability for private sector, launching of digital assets, futures bonds, SWAP Securities, and collective investment scheme; and promoting the development of trust mechanisms.
- 2.** Establishing legal frameworks and/or roadmaps for developing public financial products, such as state securities, state green securities, state climate securities, and state social securities, to promote public investment and prioritized sectors.
- 3.** Enhancing public-private partnership mechanisms to support the implementation of strategies and policies in socio-economic development agendas by promoting the implementation of public-private partnership laws, operational procedures, and other legal frameworks.
- 4.** Establishing strategic frameworks for supporting the development of micro, small, medium, and large enterprises through generating support for securities listing registration, establishing legal frameworks, and creating the environment conducive for the implementation of new financial mechanisms and instruments.
- 5.** Encouraging banking and financial institutions to develop new financial products in line with market demand, such as agricultural loans with payment options appropriate to seasonal

incomes and so on, as well as encouraging the innovation of financing mechanisms linked to insurance products, especially in agricultural sector, to enhance the financing inclusiveness.

**6.** Promoting formal registration of businesses, especially micro, small, and medium enterprises, to facilitate financial and banking institutions in providing secure credit services, as well as allowing them to receive incentives and interventions.

**7.** Promoting the diversification of technology-based financial services and mechanisms, with environment, society, and governance being taken into consideration.

**8.** Building policy frameworks, strategies, and roadmaps for the development of national financing strategies to mobilize financing and seek out sources of funding to support the implementation of policies, strategies, and agendas of the RGC.

**9.** Developing and activating mechanisms to encourage people and enterprises to increase domestic savings in the banking system to provide private sector with the possibility for mobilizing financing for additional investments.

### **Pentagon 3: Development of Private Sector and Employment**

Development of private sector and employment is an important policy agenda for driving growth in the context of Cambodia's current socio-economic development process and for the next 25 years. The RGC considers the private sector as the engine of growth and as the most important partner in job creation, generation of creative and innovative ideas, enhancement of productivity, and strengthening of Cambodia's competitiveness in the regional and global markets. In this respect, the RGC focuses on five priorities as follows: 1) development of labor market; 2) promotion of micro, small, and medium enterprises, startups, entrepreneurship and development of informal economy; 3) strengthening of public-private partnerships; 4) promotion of competition; and 5) strengthening of banking system and non-banking financial sector.

## Side 1. Development of Labor Market

The strategic objectives are to promote the development of labor market by creating, maintaining, and increasing employment for workers, both formal and informal, in order to increase incomes, sustain decent living standards and reduce poverty of the people.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Developing additional investment planning, monitoring and evaluation mechanisms for training institutions and modernizing supportive infrastructures for trainings on applied sciences and technologies.
- 2.** Continuing to create job opportunities, expanding employment-seeking services, and career counselling and guidance; continuing to organize job fairs and assigning lead trainers and career focal persons to help with job-seeking at educational institutions.
- 3.** Strengthening the compliance and efficiency of the management of foreign labor in accordance with international standards, establishing mechanisms for skills transfers to Cambodian youth, and preventing illegal cross-border labor trafficking.
- 4.** Continuing to strengthen the implementation of apprenticeship obligations including apprenticeship programs, internships, upskilling and reskilling, to enhance work productivity.
- 5.** Continuing to strengthen quality and efficiency of labor inspection, professionalizing labor inspectors, and providing a boost for and strengthening inter-institutional inspection mechanisms.
- 6.** Continuing to improve the living standards of workers, continuing to raise the minimum wage and other benefits, examining the feasibility of expanding the scope of the minimum wage to other sectors, continuing to install electricity and water supply at an affordable price, and promoting law enforcement on special lease.

**7.** Continuing to improve occupational safety and health, introducing occupational safety and health laws, improving the quality of transport, and promoting affordable nurseries, accommodation and canteens in the clusters of factories and SEZs.

**8.** Continuing to strengthen the harmonization of industrial relations; strengthening capacity and professionalizing mediation officers of labor disputes and personnel officers; strengthening labor dispute resolution mechanisms; ensuring the sustainability of Arbitration Council; introducing a labor court; establishing industrial relations development fund; and launching national campaigns on “**An Enterprise, A Community of Peace.**”

**9.** Continuing to expand labor market abroad; preventing illegal Cambodian labor migration; training and promoting the rights, interests, and dignity of Cambodian migrant workers; developing mechanisms for skills recognition; and activating the mobility of the social security system.

## **Side 2. Promotion of Micro, Small, and Medium Enterprises, Startups, Entrepreneurship, and Development of Informal Economy**

The strategic objectives are to further promote the development of an enabling environment for micro, small, and medium enterprises, and startups, to grow and to be resilient and innovative, contributing to economic growth and job creation, as well as promoting the transition of informal economy into formal economy.

In the Seventh Legislature, the RGC focuses on the following:

**1.** Continuing to develop and implement policies, strategies, and regulations; ensuring the improvements of public governance; promoting an enabling environment for micro, small, and medium enterprises, and startups; and promoting effective public service deliveries to all actors in the entrepreneurial ecosystem.

**2.** Continuing to promote and encourage the enhancement of capacity, business management and entrepreneurial skills for

owners of micro, small, and medium enterprises, and startups; supporting the mentorship programs from experienced entrepreneurs; and promoting trainings on competencies and skills for employees in micro, small, and medium enterprises, and startups.

**3.** Continuing to strengthen and expand domestic and global markets for micro, small, and medium enterprises, and startups, through the implementation of state support mechanisms and public procurement, as well as providing support and incentives for business networking.

**4.** Increasing the access to finance for potential micro, small, and medium enterprises, and startups, through the development of new financial products in the credit and financial markets, providing grants and investing in those companies, continuing to expand Entrepreneurship Development Fund (EDF), and encouraging the private sector to invest in micro, small, and medium enterprises, and startups.

