

# **Cambodia: National Strategic Development Plan (NSDP) 2006-2010**

## **Formulation, Monitoring and Evaluation Process**

### *For Forum on National Plans as Poverty Reduction Strategies in East Asia*

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## **I. Introduction**

The Royal Government of Cambodia approved the Action Plan on Harmonization and Alignment 2004-2008 on 19 November 2004 and, following its spirit, has produced a single overarching policy document, called the National Strategic Development Plan (NSDP) 2006-2010. In contrast with the past, there will not be a plethora of policy documents, all addressing similar concerns and prepared at the request or need of individual external development partner (EDP).

The NSDP is a strategic document that amalgamates and synthesizes all development concerns facing Cambodia and expressed in Cambodia Millennium Development Goals (CMDGs) and National Poverty Reduction Strategy (NPRS). It lays out for the next five years:

- Clear, measurable, and prioritized goals.
- Priority strategies and actions to be followed.
- Cost estimates, resources and programming sequences.
- Procedures and methods for annual monitoring, evaluation and updating.

The NSDP is not overly descriptive; it is a succinct, concise and compact document. Within its framework, detailed sector plans would be prepared providing disaggregated and more detailed sub-goals, targets and planned programs and projects.

Programming and implementation of NSDP will be done through the three-year rolling Public Investment Programs (PIPs). The PIPs, and the annual budgets, will be aligned and made to adhere strictly to overall priorities and outlays of NSDP, as updated every year.

## **II. Inclusive Framework of NSDP**

Over the last five years, in addition to the Second Socio-Economic Development Plan (SEDP II) 2001-2005, the Royal Government prepared an Interim Poverty Reduction Strategy and a full National Poverty Reduction Strategy (NPRS) 2003-2005 and set the CMDGs in 2003. It has also prepared many sector strategies. Some of these documents were prepared to meet the conditionalities of some of our external development partners

(EDPs). As a result, there were concerns regarding multiple strategic development frameworks that made it difficult to align development cooperation programs with national priorities. The Royal Government therefore prepared the NSDP for the next five years to implement the Rectangular Strategy of the present Royal Government and to achieve the CMDGs.

The formulation of NSDP adhered to the SMART concept, namely NSDP is *specific, measurable, attainable, realistic, and time-bound*. Besides, NSDP was prepared through a closer understanding of the challenges, better learning from past experiences, and using new channels of learning to ensure more effective management of policies and programs.

## **2.1. Participation and Transparency**

In order to implement the policy directives of the Royal Government, the 18<sup>th</sup> Government-Donor Technical Working Group on Planning and Poverty Reduction (TWG-PPR) was established. On the government side, the Inter-Agency Technical Working Group on NSDP Formulation, represented by 29 ministries/agencies, was created through the Ministry of Planning (MOP) Prakas 057 dated 17 March 2005. The MOP played a key role in the working of TWG-PPR in close collaboration of the Supreme National Economic Council (SNEC). The day-to-day work of the TWG was managed by a Secretariat in the MOP, led by the Director General of Planning of the MOP.

A national level workshop was organized during 27-28 July 2005 to discuss and fine tune the goals and strategies which should be pursued through the NSDP. The NSDP results matrix was developed which was sharpened by various government ministries and agencies. This matrix provided an important basis for drafting the NSDP. Based on these and other inputs, the NSDP concept paper was agreed upon by the four central agencies of the government, viz., MOP, MEF, SNEC and CRDB/CDC. The views from the EDPs were also considered. The first draft of NSDP was circulated both within the government and to the EDPs in October 2005. An inter-ministerial meeting was held on 27 October to discuss the draft and receive further inputs and comments from government ministries and agencies.

Based on these exercises, the NSDP draft was further revised and discussed at a national workshop held on 24 November 2005. The draft was further revised and was approved by the Council of Ministers (COM) on January 2006.

In summary, the NSDP 2006-2010 has been prepared in a participatory and inclusive way. To ensure widest possible participation of all key stakeholders, the Royal Government organized consultations and workshops at various stages of its preparation focusing on “results”. Through this participatory process, a “results matrix” of priority goals and other key features of NSDP was formulated that involved the line ministries and agencies, external development partners, and members of civil society. Several drafts of the NSDP were reviewed and revised based on discussions with stakeholders between August and November, 2005. The final draft was reviewed by the inter-ministerial meetings at the Council of Ministers in December 2005 and January 2006. As I said earlier, the final draft was endorsed by the Council of Ministers on 27 January 2006.

