



NGO Committee

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NGO Committee for the Monitoring of CDCF Indicators

Phnom Penh, April 28, 2009



NGO Statement on the Monitoring of CDCF Indicators

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Executive Summary

NGOs welcome this week's meeting of the Government-Donor Coordination Committee as an important opportunity to monitor progress on Joint Monitoring Indicators (JMIs) agreed at last December's CDCF meeting. Further NGOs appreciate this opportunity to share their views on other items on today's agenda, i.e. the economic crisis and the integration of planning and budgeting (government and donor resources).

Concerning the economic crisis, NGOs see many similarities between the current economic crisis and last year's food crisis. Remedies to mitigate the impact of the current economic crisis for poor and vulnerable households are broadly similar to the measures proposed to those identified by CDRI in their report on the impact of high-food prices in Cambodia last year that include: food assistance and safety net programs, develop national food stock capacities, and investment in agriculture and rural development. This includes increasing state and donor budgets on building irrigation systems, roads etc and not subsidies on fuel and electricity that benefit urban energy consuming households and industry.

The 2009 Budget Law sends mixed signals on the prioritization of agriculture and rural development as there are **increased allocations for recurrent expenditures** for the Ministries of i) Rural Development, ii) Agriculture Forestry and Fisheries, and iii) Water Resources and Meteorology increase compared to 2008 while **capital budgets are decreasing** for both the Ministry of Agriculture Forestry and Fisheries and the Ministry of Rural Development. Given the clear role of agriculture and rural development in mitigating the negative effects of the current crisis the cut in the capital budgets for these ministries should be explained by the Royal Government and its development partners. Furthermore, the causes of the persistent under-expenditure of these three ministries capital budgets should be addressed. **The budget analysis in annex 3 shows that planning and budgeting (incl. foreign aid) are at the moment not integrated which hampers Government's response to respond to the current crisis.**

Annex two on the global economic down-turn recognizes that the global economic crisis has a significant impact on Cambodia's economy and undermines the government ability to collect its fiscal revenue. The required interventions require close collaboration from the donor community under good leadership and coordination from the Royal Government. **NGOs believe that the current crisis is the right time for the Government and its development partners to fully start prioritizing investments that are labor-intensive and benefit agriculture and rural development.** With existing Government resources and additional resources available from the 2009 aid pledge this should well be possible. As such, NGOs suggest the Royal Government and donor community to direct more public investment to rural infrastructure, especially rural roads and small- and medium-sized irrigation systems. This has two benefits:

- This labour intensive investment creates employment that can compensate for the loss of jobs in construction, tourism, and garment industry.
- Over a longer run, rural infrastructure will reduce vulnerability for Cambodia's agriculture as a whole, and increase agricultural outputs and productivity.

Furthermore the RGC and its development partners should solve the causes of under-expenditure that characterizes capital expenditure in agriculture and rural development.

NGOs also wish to call for an immediate coordinated **scaling-up of existing social safety net provisions**. While a targeted, sustainable and affordable future social safety-net policy is elaborated upon in the Technical Working Group on Food Security and Nutrition, immediate coordinated action needs to be taken to assist poor and vulnerable groups suffering from the current crisis.

In addition to the issues raised above, NGOs congratulate the Royal Government with progress made with the **penal code** that will be submitted for the approval by the Council of Ministers meeting in which the meeting of the Council of Ministers will take sometime in May 2009. NGOs welcome for the high efforts of the Ministry of Interior, the Ministry of Justice and the Ministry of Women's Affairs in developing the effective **legal framework to prevent Violence Against Women**, domestic violence and its implementation. By the idea of the establishment the guideline on administrative decision on the domestic violence law will be developed instead of the Sub-Decree, herewith, NGOs are concerned that the adopted guideline will be less powerful to reinforce the local authorities to implement the law appropriately. NGOs therefore recommend that the scope of the guideline has to be strictly stated about the accountabilities of the local law enforcers and the concern actors in relation to the effective application of the law.

Finally NGOs wish to inform its partners and authorities that **no specific indicator referring to disabled people or the disability sector is presented within the 43 critical targets/indicators of the NSDP and the 2009 JMIs** currently used for NSDP monitoring. In Cambodia, an estimated 4% of people live with disabilities (ADB survey estimated at 15%). These data clearly indicate that persons with disabilities are not a marginal minority, particularly if it is considered that one person's disability does not only affect her/his own situation, but also the situation of her/his family and even of her/his community. If we consider the estimated rate of people with disabilities in Cambodia and their overwhelming presence in the group of the poorest, then the current poverty reduction strategy will not reach its goals to reduce poverty for all, even in the long term. Cambodia's poverty reduction strategy should explicitly take the needs of the disabled and other vulnerable groups into account. Annex 1 of this statement includes a proposal for a Joint Monitoring Indicator to be included in the 2010 JMIs list.