**5.** Increasing public investment in digital technology platforms, logistics systems and infrastructures to support micro, small, and medium enterprises and startups that are connected and located in SME clusters, SEZs, or other strategic geographical locations, and encouraging the private sector to invest in these infrastructures.

**6.** Developing and implementing the mechanisms to promote entrepreneurial and business cultures through mainstreaming entrepreneurial values, promoting creativities and inventions, and raising public awareness on risk acceptance.

**7.** Developing and implementing the Strategy on the Development of Informal Economy 2023-2028.

### **Side 3. Strengthening of Public-Private Partnerships**

The strategic objectives are to further strengthen public-private partnerships, which are indispensable and effective mechanisms to support economic diversification and growth, and to further

strengthen the management of risks of contingent liabilities arising from the implementation of public investment projects under the public-private partnership mechanism.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to promote awareness and develop the institutional and human resource capacity in ministries-institutions related to the design, development, implementation, and management of public investment projects through public-private partnership mechanisms.

2. Promoting and developing infrastructures to support the public-private partnership market through the establishment of financial support and state support mechanisms, mandated by the Law on Public-Private Partnerships and legal instruments in force.

3. Continuing to develop the public investment projects through public-private partnerships, focusing on state-solicited projects related to infrastructure development and improvement of public service delivery to support economic growth, and reduce budgetary pressures and burdens of public debt services.

4. Continuing to promote inter-institutional coordination mechanisms to collect project information and data to strengthen analysis and management of fiscal risks.

5. Formulating a mechanism to inspect and monitor the implementation of public and private obligations in accordance with the public-private partnership agreements and legal instruments in force.

#### **Side 4. Promotion of Competition**

The strategic objectives are to further promote fair and just competition by continuing to create a fair, non-discriminatory, and equitable business environment in line with the approach of “**Dynamics of Stakeholder System**” to contribute to creating new goods and services and enhancing productivity and efficiency of Cambodian economy.

In the Seventh Legislature, the RGC focuses on the following:

**1.** Continuing to enhance the effectiveness of the implementation of the Law on Competition, the Law on Consumer Protection and relevant legal instruments in force, the protection of legal private properties, and the prevention of all business transactions and activities that hinder, restrict, or adversely impact upon the fair and just competition.

**2.** Continuing to strengthen the institutional capacity, formulate and implement market policies and regulations, and set up mechanisms to monitor and evaluate the nature of businesses, and the mergers of businesses of enterprises that have or may have the objective or power to hinder, restrict, or adversely impact upon the fair and just competition or increase monopoly power in the market.

**3.** Formulating and launching mechanisms and legal instruments necessary for the effective and efficient management and settlements of issues related to the establishments, agreements or acts of collusion by enterprises in determining geographical areas for sales of goods or services and maintaining or setting prices higher than competitive market prices, which adversely affect the production of new goods and services.

**4.** Further strengthening the protection of legal intellectual properties and private properties to promote the inventions of new products and services, creativity, and innovation in order to ensure competitive market.

**5.** Continuing to accelerate the preparation, development, amendments and implementation of policies, laws and regulations related to competition; and continuing to strengthen the capacity of the Cambodian Competition Commission, business dispute settlement mechanisms, and consumer protection mechanisms, in line with the quality, safety and health standards.

**6.** Designing and implementing the consumer protection mechanisms that can play a major role in resolving issues on

behalf of consumers in the event of disputes related to the purchases and sales of goods and services of all kinds.

## **Side 5. Strengthening of Banking System and Non-Bank Financial Sector**

The strategic objectives are to further strengthen the banking system and non-banking financial sector to be more efficient, resilient, inclusive, diversified and modernized by continuing to develop legal frameworks, promoting financial deepening, strengthening institutional capacity and financial literacy, and promoting digitalization in these financial sectors.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Continuing to implement the Financial Sector Development Strategy 2016-2025, as well as to update this strategy to further develop legal frameworks, financial technology infrastructures and political coordination mechanisms, and to enhance the roles of financial intermediation; promoting institutional and human capital capacity building in banking and non-banking sectors; and diversifying financial products.
- 2.** Continuing to ensure financial stability by strengthening the management and inspection mechanisms of banking and non-banking financial sectors; sustaining the efforts to combat money laundering and terrorism financing; reducing shadow banks; and continuing to promote the use of Riel.
- 3.** Continuing to promote financial literacy through the continuation of public awareness campaigns, curriculum development and financial management trainings for owners and managers of enterprises, especially SMEs, and continuing to promote the implementation of the Cambodian International Financial Reporting Standards (CIFRS).
- 4.** Continuing to develop securities market through the promotion and encouragement of domestic companies who are qualified to issue securities to the public, establishing incentive

mechanisms to institutional investors, establishing futures exchange market operators, and establishing management mechanisms for digital asset trading.

**5.** Promoting the development of the derivatives market, which is a platform to promote financial risk management and future interest rate setting mechanisms through the establishment of legal frameworks and supportive infrastructure, and the attraction of liquidity providers.

**6.** Continuing to develop more insurance products, especially life insurance services and micro-insurance services, through the amendments of legal frameworks, setting up necessary standards, strengthening the capacity of insurance regulators, and increasing participation in insurance markets.

**7.** Continuing to strengthen the real estate development sector, especially the housing development business and real estate service business, pawn sector and transfers of title for security purpose, through the formulation and amendments of legal frameworks, the development of the real estate data management system in Cambodia, and the strengthening of the capacity of technical officers and market participants.

**8.** Continuing to develop the trust sector by promoting and strengthening law enforcement, promoting public awareness; developing new markets, trust operators and trust products; and exploring the possibility to set up mechanisms for trust management and operations by using technological innovations.