## 2.2. Poverty Focus

The NSDP is a concise and focused document addressing Cambodia's overall national priorities in a succinct and clear manner. It is not supposed to and does not contain too much of the information about all activities of the Royal Government. Such details will be contained in the programs and plans developed or to be developed by individual ministries and agencies. The NSDP approaches and addresses issues on a sectoral basis, not ministry or agency wise.

The NSDP outlines the progress achieved so far and lays out the overarching, broad goals and targets for the next five years. The most important goals are poverty reduction and achievement of CMDGs through orderly macro-economic growth, which will benefit all Cambodians in an equitable manner. Such growth should equitably spread opportunities and benefits geographically, with better attention to hitherto underserved and remote areas. It should also try and reduce the wide gap that exists between the very rich and the very poor. People in all walks of life should get easy and affordable access to public services especially in regard to education and health.

In line with the Government's development vision, the NSDP priorities over the next five years emphasize several overarching aspects across all its programs. These are:

- i. Poverty reduction and gender concerns.
- ii. Credible reforms in all sectors.
- iii. Robust, equitable, spatially and sectorally well-spread economic growth.
- iv. Significant increase in real investment in productive sectors and human development.
- v. Targeted efforts to most needy and least served people and areas.
- vi. Focus on well-trying, cost-effective activities with quick and high returns at grassroots level.
- vii. Optimize factor productivity.
- viii. Enhance household incomes by relying more on human labor in construction and similar activities especially in rural areas.
- ix. Priority to institutional and human capacity building in all sectors.

### Poverty Levels in Cambodia

The Socio-Economic Survey of Cambodia (SESC) in 1993/94 could cover only 59% of total villages with 65% of total population and 68% of households because of the then prevailing security risks in the remaining areas. In the areas covered, poverty was estimated at 39%. The Cambodia Socio-Economic Survey, 2004 (CSES) covered the entire country, including all the areas omitted in 1993. Based on the data of 2004, the poverty levels in Cambodia were:

Percentage of people below poverty line (PL):	1993/94 (59% of the country)	39.0
	2004 (whole country)	34.7
	2004 (1993/94 areas)	28.0
Percentage of people below food poverty line (FPL)	1993/94 (59% of the country)	20.0
	2004 (whole country)	19.7
	2004 (1993/94 areas)	14.2

In those areas (59%) covered by both 1993/94 and 2004 surveys, the poverty index fell by 11 percentage points during the 11 years from 1993 to 2004 or about 1 percentage point every year, and the FPL declined from 20% to 14.2 % or about 0.5 percentage point per year. A simple calculation based on these figures provides the estimates for 2004 for the excluded areas of 1993/94 (41% of the country): PL - 45.6%; FPL: 28.7%.

Some other important findings are:

- 90% of the poor live in rural areas, which are affected by low productivity in agriculture and low access to various services;
- Poverty has declined at a much slower rate in rural areas than in urban areas;
- Even among the poor, a greater share of the people is now closer to the poverty line, indicating that the CMDG targets of reducing overall poverty level and food poverty level to 25 % and 13 % respectively in 2010 and to 19.5 % and 10 % in 2015 are within reach if specific actions are taken starting with this NSDP.

It is noteworthy that the significant fall in poverty level in 59% of areas included in SESC 1993/94, has taken place largely because of general, though uneven and highly urban based, socio-economic development, viz., macro-economic growth, gradual increase in agricultural production, investments in health and education, etc., through enlightened policies and committed actions by the Royal Government but not because of any deliberate, focused and targeted strategies and actions towards poverty reduction as such. These areas will continue to grow and benefit from the overall socio-economic development to take place during NSDP. Poverty levels in these areas would continue to decline and would surpass CMDG targets of 25% in 2010 and 19.5% in 2015. However, even in those areas remote villages and communes and those with larger number of poor people would need to receive special attention.

### **2.3. Results Orientation**

The NSDP has been prepared based on the results-matrix which emphasized on achievement on results. Specific goals and targets, including CMDGs-consistent targets for 2010, have been set for NSDP. The annual monitoring and evaluation system is an integral part of NSDP which will be used to prepare annual progress report based on which appropriate corrections in NSDP focus, priorities and actions will be introduced to ensure the achievement of results.