Education

The new 2008/2009 education Joint Monitoring Indicator reflects the importance of addressing survival rates in rural and remote areas. However, a stronger, more coordinated and sustained effort is needed to ensure improved quality of education and access to education for these and other vulnerable populations – those with disabilities, HIV-AIDS, ethnic minorities and the very poor.

1- Joint Monitoring Indicators

Target	Action Needed	Responsible Government Institution
3. Increase promotion rate of students in primary education from 78.6% in SY2006-07 to 84% in SY 2008/09	1. Reducing the percentage of incomplete schools from 21% in SY 2007/08 to 18% in SY 2008/09 and deploying 95% of newly trained teachers to under-staffed schools and in remote areas. 2. Revising grade promotion regulation and ensuring implementation of the regulations in education programs supported by development partners.	MOEYS

2- Monitored Progress on Action Needed

- NEP's *2008 Education NGO Report* indicated NGO-local agency collaboration at the commune and village levels. However, cooperation between government and NGOs at the provincial and district levels appears to be more limited. Sustained dialogue between government and education NGOs, particularly in remote areas is needed to help achieve the 2008/2009 promotion rate target.
- No any specific indicator referring to the children with disabilities presented to JMIs in Education as well presented within the 43 critical targets/indicators of the NSDP and the 2009 JMIs currently used for NSDP monitoring

3-Future direction for both government and development partners

NEP recommends that:

- MoEYS and development partners meet with education NGOs to better understand the current constraints to education quality and access for particularly vulnerable sub-populations, such as children with disabilities, ethics minority, children living with HIV/AIDS, and the very poor.
- MoEYS' Provincial Offices of Education, District Offices of Education and education NGOs establish mechanisms to share information and identify opportunities to work together in a spirit of collaboration to improve education effectiveness.
- MoEYS encourages school directors to work with local authorities and NGOs to raise awareness among parents of the right to and value of education for their children.
- MoEYS effectively implements and monitors the Child Friendly Policy and the Policy on Education of Children with Disabilities.

- MoEYS collects statistics on vulnerable children (those with disabilities, HIV-AIDS, ethnic minorities and the very poor) who are currently out of and in school and makes them available nationally by 2010.

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Legal and Judicial Framework

1. Joint Monitoring Indicators

Target	Actions Needed	Responsible Government Institution
16. Establish a well functioning, transparent and accountable legal and judicial system that protects individual right as defined in the Constitution.	<ol style="list-style-type: none"> 1. URS Strategic Objective 2. Complete the drafting and approval of the four remaining fundamental Laws (Penal Code, Law on the Statute of the Judges, Law on Court Organization and functioning, Law on the Amendment of the Organization and Functioning of the Supreme Council of Magistracy). 2. Implementation of the framework for legal and judicial reform through <ol style="list-style-type: none"> a) implementation of court registers in all four model courts b) Ongoing training of judicial professionals to improve the supply of judicial services and the functioning of the courts 	MOJ, TWG-LJR

2. Monitored progress on Actions Needed:

2.1 Complete the drafting and approval of the four remaining fundamental laws:

Penal Code:

The penal code has not been passed by the National Assembly and the state of progress of the draft penal code is now in the Council of Ministers (COM). However, the draft law has been discussed and the jurists of COM and by the Inter-ministerial meeting. The positive progress is that this draft will be submitted for the approval by the council of ministers meeting in which the meeting of the council of ministers will take sometime in May 2009.

Law on the Statute of Judges:

This draft law is currently in the Office of Council of Ministers (COM). The jurist council of COM has finished its technical discussion and review. For the current status of the draft law, due to the existence of the political decision of the new government that the office of prosecution will put under the guidance and inspection of Ministry of Justice (MOJ) and for the Judges, of course, put under the guidance and inspection of Supreme Council of Magistracy (SCM) as usual. For the general view, both prosecution and judges shall be under the guidance of SCM. With this difference in opinions, Deputy Prime Minister/Minster of Council of Ministers and as Chairman of Legal and Judicial reform Council has created a small working group of legal experts to further review of the draft law and seek a good resolution and approach for putting the appropriate position of prosecution and judges with the consideration of their independence as well.