#### **Pentagon 4: Resilient, Sustainable and Inclusive Development**

Resilient, sustainable, and inclusive development is a holistic approach and a path to socio-economic transformation to ensure that the entire society is well prepared to respond to various challenges and uncertainties of globalization, environmental sustainability, and climate change. In this regard, the RGC focuses on five priorities: 1) optimization of demographic dividends,

strengthening of demographic resilience and promotion of gender equality; 2) sustainable management of natural resources, cultural heritages, and tourism; 3) promotion of agriculture and rural development; 4) strengthening of urban management and modernization; and 5) ensuring environmental sustainability and readiness for responding to climate change as well as promotion of a green economy.

### **Side 1. Optimization of Demographic Dividends, Strengthening of Demographic Resilience and Promotion of Gender Equality**

The strategic objectives are to optimize the benefits from demographic dividends, strengthen demographic resilience by further promoting the implementation of the National Population Policy, and to promote women's participation in leadership.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Continuing to promote labor diversification to absorb youth's labor force through the development of technical skills, increasing investment, and the development of micro, small, and medium enterprises, taking into consideration the development of young entrepreneurs, gender equality and self-employment.
- 2.** Continuing to strengthen and expand the scope of reproductive and sexual health services for young people, especially women and girls; continuing to implement social protection programs for pregnant women and children in poor families; and continuing to promote nutrition for pregnant women and children.
- 3.** Establishing mechanism and savings plans to reduce the risk of financial insecurity for the elderly and to promote investment in the elderly.
- 4.** Increasing investment in gender-related agenda, and empowering women and girls in the fields of economy, education, health, and public leadership to take advantage of gender dividends, create favorable conditions for women to exercise their

rights to decide about family issues and number of children, reduce the vulnerability of gender-based violence against women and girls, and promote intergenerational relationships.

5. Promoting the introduction of appropriate and timely policy measures, focusing on demographic changes manifested by changes in population age structure, to ensure that the rates of birth, mortality and migration remain in good condition that can translate into sufficiency of manpower to support the resilient, sustainable, and inclusive socio-economic development.

## **Side 2. Sustainable Management of Natural Resources, Cultural Heritages, and Tourism**

The strategic objectives are to focus on conservation for development to enhance contribution to the development of agriculture, industry, and tourism; to strengthen mineral resource management; to ensure the sustainability of forest resources, fisheries, and soil quality; as well as to ensure the sustainable protection, development and full utilization of cultural heritages and tourism.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to promote the implementation of the “National Policy on Mineral Resources 2018-2028” by continuing to promote investments in extractive industries and supporting industries; mapping and demarcation of potential areas with mineral and oil resources and re-operationalization of oil wells; optimization of national revenue collections; enhancing governance in resource management and mining; increasing community participation, improving the livelihoods of local communities, and minimizing environmental and social impacts; and strengthening sand conservation and management mechanisms by minimizing social and environmental impacts, especially riverbank collapses.

2. Strengthening harmonious and sustainable management, conservation, protection and development of Cambodia's important ecosystems through the continued management of forest and wildlife resources by maintaining the forest cover of at least

60% of the total land area; reforestation; prevention and timely response to wildfires and conservation of peatlands; promoting the development of environment friendly and sustainable plantations; sustainable reduction of reliance on non-timber forest products; preventing encroachment on forest lands and natural protected areas; promoting the conservation of natural protected areas, forests and wildlife; and cracking down on forest crimes, wildlife trafficking, and natural resource crimes.

**3.** Improving the management of fisheries resources by promoting the implementation of the Strategic Planning Framework for Fisheries; promoting aquaculture; strengthening the management and development of the fishing communities; promoting the development of capacity and technologies to improve fisheries quality; developing fisheries value chains and export promotion; and strengthening the enforcement of the Law on Fisheries in the fight against illegal fishing.

**4.** Continuing to promote the management of agricultural land resources through the implementation of national action programs to combat soil degradation, prevent soil corrosion, and enhance soil productivity.

**5.** Promoting sustainable land use through strengthening the implementation of national land use plans; demarcation and zoning of management areas; registration of natural protected areas; as well as the formulation of management plans for each protected area in accordance with the National Protected Area Strategic Management Plan and the Law on Natural Protected Areas.

**6.** Promoting the preservation of ecosystems, the protection of biodiversity and the conservation of natural protected areas through the implementation of the National Protected Area Strategic Management Plan; modernization and digitalization of data related to natural protected areas and their geographical locations; encouraging Payment of Ecosystem Services (PES) to

ensure financial sustainability in the management and conservation of natural resources; prevention and suppression of natural resource crimes; the use of nature-based solutions (NBS); and updating data on forest cover, wetlands, peatlands, mangrove forests, natural floodplains, and other important ecosystems.

**7.** Promoting the development of community livelihoods in natural protected areas by linking with tourism through the transformation of natural protected areas into tourist attractions; capacity building for forest communities, communities in the protected areas and the adjacent areas; and equitable benefit-sharing.

**8.** Managing cultural resources through the approach that maintains balance between development and conservation, especially the development of creative cultures that include components of traditional cultures as defined by the Ministry of Culture and Fine Arts who needs to enact a conservation guideline for this purpose.

**9.** Continuing to strengthen the effectiveness of the conservation of cultural heritages—tangible and intangible—through reparations, maintaining in safe places, cleaning, inventory registration, registration in the database, and the preparation of certificates of occupancy and state's title deeds; preparation of applications to register Cambodian cultural and historical heritages, as well as natural and geological heritages, on the National and World Heritage Lists, the Intangible Cultural Heritage of Humanity, Memory of the World Register, and other lists of heritages of UNESCO and/or other international institutions; promoting regional and global campaigns about these cultural heritages; and continuing to focus on restoring and strengthening the extinct intangible cultural heritages or those with dangers of disappearance.

**10.** Formulating and implementing policies for the development of eco- and cultural tourism of Cambodia for the medium and long-terms under the approach of “**Development for**

**Conservation, Conservation for Development”** to optimize the attraction of tourists, and their lengths of stay through connecting tourism with land and nature.