### **2.4. Alignment of Aid**

Taking into account all inputs, the NSDP prioritizes and follows the Rectangular Strategy focusing on strategies and actions needed to achieve the goals and targets. It estimates the minimum "needed" resources to advance Cambodia's socio-economic growth along the intended path and according to the planned pace. This is done on the basis of projections and forecasts made by MEF and SNEC in consultation with IMF. The minimum "needed" outlays include "real investments", minimal level of technical assistance and incremental recurrent expenditure.

Furthermore, the NSDP estimates the level of resources likely to be available for the next five years, over and above those needed for recurrent expenditure on ongoing efforts. Taking both the "needs" and likely "resources" into account, NSDP estimates that a total amount of US\$ 3,500 million are needed in the public sector during the next five years, 2006-2010, for achieving the NSDP goals and targets. Alongside, investments have also to take place in the private sector. These two investments together will help achieve the overall targets.

Based on the level and share of expenditure of each sector in the past few years and the need to place emphasis on critical growth sectors like agriculture, rural development, infrastructure, and such social sectors like health, education, and cross cutting areas like

gender equality, NSDP provides overall allocations for each sector, including governance, out of the total estimated outlay of US\$ 3,500 million in the public sector. The allocations are broken down sector wise and between rural and urban areas, the former being allocated more than 60% of the total outlay.

**Table 1**  
**NSDP Allocations by Sector, 2006-2010**

*(Amount in millions of US\$)*

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

Based on the inflow of funds from EDPs, it has been estimated that the availability of funds for implementation of NSDP would be as follows:

- About US\$ 775 million (or US\$ 155 million per year) from government budget current surpluses.
- US\$ 2,500 million (about US\$ 500 million per year) from traditional EDPs, both as loans and grants, including all resources directly spent by EDPs on Cambodia's account.

Thus, a total of US\$ 3,275 million are likely to be available against the estimated need of US\$ 3,500 million leaving a gap of US\$ 225 million. This gap would widen further if

allocation and use of funds particularly from EDPs do not get fully aligned with the priorities of NSDP.

For meeting the resource gap, along with greater domestic resource mobilization, Cambodia needs better alignment of aid, including:

- Additional funds from EDPs especially given Cambodia's status as a least developed country and as a pilot country for harmonization and alignment;
- Resources from non-traditional EDPs.
- Funds released through possible debt relief.

## **2.5. Aid Cycles and Reporting**

The NSDP is a broad directional guide and a road map. It is not a mere collection and consolidation of detailed projects with clear budgets and expenditure details. It is more a cogent and coherent synthesis of all factors. It will be implemented and operationalized through the rolling, three-year PIPs which will be aligned with the goals, targets and outlays of the NSDP, as may be amended from time to time. The PIP contains project-wise details of all programs to be undertaken by the Royal Government on a three-year framework advanced by one year, each year. The PIP should therefore be considered an integral part of the NSDP and not something that stands alone by itself. Moreover, the annual budgets of MEF will also be aligned and synchronized more fully in the future to the NSDP and PIPs.

The RGC has urged the EDPs to align their assistance to the NSDP. The use of NSDP to guide aid cycles and reporting will improve coordination and country ownership, increase the predictability of assistance and enhance national capacity. The RGC will pursue the following actions to ensure consistency of policies and strategies of both the government and the EDPs :

- Prepare the MTEF and the annual budgets within NSDP framework.
- Bring integration between MTEF and PIP.
- Use the NSDP annual progress reports and properly aligned PIPs for the CG process to solicit EDP support for the implementation of NSDP.
- Greater use of TWGs in properly aligning aid cycles and reporting with national cycles to ensure better coordination, alignment and harmonization.

## **2.6. Implementation and Monitoring**

It is necessary that detailed sectoral plans be prepared by concerned ministries and agencies of the Royal Government to disaggregate and provide detailed strategies and actions to implement NSDP's overall goals and strategies. This will be done in the early part of 2006. Similar exercises will be carried out in breaking down goals and targets at sub-national levels -- province, district, commune council and village council -- to identify, prioritize and implement locally relevant schemes and projects.

The NSDP is a live document, capable of being adapted and changed on the basis of annual evaluations of progress through monitoring mechanisms. The RGC intends to set

in place mechanisms for such monitoring and evaluation on a regular, annual basis. The findings from such monitoring exercises would be the basis for producing an annual "progress report" for the NSDP. Such reports to be finalized by the middle of every year would guide the next PIP and annual budget. They would also serve as a basic document for aid-mobilization exercises such as the CG meetings.