Law on the organization and functioning of court:

There still exists no progress on this draft law. So far, it does remain in the responsible governmental institution namely Ministry of Justice (MOJ). The remaining reasons for the continuing delay of the draft law in MOJ because of MOJ's Technical Working Group did not finalize their tough deliberation on technical aspects regarding the establishments of expertise courts or called chambers e.g. Labor Chamber and Commercial Chamber. According to the official in Council of ministers stated that in 2009, there will be a national conference on legal and judicial reform and therefore, all of pending legal and judicial reform issues will be then raised and decided in principle.

Law on the Amendment of law on the organization and functioning of Supreme Council of Magistracy (SCM):

There is also no progress on the important draft law. Up to date, this draft law remains at the Ministry of Justice (MOJ). With the current new government, there is a consideration that whether the secretariat of the SCM will be put under the inspection of Inspection Department of Ministry of Justice or it should be an independent secretariat under the only the inspection of SCM with autonomous budget. It is expected that the progress for this law will be made after the planned national conference on legal and judicial reform took place. Civil society organizations especially those who work in the field of legal and judicial aspects are looking forward to seeing the progress on the draft law because under this law the Supreme Council of Magistracy is the national institution working to strictly monitor the conducts of all Judges and Prosecutors in performing their judicial tasks, to monitor judicial systems, and to respond to all kinds of complaints such as corruption and any other irregularity in courts.

2.2) Implementation of the framework for legal and judicial reform through:

a) implementation of court registers in all four model courts:

Under this action, the current four model courts are:

- Provincial court of Kandal
- Provincial court of Kampong Cham
- Provincial court of Siem reap
- Provincial court of Banteay Meanchey

With general observation, all four model courts are performing better. With the support from donor countries, the general court infrastructures are being seen more professionally organized and modernized. It could be fair to state that the general enforcements of legal and judicial procedures are also be better amongst of these four models such as the regular registration of case files. Right to receive a fair trial and other human rights are being enhanced, for instance, no presumption of innocence, every accused person, when they stand trial, every accused are allowed to wear a normal clothes since they are not found guilty.

The purpose of court registers are very important means for the management and measurements of court task fulfillments such as how many cases received during each month and how many incoming registered cases have been taken actions by the court officials.

The main purpose for the creation of model courts is part of judicial reform in order to convene and attract Cambodian people to believe and use the Cambodian legal and judicial systems. However, the general observation is that Cambodian people treat normally on these model courts, people generally does not yet feel encouraged with this model court project. This is because of lack of general awareness on the important of this model court for people.

b) Ongoing training of judicial professionals to improve the supply of judicial services and the functioning of the courts:

Since the establishment of Royal Academy of Judicial Profession by the Royal Government of Cambodia, the Royal Academy has been running for a number of five training promotions. The training promotions and the current status of student judges are presented as follows:

- Promotion one: 55 student judges graduated and joined judicial service
- Promotion two: 55 student judges graduated and joined judicial service
- Promotion three: 63 student judges graduated and will be assigned to judicial service
- Promotion four: 63 student judges and presently doing judicial internship
- Promotion four: 55 student judges have been recently recruited through examination

Furthermore, with the political will for the improvement of judicial services, within the framework of Royal Academy of Judicial Profession, the government has additionally established other schools of judicial specialties as presented below:

- School of Bailiff
- School of Notary
- School of Clerk
- School of Lawyer (which was formerly called Training Center for Legal Profession)

For the progresses so far of these schools of judicial specialties are as follows:

- School of Bailiff: first promotion, 35 student bailiffs and studying
- School of Notary: first promotion, 15 student notaries and studying
- School of Clerk: first promotion, 81 student clerks graduated and joined judicial services and for the second promotion, the prospective 63 student clerks are under the examination for selection and school admission.
- School of Lawyer: since the establishment, this Institution has produced some of more than 620 lawyers. These lawyers are in operation of their legal professions throughout the country. Currently, the school of lawyer is running the 9th training promotion with 34 student lawyers.