### **Side 3. Promotion of Agriculture and Rural Development**

The strategic objectives are to further strengthen the roles and development of modern, diversified, and resilient agricultural sector that supports rural development in order to ensure food security and safety, increase values added, promote competitiveness, and improve the quality of rural livelihoods.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to build legal frameworks and policies and strengthening institutions to support and create enabling environment for agriculture sector.
2. Promoting agricultural production with a focus on enhancing productivity, quality, safety, diversity, values added and resilience through research and development of climate-resilient crops, animal breeds and aquaculture that meet the market demand; management and improvements of soil quality; zoning of cultivation areas and mapping of crop cultivation; promoting agricultural insurance services; strengthening entrepreneurship of agricultural communities; deploying agricultural technical officers to local communities; and strengthening modern, intelligent, digital and secure agricultural techniques.
3. Strengthening the rationalization of irrigation investments to ensure water security for agriculture and rural development.
4. Reducing production costs through raising awareness on usage of inputs and quality control, providing low-interest credits, and providing incentives to firms producing domestic inputs.
5. Ensuring price stability of agricultural products through the establishment and strengthening of coordination mechanisms for monitoring and control, expanding the scope of special financing

packages to maintain the price stability for agricultural products, and enhancing the whole value chains of the agriculture sector.

6. Promoting the processing of agricultural products through the improvements and modernization of agro-industry; encouraging the investment in processed agricultural products; undertaking a study and creating “Agro-Industrial Parks in Cambodia” for establishing the clusters of processing enterprises; fostering a stable supply of agricultural products; and continuing concessional financing for investment.

7. Continuing to enhance domestic market connectivity and export promotion by promoting support for domestic products through their direct use among public institutions and the public, strengthening contract farming mechanisms, establishing wholesale and distribution markets for domestic agricultural products, strengthening infrastructure, and maximizing benefits from free trade agreements.

8. Continuing the implementation of Rural Development Strategy through the development of physical infrastructure and rural roads; improving the quality of rural road infrastructure, especially the construction of rural roads that are connected with farms and national roads to transform the areas into integrated rural areas; improving living conditions of rural communities; and diversifying rural economy and fostering rural community development, especially promoting multifaceted development and continued promotion of the **“One Village, One Product Movement”** and **“Role Model Village Movement”**.

#### **Side 4. Strengthening of Urban Management and Modernization**

The strategic objectives are to expand the existing urban areas and to develop new ones in the capital city and provinces; to create public gardens and green parks; and to strengthen urban management and modernization to ensure safety, beauty, good environment, and well-being of people, as well as socio-economic efficiency.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to deepen land reform by promoting land registration and out-of-court land dispute settlements, developing plans for land management and urbanization at both national and sub-national levels, aimed at streamlining the management and development of land.
2. Strengthening the urban management competency, developing plans for land management and urbanization for municipalities-districts-*Khans*, communes-*Sangkats* throughout the country, formulating guiding strategies for land use zoning and management of residences, based on topographic and IT data.
3. Developing infrastructure development master plans for cities and main urban areas to ensure resilience and beauty, promoting public urban transport services; enhancing waste management, handling and processing; creating pedestrian sidewalks and parking spaces; installing traffic signs, CCTV and traffic lights; expanding electricity networks, urban lighting, clean water networks, flood drainage systems, waste water filtration and treatment systems, and urban firefighting system; preserving buildings of historical value; proposing the building of natural and cultural public parks in capital city, provinces or region, which do not incur high operational costs or high costs of maintenance.
4. Stimulating the revival of investment in the construction of the unfinished buildings in Preah Sihanouk province; incentivizing the transformation of those buildings into affordable housing; and focusing high attention to a large-scale policy implementation and considering the establishment of incentive mechanism for encouraging private sector's participations in urban management, especially the urban management related to the development of smart, green or livable cities.
5. Undertaking a study on the feasibility of amending laws and regulations related to land management, urbanization and construction that came into effect in 1994, to be in alignment with

current social, economic, cultural, and environmental context; restoring water reservoirs and sources; introducing laws on wastewater to decrease water pollution; and carrying out a study on riverbank collapses for enhancing urban development and modernization.

## **Side 5. Ensuring Environmental Sustainability and Readiness for Responding to Climate Change, as well as Promotion of Green Economy**

The strategic objectives are to minimize environmental pollution and impact; strengthening water management and climate resilience; and contributing to reduce the impact of the global climate change to ensure sustainable development.

In the Seventh Legislature, the RGC focuses on the following:

- 1.** Promoting green development and circular economy through the implementation of a clean and efficient energy policy by continuing to incentivize and encourage investment in affordable clean energy and introducing a smart and green agricultural policy, an innovation policy for industrial processes and consumption, a policy for smart cities and green transport, a policy for management of solid, liquid, gas and dangerous wastes; and effectively strengthening environmental impact assessment (EIA) for domestic and cross-border projects.
- 2.** Making a boost for and building water infrastructures, including water treatment systems to ensure water security and environmental sustainability and to respond to climate change.
- 3.** Continuing to increase the use of IT, to promote environmentally friendly and climate friendly practices, such as technologies, the use of nature-based solutions, and the uses of AI model and technology in the management of water security, environment and so on.
- 4.** Continuing to strengthen laws, regulations and policies related to the environment, water, natural disasters, as well as

green diplomacy, to ensure sustainable ecosystem and contribution to the mitigation of climate change.

5. Continuing to develop skills and technology knowledge, as well as carrying out scientific research on environment, green development, water security, reduction of greenhouse gas emissions, adaptation to climate change, and sustainable use of natural resources; and producing instruction booklets to promote public, school and monastery participations in the implementation of the policy for schools, monasteries, environment friendly, and the policy for “safe village-commune-Sangkat,” with good sanitation, beauty and good environment.