## 2.7. Critical Indicators

There are 43 core indicators for monitoring NSDP. For these indicators, annual data are required for preparing the annual progress report by June of every year of NSDP implementation.

The potential data sources of core indicators are given in Table 1. This shows that the data for 16 indicators (out of 43 indicators) need to be collected through conducting an annual tracking survey (ATS) by NIS every year. To meet the requirement, the data should be made available by May of every year for timely preparation of the annual progress report.

The proposed ATS is not a substitute of the regular surveys and censuses that NIS would undertake under its Statistical Master Plan (SMP) such as socio-economic surveys, demographic and health surveys, and population and other censuses. These surveys and censuses will be undertaken as per the SMP to generate required information to meet the data needs of the country. The ATS will be undertaken specifically to monitor NSDP core indicators, including other indicators, on an annual basis. The proposed annual household socio-economic survey to be undertaken in collaboration with Statistics Sweden can be used to meet the data needs for NSDP monitoring in addition to collecting the data planned under the survey.

The data for the remaining 27 indicators will be generated by relevant ministries/agencies as indicated in Table 2. For streamlining the process, consultations would be held with each of these ministries/agencies and follow-up actions taken to ensure that (i) quality of the data is reliable; and (ii) data are made available by May every year to facilitate timely preparation of the annual progress report.

Table 2: Data Source of Core Indicators for NSDP Monitoring

Data Source	Indicators
Annual tracking survey (ATS)	1. Poverty levels % of population -in 56% of country covered by 1993/94 survey 2. Poverty levels % of rural population -in areas covered by 1993/94 survey 3. People below food poverty line % 4. Infant mortality rate per 1,000 live births 5. Under five mortality rate per 1,000 live births 6. Maternal mortality rate per 100,000 live births 7. Births attended by skilled health personnel % 8. Access to safe drinking water--% of rural population 9. Access to safe drinking water--% of urban population 10. Access to improved sanitation--% of rural population 11. Access to improved sanitation--% of urban population 12. Fuel wood dependency--% of households 13. Female share of wage employment—agriculture, industry, service(%)

	14. Level of awareness that violence against women is a crime (%) 15. Working children aged 5-17 years (%) 16. 6-14 year age children out of school (%)
Ministry of Agriculture, Forestry and Fisheries (MAFF)	1. Paddy yield per hectare (ton) 2. Irrigated area--including supplemental irrigation (% of rice area) 3. Forest cover--% of total area
Ministry of Land Management, Urban Planning and Construction (MLMUPC)	1. Land reforms: Land titles issued to farmers--% of total
Ministry of Education, Youth and Sports (MoEYS)	1. Net enrolment: primary schools--total, boys, girls (%) 2. Net enrolment: lower secondary school--total, boys, girls (%) 3. Survival rate %: grade 1-6 4. Survival rate %: grade 1-9
Ministry of Health (MOH)	1. Married women using modern birth spacing methods (%) 2. % of health facilities providing RH services
National Center for HIV-AIDS and Sexually Transmitted Diseases (NCHADS)/NAA	1. HIV/AIDS prevalence--% of adults 15-49 years
National Malaria Center (NMC)	1. Malaria cases--fatality %
National Tuberculosis Program (NTP)	1. TB smear positive cases, per 100,000 population
Ministry of Rural Development (MRD)	1. Rural roads (upgraded to laterite)--km (out of total 28,000 km)
Ministry of Transport (MoT)	1. Length of paved roads (primary & secondary) --km
Ministry of Women's Affairs (MoWA)	1. Mainstream gender in all spheres (indicators to be developed)
Council for Administrative Reform (CAR)	1. Accelerate governance reforms (indicators to be developed)
Ministry of Economy and Finance (MEF)	1. Annual GDP growth rate at constant prices (%) 2. Per capita GDP at constant prices (000 Riel) 3. Rate of Inflation (%) 4. Total government budget revenue--% of GDP 5. Total government budget expenditure--% of GDP
Ministry of Industry, Mines and Energy (MIME)	1. Annual growth in manufacturing--constant prices (%) 2. Per capita use of electricity--kwh
Ministry of Tourism (MoT)	1. Annual tourist arrival nos.--000s
Cambodia Mine Action and Victim Assistance Authority (CMMA)	1. Casualties (deaths and injuries)--nos. 2. Area affected cleared of mines and UXOs--%