3. Future direction for both government and development partners.

On Draft laws

- The government should speed up with the passing of draft penal code and submit to the national assembly for approval. On the basis of JMIs, the development partners should persistently urge and encourage the government to take effective action for the progress of this draft law.
- Though, with the some progresses on these two laws: ***Law on the Statute of Judges*** and the ***Law on the organization and functioning of the court***, but the government shall accelerate the adoption of these two laws to ensure the effectiveness, impartiality, competence and independence of the courts throughout Cambodia.
- To ensure the independent functioning of the judiciary and to punish judicial officials committing wrongdoings, the government shall accelerate the adoption of ***Law on the Amendment of law on the organization and functioning of Supreme Council of Magistracy (SCM)***. And the on the other hand, with the current legislative process, the government should not be willing to put the secretariat of SCM to be under the inspection of Inspection Department of Ministry of Justice and the government should facilitate that the SCM will stay independence with autonomous budget package.

On the implementation of court registers in all four model courts:

- The government should make wider information dissemination on the creation and current practice of the four model courts for the people to realize what is the importance of these four model courts and to attract people in using judicial system rather than commission of violation at their communities.
- Development partners should actively support materially and spiritually for the proper functioning of these model courts.
- Development partners should also support materially and spiritually the activities of legal civil society organizations who have expertise in legal and judicial aspects to monitor neutrally and independently the performance of these model courts.

On the ongoing training of judicial professionals to improve the supply of judicial services and the functioning of the courts:

- With current efforts through the establishment of Royal Academy of Judicial Profession, the government shall keep continuing the facilitation, further encouragement and open

a wider opportunity for all persons with legal backgrounds both from provinces and in Phnom Penh to have their education continued in legal and judicial skills the Royal Academy of Judicial professions. In addition, the government should provide sufficient scholarships to those poor students with legal education backgrounds and who passed the admission examination to pursue their legal education in this royal academy.

- The government shall keep fighting against all forms of corruptions or any other irregularities occurred during the selection of persons with legal backgrounds for their further education in the Royal Academy of Judicial profession and during the selections of judicial professionals to serve in judicial services in the judicial institutions.

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Combat Corruption

1. Joint Monitoring Indicators

Target	Actions Needed	Responsible Government Institution
17. Combat Corruption	<ol style="list-style-type: none"> 1. After approval of the Penal Code, finalize and approves the draft Anti-Corruption Law based on international best practices, and submit to the National Assembly and Senate for approval 2. Prepare an implementation plan to enforce and manage the implementation of the Anti-Corruption Law 3. Disseminate information on report cases on corruption and conviction on semi-annual basis 4. Develop a clear policy framework on access to information (<u>see separate statement on Freedom of Information</u>) 	COM

2. Monitored progress on Actions Needed

17.1 In reflection of the above JMI, there is not much that can be said about the draft Anti-Corruption Law, since it is clearly linked to the passage of the Penal Code, which is reportedly still in the final development process. However, the draft ACL is reportedly being reviewed by the Council of Ministers with many changes being made to it. While this could be considered as progress with the Anti-Corruption Law legislation process, serious concern about the content and the quality of the draft Law remains.

Information update on the development of the draft Law has never been officially made public and/or consulted with stakeholders, especially NGOs, since 2006, and neither are the most recent changes possibly made to the draft. This has caused even more serious concern to the civil society around what has happened to the draft Law and if the changes made would improve the draft by bringing it up to international best practices as defined in the JMI, or just worsen the already-below international standard draft Law.

17.2 Similarly, the information available to the NGOs about the Implementation Plan is that it was drafted by the Ministry of National Assembly Senate Relation and Inspection (MoNASRI) with the assistance of expert consultants brought in by UNDP and the draft was completed by the team in March 2007.

Unfortunately, there has been no update ever since on whether the Plan was reviewed and approved by the COM, any changes made to it, or whether it has not been submitted to the COM yet, and is still with the responsible Ministry, the MoNASRI. In the absence of this update, NGOs assume that there has not been any further progress with the Implementation Plan.

17.3 As much as NGOs can monitor during the last quarter, there has been information disseminated on a few cases on corruption and conviction related to court officials, one of whom was a provincial prosecutor. However the reporting on those cases was not systematic nor was it through a regular reporting mechanism supposed to be established by the Government.

While the reported cases of corruption related to the court could be a positive sign of the Legal and Judicial Reforms, the numbers of the reported cases related to corruption were far different from those reported in the media. Just within one month of January, according to a survey, the Corruption Monitor, for only four newspapers and four radio airwaves monitored, there were slightly over 500 corruption-related stories reported, though many of them were not well-substantiated and were subject to further investigation if serious actions or legal actions were to be taken.