## Pentagon 5: Development of Digital Economy and Society

The RGC considers digital technologies as a new important catalyst with potentials and opportunities for enhancing societal and economic productivity, as well as for boosting the efficiency of administration. To this end, the RGC has launched Cambodia Digital Economy and Society Policy Framework 2021-2035 and Cambodia Digital Government Policy 2022-2035. In this sense, the RGC focuses on the following five priorities: 1) building digital government and digital citizens; 2) development of digital economy, digital business, e-commerce, and digital innovation system; 3) building and development of digital infrastructures; 4) trustworthiness building in digital system; and 5) development of financial technology.

### Side 1. Building Digital Government and Digital Citizens

The strategic objectives are to spearhead digital transformation in which the RGC is a role model and steers the adoption of digital technologies through digitalization of public administration and services to strengthen the effectiveness and efficiency in the deliveries of services to the people and private sector, and in strengthening data-driven governance.

In the Seventh Legislature, the RGC focuses on the following:

1. Strengthening the utilization of existing digital government infrastructures to their maximum capacity; and expanding the necessary and prioritized digital government infrastructures.
2. Continuing to develop base registries in public administration with high quality and standards.
3. Continuing to expand the digitalization of public services at national and sub-national levels.
4. Developing common technical standards for the provision of digital public services, interoperability frameworks, security standards and related common technical standards for ministries-institutions.
5. Continuing to develop common digital enabling platforms that act as enablers for building a unified digital government system.
6. Continuing to strengthen officials' digital capacity through regular trainings and promotion of digital leadership for the management and officials, and assessment of the establishment of a digital transformation unit in ministries-institutions.
7. Building human capital with digital skills through modernizing and finetuning education curricula and digital training programs, and mobilizing and attracting the digital talents from abroad.
8. Continuing to promote digital literacy among citizens, including the inclusion of basic digital skills in education curricula and provision of training programs on digital skills in various sectors.

## **Side 2. Development of Digital Economy, Digital Business, e-Commerce, and Digital Innovation System**

The strategic objectives are to promote digital transformation in the economic sectors; develop digital startups; and promote the Enterprises Go Digital, the development of digital value chains and e-commerce, and building and development of digital innovation system, to facilitate business and trade, aimed at accelerating economic growth.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to develop high quality, high standard, and prioritized base registries for economic and business sectors; and expanding the digitalization of public services to support the economic and business sectors.
2. Continuing to develop common digital enabling platforms and digital innovation platforms.
3. Promoting digital startups, digital businesses, and e-commerce ecosystem to be more vibrant and complementary to one another through market linkages and expansions, expansion of investment, financing, and other supportive programs.
4. Developing and launching the Enterprises Go Digital program.
5. Strengthening trust and compliance, and continuing to address strategic challenges in chains of e-commerce.
6. Promoting entrepreneurship and innovation to enhance business activities, partnerships and linkages in production value chains.
7. Strengthening digital innovation capacity through the development of human resources and talents in science, technology, and innovation, as well as the improvements of R&D, and innovation in education and training institutions.
8. Introducing laws on digital economy and supportive regulations, and incorporating digital economy into the national account.

### **Side 3. Building and Development of Digital Infrastructures**

The strategic objectives are to build and expand digital infrastructures, including digital connectivity, telecommunications infrastructures and cloud or data centers, aimed at strengthening the quality and efficiency of digital connectivity, information sharing and provision of telecommunications services.

In the Seventh Legislature, the RGC focuses on the following:

1. Encouraging telecommunications operators and Internet service providers to improve the quality and coverage of services through more investments in infrastructures, especially in areas with high potentials.
2. Continuing to build and develop telecommunications backbone infrastructures and distribution networks; and enhancing digital infrastructure connectivity at national and sub-national levels.
3. Promoting investments and the use of the Universal Service Obligation Fund in an efficient, transparent, and accountable manner, to build and expand telecommunications networks and supporting infrastructures for high-speed Internet connections to reduce digital gaps.
4. Assessing the feasibility of increasing the capacity of existing submarine and cross-border optical cables, when needed.
5. Continuing to update laws and regulations related to the management of telecommunications infrastructures and radio frequency spectrum resources.
6. Continuing to promote the sharing of telecom infrastructures, in accordance with applicable laws and regulations.
7. Developing regulatory frameworks for cloud infrastructures, by sectors and classifications of data.
8. Promoting the utilization of national data centers to support digital systems of ministries-institutions that do not have a data center; and encouraging private operators to invest in building data centers, with attention given to high standards and security of data.

#### **Side 4. Trustworthiness Building in Digital System**

The strategic objectives are to build trustworthiness in digital system through the development of infrastructures and institutional frameworks for digital security and raising awareness on digital security to promote the widespread use of digital technologies.

In the Seventh Legislature, the RGC focuses on the following:

1. Continuing to draft, accelerate, and enact draft laws and related regulations.
2. Establishing Digital Security Committee and National Center for Digital Security; and encouraging more investments in digital security infrastructures and systems.
3. Developing rules and procedures, standards, technical frameworks, guiding principles, codes of conduct, and response mechanisms, as the foundation for developing digital security infrastructures and systems.
4. Developing a framework for re-evaluating loopholes and strengthening digital security systems for critical infrastructures.
5. Continuing to provide training on and develop digital security skills; and raising awareness on digital security to publicly mainstream digital security, self-protection, and anti-cybercrime.
6. Establishing collaboration and cooperation mechanisms among institutions concerned, including the state, private sector, and the public, to timely report, prevent, institute security measures and move towards cybercrime crackdown.
7. Establishing global and regional cooperation frameworks for information sharing and risk management, related to digital security in both global and regional contexts.

## **Side 5. Development of Financial Technology**

The strategic objectives are to develop financial technologies by fully grabbing the opportunities and reaping the benefits of digital technologies to promote financial inclusion, financial stability, and financial innovation, through implementing the Cambodia Financial Technology Development Policy 2023-2028.