17.4 Please see the separate statement on freedom of information

3. Future direction for both government and development partners.

17.1) Since the Government has linked the passage of the Anti-Corruption Law to the passage of the Penal Code which has been reviewed and completed now by the Council of Jurists, the Penal Code should be finalized and submitted to the National Assembly as early as at the beginning of the second quarter, so that the draft Anti-Corruption Law could be followed without much further delay. In the meantime, with the draft Anti-Corruption Law being reviewed and many changes have reportedly been made to it, it is strongly recommended that the review of the draft should go through consultation with international experts and with the participation of stakeholders, especially civil society, before it is finally approved. The independence of the Anti-Corruption Body remains a major concern for NGOs.

17.2) With the Anti-Corruption Law is expected to come out shortly, it is seen necessary that further progress should be made to the development of the Implementation Plan. The Government and development partners should organize as many consultation forum as possible engaging other stakeholders especially civil society to discuss the Plan before it is finalized, so that once the ACL is passed, the groundwork has been already laid out.

17.3) The establishment of a systematic reporting mechanism by the Government needs to be prioritized and real actions need to be taken, so that reporting on cases stated in the JMI could be strictly followed. Development partners should make technical and/or financial assistance available to the Government if a study proves that it is really needed.

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Access to Information Policy Framework

1. Joint Monitoring Indicators

Target	Actions Needed	Responsible Government Institution
17. Combat Corruption	<i>For 1, 2, and 3: please see anti-corruption statement</i> 4. Develop a clear policy framework on access to Information	MoNASRI, CoM

2. Monitored progress on Actions Needed

The only encouraging sign on possible development of the legal framework on Access to Information during the last three-month is that an official had expressed during an informal meeting his desire to see the draft Access to Information Policy Paper moving forward and that he was prepared to work on it once there is a green light from the higher-level.

However, no progress at all has been made or reported during the last quarter on the legal framework on Access to information. The Access to information Policy Framework was completed in August 2007 by the MoNASRI with technical assistance from an international FOI expert. Up to now, it still remains static in MoNASRI.

After the national election on July 2008, the new Minister of MoNASRI was appointed and NGOs from the "Freedom of Information Working Group" have contacted the new Minister to get an update about the status of the Policy Framework, but have never received any reply. NGOs therefore conclude that the draft Policy Framework has not been handed over to the Council of Ministers for review and approval.

3. Future direction for both government and development partners

Recommendations to Royal Government of Cambodia

- NGOs urge MoNASRI to take this issue seriously and submit the Access to Information Policy Framework consistent with international standards to the Council of Ministers as soon as possible.
- NGOs ask that a draft of the Access to Information Policy Framework is approved not later than 2009 and circulated to the designated ministry to draft a law in order to strengthen the civic engagement and set this step towards increased transparency.
- The Royal Government of Cambodia publishes (and makes publicly accessible) information about Cambodia's existing laws, sub-decrees, regulations and economic land concession agreement and gives an indication of their importance/relevance to the Cambodian people.
- A joint Government and NGO working party is convened to formulate strategies, procedures and mechanisms enabling effective implementation of the Rights Access to Information Law once it is enacted.

Recommendations to development partners

- Allocate resources to promote people's awareness of their right to access to public information and the need for a law in Cambodia to endorse this in order to broaden transparency and accountability.
- Urge and encourage the government to move forward towards the establishment of the Access to information Policy Framework.
- Encourage their partners to focus and integrate access to public information concepts into their projects/programmes as a cross-cutting issue.

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- Advocacy and Policy Institute
- Cambodia Human Rights Action Committee
- Cambodian Human Rights and Development Association
- Centre for Social Development
- Committee for Free and Fair Elections in Cambodia
- Community Legal Education Centre
- Conservation and Development on Cambodia
- Equal Access
- Khmer Institute for Democracy
- Khmer Woman voice centre
- Khmer Youth Association
- Neutral and Impartial Committee for Free and Fair Elections in Cambodia
- Open Forum of Cambodia
- Pact Cambodia
- People for Development and Peace Centre
- Star Kampuchea
- Voice of Democracy
- Women's Media Centre

Decentralization and De-concentration Reforms

i) Introduction

The “Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans”, adopted in May 2008, represents a significant effort to reform Cambodia’s political and governance landscape. This law, commonly referred to as the “Organic Law”, implies far reaching changes in the allocation of functions, resources and personnel between levels of government, and attendant changes in relationships of democratic and administrative accountability. The law establishes indirectly elected councils at provincial and district levels to complement directly elected Commune Councils established under the Law on Administration of the Commune Sangkat adopted in 2001. On May 17, 2009, Cambodia’s 11,353 commune councilors will choose the members for these new councils, on the basis of a proportional list electoral system.

In November 2008, a Mid-Term Review of NSDP stated that “the Strategic Framework for D&D is being followed¹”. A ten year plan, called the National Programme for Sub-National Democratic Development, is being developed to guide the implementation of the complex series of reforms called for by the Organic Law, and is expected to bring further clarity to a variety of issues of provincial, municipal, district, khan, and commune management. The exact assignment of authority, functions, and resources to the new institutions will greatly affect the effectiveness of the new reforms. Responsibility for overseeing the implementation of the National Program will be vested in the National Committee for Sub-National Democratic Development, whose secretariat resides in the Ministry of Interior.

The NGO Position Paper of 2008 noted that consultations with stakeholders were “perfunctory” during the process of Organic Law formulation². During the National Program preparation process, consultations between MOI and the NP formulation team and a wide range of government stakeholders have been regular and extensive, and an effort has also been made to consult with representatives of Cambodia’s 1621 Commune and Sangkat Councils via the National League of Communes and Sangkats. However, although several informational presentations have been made to civil society networks, **much more could be done to involve civil society stakeholders at both national and sub-national levels.**

Joint Monitoring Indicators

Target	Actions Needed	Responsible Government Institution
18. Preparations made for the full implementation of the RGC’s framework for Decentralization and Deconcentration (D&D) reform.	1. New provincial councils and district councils established based on the enacted Organic Laws by end 2009.	NCDD
	2. National program for D&D designed, modalities developed, approved, resourced, and completed by end 2009.	NCDD

ii) Observations and recommendations

(18.1) New provincial councils and district councils established...

- “Crucial to strengthening of democracy at the grass roots level is **participatory** local development....”
- Indirect council elections are a “foregone conclusion” due to party influence.

¹ Mid-Term Review 2008, NSDP, page 14.

² NGO Position Papers on Cambodia’s Development 2007-08, November 2008.

- The process of sub-national administration should directly include communities and residents to increase the participation of the general electorate in the selection of the individuals for sub-national authorities.

(18.2) National program for D&D designed, modalities developed, approved,...

- "Consultations on the draft National Program must be broadly inclusive and substantial to ensure ownership across government institutions.
- It is recommended that the schedule for the National Program finalization and adoption remain sufficiently flexible to provide time for an effective consultative process ."
- To plan for adequate resources for sub-national authorities to provide local services.
- To emphasize the public feedback mechanism for sub-national authorities to hear of, and respond to, local service demands.

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Gender Equality

1. Joint Monitoring Indicators

Target	Actions Needed	Responsible Government Institutions
20. Adopt laws and sub-decrees and relevant legal documents, and implement plans against all form of violence and exploitation against women and children, according to international standards.	1) Sub-decree on the administrative decision on domestic violence revised and adopted and a working group established for training and implementation of the sub-decree.	MoI with MoWA
	2) A common framework for monitoring the enforcement of the law on suppression of human trafficking and sexual exploitation developed.	MoI with MoWA
	3) National Action plan to combat violence against women revised and adopted.	MoWA with Inter-ministerial Group
	4) Policy and legislation on labor migration reviewed. Specific targets include: Adopt comprehensive Strategy paper on migration that links Migration with Trafficking, Smuggling and the Labor Law Reform and closes existing legal gaps to enhance legal protection of migrants.	MoI, MoLVT, MoJ with MoWA

2. Monitored progress on Actions Needed

1) Sub-decree on the administrative decision on domestic violence revised and adopted and a working and group established for training and implementation of the sub-decree.

- The development on the sub-decree on the administrative decision on domestic violence had been delayed since the national election in last July until Feb 2009. After the national election, some members of working group had been moved to new positions leading to reforming of the new working group. In Feb 2009, the new members of the working group were appointed from MoWA, MoI, and MoJ.
- The decision has been made by the MoI to replace the sub-decree with a guideline instead. The reason Guideline will be prepared by MoI and submitted to MoWA and MoJ for comments.

2) A common framework for monitoring the enforcement of the law on suppression of human trafficking and sexual exploitation developed.