In the Seventh Legislature, the RGC focuses on the following:

1. Preparing for the amendment and more effective enforcement of laws and regulations related to financial technology

to build regulatory ecosystems, harmonize functions, and build user trust.

2. Undertaking a study and developing open finance frameworks for sharing and opening data to offer new opportunities for financial technology development and innovation for enterprises and startups in financial technology-related businesses.

3. Continuing to build, modernize, and use digital enabling platforms in financial technology sector to promote financial innovation.

4. Continuing to modernize and finetune digital payment system in an inclusive manner, based on interoperability principles as an ecosystem to ensure national sovereignty of financial technologies.

5. Developing regulatory and supervisory technologies to facilitate and strengthen regulatory compliance, as well as to enhance analytical and monitoring capacity and support proactive and effective risk controls.

6. Developing skills and knowledge, facilitating dissemination, fostering collaboration, and expanding research, development, innovation, experiments, and use of new latest technologies in financial technology.

7. Continuing to develop financial technology ecosystem to be more diverse; and strengthening coordination mechanisms for ensuring the interconnectedness and complementarity between banking and non-banking financial technologies.

## 2.5. Six Priority Policy Programs to be Implemented from 2023

In addition to the strategic priorities above, the RGC sets out six priority policy programs to be implemented from 2023 as follows:

**Program 1:** Providing healthcare services towards the universal health coverage program by starting from: 1) providing healthcare services to about 450,000 at-risk households, consisting

of more than 1.5 million people, through health equity fund; and 2) expanding healthcare services under Social Security Funds for both workers and civil servants, which together covers over 3 million family members and dependents, starting on a voluntarily basis. In sum, both programs will benefit approximately 7.4 million people through Social Security Funds for healthcare services.

**Program 2:** Providing nationwide vocational and technical trainings to youth from the poor and at-risk households. The trainings will include over 1.5 million students studying at level-1 certificate of technical and professional program at any state-owned vocational training centers. The students will not pay tuition fees; instead, they will receive stipends.

**Program 3:** Institutionalizing national social security program for the poor households, vulnerable members of the poor households, and at-risk households during economic crisis and any emergencies in order to support and provide timely and systematic protection to the people across the country, especially the poor, vulnerable and at-risk households, in accordance with the actual situation of the crises or emergencies. The program will cover over 4.3 million people.

**Program 4:** Enacting and promoting the implementation of the development strategy for the informal economy in order to boost its participation in the formal economy and to enable them to receive benefits from the formal social protection system through: 1) providing protection and creating of enabling environment for business and trade, as well as providing vocational and technical trainings to companies and micro, small, and medium enterprises, and 2) providing social protection to self-employed individuals in the informal economy by primarily focusing on providing healthcare services under the HEF.

**Program 5:** Triggering coordination mechanisms and financing programs, aiming at promoting production, marketability,

and price stability for agricultural products through allocating a specific amount of budget, starting from USD 100 million and more, if needed. The program objectives are to provide timely intervention through schemes such as purchasing farmers' agricultural products, and price stabilization for agricultural products during harvesting period, especially rice, mango, *Pailin* longans, cashew nuts, cassava, corn, and other products.

**Program 6:** Deploying agricultural technical staff to communes/*Sangkats* with high presence of agricultural activities, throughout the country, to enhance agricultural productivity and assist poor farmers in improving their agricultural products. The Royal Government of the Seventh Legislature will also focus on establishing farmers' associations in rural areas to uphold farmers' production and increase their bargaining power.



## PART III

In implementing the **Pentagonal Strategy - Phase I**, the RGC pays close attention and is committed to continue its efforts with confidence and ownership in carrying out its own role in a proactive, active, and interactive manner, to implement the policy measures and act as a strategist and guiding actor, based on the approach of **Dynamics of Stakeholder System**, thus enhancing synergy, capability, coordination, responsibility, and participation from all stakeholders. In this regard, the RGC puts forth the mechanisms for expediting implementation, coordination mechanisms, and the monitoring and evaluation mechanisms, as follows:

### 3.1. Implementation Mechanisms

Mechanisms for expediting implementation place a strong emphasis on the ability to make interconnected and complementary use of the existing organizational structure, resource mobilization, dissemination and advocacy, formulation of action plans and KPIs, and development of budget plans, in accordance with budget affordability and linked to policy measures of the strategy.

Ministries-institutions are the key and central actors in the direct implementation of this strategy. Ministries-institutions shall develop the relevant organizational structure, allocate resources and officials, and coordinate capacity building of institutions and officials responsible for implementing the strategy. Meanwhile, with the coordination of the institution to be designated by the RGC to lead the coordination in the implementation, monitoring, and evaluation of this strategy, all ministries-institutions shall co-organize and implement programs to disseminate the **Pentagonal Strategy** widely and regularly to government institutions and units, both at national and subnational levels, development partners, private sector, as well as the general public, to raise awareness and rally participation to implement this strategy by all forces.

At the same time, the Ministry of Planning shall lead and coordinate among ministries-institutions at the technical level to prepare action plans and KPIs, which shall be cross-referenced, aligned, and streamlined in the preparation of the NSDP 2024-2028 and other sectoral development plans. Such coordination will also require participation of various institutions related to policymaking, budgeting, and specialized entities to ensure coherence, efficiency, and synergy between the intersectoral and interconnected activities. In addition, in developing policies, programs, and projects of ministries-institutions, they shall firmly correspond to policy measures of the strategy and ensure their complementarity with the action plans. Moreover, the ministries-institutions shall develop budget strategic plans and annual budget plans in accordance with the affordability of national budget and linked them to the policy measures of the strategy, action plans, programs, and projects by combining and utilizing resources with efficiency, accountability, and transparency, especially in expediting the implementation of measures or policy priority programs that are key or catalytic to producing multiple development results.