- High level national working group has been established, and chaired by Deputy Prime Minister
- The draft national action plan for combating Human Trafficking for 2009-2013 was reviewed and submitted to Council of Minister.
- Network to combat this issue have also been established from national to district level.
- Explanatory notes the Human Trafficking Law was drafted by MoI and planned for consultations in April 2009 with MoJ and MoWA.

3) National Action plan to combat violence against women revised and adopted.

- National Action Plan to Combat VAW was prepared by an advisory committee of national and international experts and has been finalized by national and

international experts from relevant institutions and non-governmental organizations and was adopted by the Council of Ministers in February 20th 2009.

- The action plan paper is now on the process of printing for dissemination

4) Policy and legislation on labor migration reviewed. Specific targets include: Adopt comprehensive Strategy paper on migration that links Migration with Trafficking, Smuggling and the Labor Law Reform and closes existing legal gaps to enhance legal protection of migrants.

- Policy and legislation on labour migration are under reviewed.
- Labor law is being further analyzed from a gender perspective by MoJ in consultation with MoLVT GMAG and MoWA - issue include domestic workers and legal consequences for sexual harassment and not sufficiently covering labor migration, regulations and controlling systems of recruitment centers.

3. Future direction for both government and development partners

20.1) GADNet welcome for the high efforts of the relevant ministries particularly MoI, MoJ and MoWA in developing the effective legal framework to prevent the VAW, domestic violence and its implementation. By the idea of the establishment the guideline on administrative decision on DV law will be developed instead of the Sub-Decree, herewith, NGOs concern that the adopted guideline will be less powerful to reinforce the local authorities to implement the law appropriately. There is a recommendation to the scope of the guideline has to be strictly stated about the accountabilities of the local law enforcers and the concern actors in relation to the effective application of the law.

20.3) GADNet would like to congratulate that the government adopted the NAP to combat VAW. Since the NAP on VAW has already adopted and ensure that that this plan to be implemented effectively, we would suggest the following recommendations:

- Concern ministries such as MoWA, MoI, and MoJ should strengthen enforcement of laws related to gender based violence through providing ongoing capacity building trainings about the provision of the law and legal procedure to the polices, and local authorities and expand effective access of the victims, rape, domestic violence, trafficking to legal and social services.
- Widely disseminate the Action Plan to the line ministries and departments
- Conduct the comprehensive study on persistence and incidence of VAW cases including DV, rape and sexual exploitation and used them as baseline data to track the progress. The study should include issues related to social acceptance of the VAW, stigmatization, difficulties faced.
- Monitoring mechanism to monitor VAW need to be strengthened at all levels

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ANNEXES

ANNEX 1: Proposed JMI on Disability

Introduction

The NSDP Inclusive Committee provided in 2008 a statement on the situation of the disability issue in the NSDP. This statement has been included into the NGO Position Papers on Cambodia's development 2008, and provided to the main development partners during the Second Cambodia Development Cooperation Forum (CDCF) in December 2008.

The NSDP Inclusive Committee would like to remind its partners and authorities, at the occasion of this GDCC meeting that **no specific indicator referring to disabled people or the disability sector is presented** within the 43 critical targets/indicators of the NSDP and the 2009 JMIs currently used for NSDP monitoring.

Disability in Cambodia and the need for inclusion in the NSDP / JMIs

According to United Nations estimates, persons with disabilities represent between 7 and 10% of any country's population. The statistics of World Bank present that 80 percent of people with disabilities live in developing countries and the majority of them live in poverty. Poverty is not only characterized by the lack of finances, but people with disabilities have also to face various social and cultural barriers which exclude them from basic services and social life. They have limited access to education or medical care and employment. Disability leads to poverty and poverty predisposes persons to disability.

In Cambodia, the CSES³ 2004 gives an estimation of 4% of people with disabilities (ADB survey estimated at 15%). These data clearly indicate that persons with disabilities are not a marginal minority, particularly if it is considered that one person's disability does not only affect her/his own situation, but also the situation of her/his family and even of her/his community. If we consider the estimated rate of people with disabilities in Cambodia and their overwhelming presence in the group of the poorest, then the current poverty reduction strategy won't reach its goals to reduce poverty for all, even in the long term. Cambodia's poverty reduction strategy should explicitly take the needs of the disabled and other vulnerable groups into account.

Handicap International French Section, Disability Action Council and Cambodian Disabled People's Organisation, on behalf of the NSDP Inclusive committee, would like to insist that the proposition be included in the NGO Statement about the possibility to complete **the CMDG 2 and CMDG 9**, in accordance with the main rules edited at the Nairobi Conference on Victim Assistance and in the UN Convention on the Rights of Persons with Disabilities, signed by the Royal Government of Cambodia in 2007.