### **3.2. Coordination Mechanisms**

The successful implementation of the strategy requires a skilful and dynamic leadership of the RGC that actively plans ahead and proactively executes measures that are flexible and timely responding to changing circumstances, assuming both shared responsibility as a single entity of the RGC and the individual responsibility of each ministry-institution. In this regard, the RGC leads the implementation of the overall strategy, focusing on providing guidance, revising policy measures, and introducing new policy measures needed to achieve the strategic objectives. The RGC shall designate an institution to lead and coordinate the formulation of action plans, and the compilation of the progress report concerning the implementation of the strategy, as well as its monitoring, controlling, and evaluation. Furthermore, the RGC shall establish a competent inter-ministerial committee or council

to coordinate the promotion of implementation of priorities that are inter-ministerial, inter-institutional or cross-sectoral in nature. In particular, the RGC shall focus on priorities that are in slow or little progress and are cross-sectoral or inter-ministerial in nature, through enhanced collaboration, cooperation, and coordination in addressing overlapping issues to facilitate the progress of implementation efficiently, effectively, and in an interconnected and complimentary manner.

At the same time, the ministries-institutions shall be proactive and active, and cooperate closely with all stakeholders in planning, implementing, assessing progress, and evaluating, as well as adhering to the analogical approach related to good governance, namely “**self-reflection, showering, scrubbing, treatment and surgery.**” This necessitates regular capacity building for officials responsible for the implementation of the strategy, particularly through trainings and orientations. Furthermore, feedback, inputs and suggestions obtained from government entities, development partners, the private sector and the public, serves as additional mechanisms to reflect on work activities, respond to requests, and expedite the implementation of the strategy.

### **3.3. Monitoring and Evaluation Mechanisms**

Monitoring and evaluation is the tools not only to guide and refine policy measures but also to guide and refine the implementation process. In this regard, the RGC establishes an evidence-based monitoring and evaluation framework to ensure the effectiveness and efficiency of the implementation of the **Pentagonal Strategy**. In accordance with overarching guidelines that will be launched later, all ministries-institutions are required to develop and implement programs or principles for their internal monitoring and evaluation by fostering dialogues, digging into and addressing challenges, setting out corrective measures, tracking progress and evaluating the effectiveness of implementation efforts, as well as preparing and compiling KPIs with clearly defined timeframes, and establishing clear goals and measurement methods for those KPIs.

Under the framework of these monitoring and evaluation mechanisms, ministries-institutions are required to prepare an annual progress report on the implementation of the strategy in accordance with their respective responsibilities. Subsequently, the institution responsible for the overall coordination of monitoring and evaluation shall prepare an annual progress report on the implementation of the entire strategy to be submitted to the plenary meeting of the Council of Ministers and publicize the report after approval by the RGC.

Moreover, the RGC shall conduct mid-term and end-of-term evaluations on the goals or impacts of the strategy on socio-economic development at a strategic level, which is a comprehensive assessment based on the achievements made in relation to the **five mottos, five strategic objectives, and five key priorities** of the **Pentagonal Strategy**. The results of these assessments will serve as critical inputs for shaping and launching the subsequent stages of the **Pentagonal Strategy**, particularly for guiding and implementing the measures needed to address the challenges and promote the implementation more efficiently and comprehensively.

## **CONCLUSION**

Over the last 25 years, after achieving full peace, national unity, and territorial integrity through the implementation of **Win-Win Policy of Samdech Akka Moha Sena Padei Techo HUN SEN**, the RGC successfully implemented the **Triangular Strategy** and the **Four-Phase Rectangular Strategy**, producing tremendous achievements in all spheres of politics, society, and economy, thus allowing Cambodia to renew its image with great pride. Specifically, Cambodia, once ravaged by the tragedy of war and plagued by poverty, has become a country with full peace and resilience, lifting millions of people out of poverty, and becoming a lower middle-income country. At present, Cambodia is on the development trajectory full of hopes, vitality, strengths, and confidence. The next 25 years will be a new cycle for Cambodia, and the country aspires to take its national pride to new heights as it did during the Angkor era, by building a nation that is strong, vital, glorious, and prosperous, and to become a high-income country by 2050.

In this regard, in the Seventh Legislature of the National Assembly, the RGC introduces the **Pentagonal Strategy-Phase I** to accelerate economic growth, create jobs, ensure equity, promote efficiency, and maintain sustainability. Overall, the **Pentagonal Strategy** is a forward-looking strategy for the next 25 years, which is formulated, presented, and implemented in five phases in a subsequent manner, and will be directed and calibrated according to **the RGC's Political Programs** of each legislature. In each phase, the strategy will be revised based on actual national, regional, and global realities, as well as the implementation experiences from earlier phases, with the aim of achieving the nation-building objectives as set out in the **Cambodia Vision 2050**.

**The Pentagonal Strategy-Phase I for Growth, Employment, Equity, Efficiency, and Sustainability** has two key historic missions: **first**, to safeguard and nurture peace that is hard-won through invaluable sacrifices while promoting economic growth

and overall development; and **second**, to build and strengthen the foundations to accelerate national development to achieve the milestone of becoming an upper middle-income country by 2030, and subsequently move forward to achieve the **Cambodia Vision 2050** through strengthening the resilience of the five sectors, namely public sector, economic sector, financial sector, human and social capital sector, and environment sector and climate change response.

**The Pentagonal Strategy-Phase I** shall be implemented, in accordance with the approach of **Dynamics of Stakeholder System**, which requires all ministries-institutions under the RGC, both national and sub-national, to work together in an energetic collaboration and coordination, with synergy and complementarity, as well as flexibility to changes of realities to achieve the set priority objectives. In this regard, the **Pentagonal Strategy-Phase I** clearly presents the **Cambodia's Socio-economic Policy Agenda** for the implementation of the **Political Platform of the Royal Government of the Seventh Legislature of the National Assembly** in the next five years, focusing on the following **Five Strategic Objectives**:

1. Ensuring crisis-resilient economic growth of around 7% per year on average.
2. Creating more jobs, both quantity and quality, for Cambodian people, especially for youth.
3. Achieving the poverty reduction targeting of below 10% and continuing to reduce the poverty rate to a minimum.
4. Continuing to strengthen governance capacity and enhancing institutional quality, both at national and sub-national levels, aimed at ensuring efficiency of public services, as well as strengthening private sector governance, and continuing to promote environment conducive to businesses, investment, and trade.
5. Ensuring sustainable socio-economic development and building resilience to climate change.

With the **Five Mottos**, namely **Growth, Employment, Equity, Efficiency, and Sustainability**, as well as the **Five Strategic Objectives** as mentioned above, the RGC has identified **Five Key Priorities** for the **Pentagonal Strategy-Phase I**, namely **People, Road, Water, Electricity, and Technology** that are clearly reflected in the **Five Strategic Pentagons** in the whole structure of the strategy, the **Core of the Strategy**, and the **Overarching Environment** to ensure a favorable environment for the implementation of the entire strategy. The combination of the **Core of the Strategy**, the **Overarching Environment** and the **Five Strategic Pentagons** are comparable to production function where the implementation of inter-connected measures will lead to the increase in aggregate economic productivity, labor productivity and investment, as well as the efficiency of investment in economic capital. Aggregate productivity will be increased through combined measures that are reflected in the core of the Strategy focusing on institutional reforms, and strengthening of institutional capacity, and in the Overarching Environment which focuses on creating favorable environment for socio-economic development. Labor and capital productivity will be enhanced through the **Five Strategic Pentagons**, which includes 1) human capital development; 2) economic diversification and competitiveness enhancement; 3) development of private sector and employment; 4) resilient, sustainable, and inclusive development; and 5) development of digital economy and society.

Within this framework, the **Pentagonal Strategy-Phase I** introduces priority work directions, which include: strengthening institutional governance, effectiveness and capability; sustaining economic growth and modernizing economy; creating jobs, both quality and quantity; promoting private sector and entrepreneurship; building human capital with more focus on quality education, healthcare services, and social ethics; enhancing social protection services and people's well-being, particularly for at-risk households and vulnerable groups; strengthening quality of urbanization, especially narrowing urban-rural gaps; reinforcing

sustainable environment and responses to climate change; as well as promoting digital transformation of both society and economy.

At the same time, the **Pentagonal Strategy-Phase I** also sets high priority and urgency on promoting the implementation of the following **Six Priority Policy Programs** of the Royal Government of the Seventh Legislature of the National Assembly starting from 2023:

1. Expanding healthcare services towards achieving universal health coverage;
2. Providing vocational and technical trainings for the youth from poor and vulnerable households nationwide;
3. Institutionalizing national social assistance program for the poor households, vulnerable people from the poor households, and at-risk households during economic crises and emergencies;
4. Formulating and accelerating the implementation of the strategic development of the informal economy to enable them to participate in the formal economy and grasp the benefits from formal social protection system;
5. Introducing coordinating mechanism and financing program to enhance production, explore market access, and maintain price stability for agricultural products at a reasonable level; and
6. Deploying agricultural technical officers to all communes/*Sangkats* with agricultural activities nationwide and formulating farmer associations in rural areas.

In addition, the RGC also introduces the mechanisms to expedite implementation, coordination mechanisms, and monitoring and evaluation mechanisms to ensure high efficiency in implementing the **Pentagonal Strategy-Phase I**.

The mechanisms for expediting implementation focus on interconnected and complementary capabilities in utilizing structures, mobilizing resources, disseminating, and enhancing awareness,

developing action plans and KPIs; as well as planning budget in line with the affordability of national budget and linking it to policies set out in this strategy. Institutional mechanism emphasizes on role and capability of responsible ministries-institutions under overall leadership and coordination of an institution of the RGC in developing action plans, consolidating the progress of the implementation of the strategy, guiding, adjusting measures, and introducing new measures, as well as monitoring and evaluating. Meanwhile, the RGC also establishes a competent inter-ministerial committee or council to oversee and coordinate the implementation of priorities that are inter-ministerial or inter-sectoral in nature. In this sense, special attention shall be given to priorities that are in slow or little progress and are inter-ministerial or inter-sectoral in nature, through the promotion of coordination and cooperation, as well as facilitation to address overlapping issues, and ensure that implementation can be facilitated effectively, efficiently, and in a coordinated and complementary manner.

Overall, Cambodia indeed has utmost pride with the achievements of full and everlasting peace over the past 25 years; and under this harmonious shade of the peace, Cambodia has made many invaluable and tremendous accomplishments, and undergone major historic transformations, thereby improving people's livelihoods and elevating the nation's prestige on regional and global stages through the introduction and successful implementation of the **Triangular Strategy** and the **Four-Phase Rectangular Strategy**. Building on these remarkable achievements and looking ahead to the next 25 years, the RGC introduces the **Pentagonal Strategy-Phase I for Growth, Employment, Equity, Efficiency, and Sustainability** as the socio-economic policy agenda of the **Political Platform of the Seventh Legislature of the National Assembly** to ensure an uninterrupted progress for Cambodia.

Based on the past experiences of fulfilling noble missions of rescuing, protecting, building and developing the nation with unwavering determination, relentless will, and tenacious efforts by

adhering to the commitment to safeguard, protect, and accumulate more national achievements, while putting the interests of the nation and people first, and with the support of development partners and other stakeholders, as well as the active participation of the people from all walks of life, the RGC firmly believes in its ability to overcome all challenges, obstacles, and crises, in leading the Cambodian society on the path towards greater development, progress, and prosperity, with the building of a solid and resilient foundation to move forward with confidence towards realizing the **Cambodia Vision 2050.**

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# Diagram of “The Pentagonal Strategy – Phase I”

## for Growth, Employment, Equity, Efficiency, and Sustainability