It is imperative to note that the CMDG 2 is aiming to achieve primary and lower-secondary education for 100%. This means that all children with disabilities need to be included in school as well, and this has to ensure that 100% of children with disabilities are attending primary school by 2010 and 100% of children with disabilities are attending lower-level secondary by 2015.

³ CSES: Cambodian Socio-Economic Survey

Recommendations

To ensure that, a Joint Monitoring Indicator **for disability sector should be included in the 2010 JMI's list as below:**

Target	Actions Needed	Responsible Government Institution
Enhance national response to the needs and rights of persons with disabilities	<ol style="list-style-type: none">1. After ratification implement the currently signed UN Convention on the Rights of Persons with Disabilities by 20102. After adoption implement the Law on the Protection and Promotion of the Rights of People with Disabilities by 20103. Promote the implementation of the National Plan of Action for Persons with Disabilities including Landmine and ERW survivors by 2010 nationwide4. Implement national survey on disability by 20105. Promote education for children with disabilities to ensure that 100% of them are able to attend primary education by 20106. Collect statistical data about children with disabilities out of and in schools by 20107. Promote disability related adjustment and implementation of sector policies for education, health, employment by 2010	MoSVY, MOEYS, CMAA, MoH, MOP, MOLVT, National Assembly ,

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Members of the NSDP Inclusive Committee consist of following organizations:

Action on Disability and Development (ADD), The Association of the Blind in Cambodia (ABC), Cambodian Disabled People's Organization (CDPO), Deaf Development Program (DDP), Disability Action Council (DAC), Handicap International French Section (HI F) and National Centre of Disabled Persons (NCDP).

ANNEX 2: Impacts, Opportunities, and Challenges of the Global Economic Downturn on Cambodia

The global financial crisis started early 2008 and has had the impact on countries in the entire world. The phenomenon slows down economic growth and drives millions unemployed around the world. Like other countries, Cambodia has suffered from the crisis, which not only undermines its macroeconomic performance, but also has a genuine negative social impact and worsens poverty. The crisis affects the four main pillars of Cambodia's economy (garment, construction, tourism, and agriculture), as they are connected to the global economic via foreign director investment and export market. The impact is severe in the labour market, which causes unemployment and underemployment leading to reductions in household income driving people less better-off and into deeper poverty. The current economic crisis is an obstacle to achieving Cambodia Millennium Development Goals by 2015.

Impacts on Economy and Labour Market are severe

In the last five years, Cambodia enjoyed its high GDP growth rate averaging around 11% per annum⁴. Within the circumstance of the global financial crisis, textile and clothing, construction, and tourism are most fragile due to their high dependency on both foreign investment and export markets⁵. In January 2009, Cambodian garment export were approximately 60% lower than January 2008, according to IMF March 2009. As a result, about 70 factories⁶ have closed their operation since the crisis started early 2008 while some garment factories have cut off their production. Consequently, more than 50,000 garment workers are laid off⁷ and the reduced production results in less working hours and over-times, which cause the average wage of garment workers to decline. The job loss in garment sector may have a ripple effect on other jobs as this sector provided 242,000 indirect jobs in addition to 270,000 jobs it directly created⁸. The investment in construction has also dropped since second quarter of 2008. Like garment industry, the slowdown in construction results in 15,000 jobs lost⁹.

Less Government Effort possible due to declining revenues

In overall, the global economic crisis has had the impacts on Cambodia's economy as a whole. It results in declined investment and exports/imports, less economic activities, and unemployment and underemployment, which further leads to the loss in national revenues, especially from customs and excise tax, income and profit tax, and VAT. This reduces the ability of the Royal Government to address the negative impact through increased public spending. Fortunately, at the 2nd CDCF (Dec 2008), Cambodia received a significant amount of aid as pledged from its development partners, which is approximately US\$1,000 million for 2009. This would potentially serve to complement the government effort to address the issue.

Job losses are a threat on gains made in poverty reduction

A large majority of workers in garment, construction, and other sectors are migrants from rural Cambodia. They usually send money home to help their families (90% of them). According to the study of CDRI¹⁰, as supplement to low income of their family in

⁴ Powerpoint Presentation made by HE Hang Chuon Naron, Secretary General of Ministry of Economic and Finance, at Oil and Gas Youth Forum: Impact of Global Economic Crisis on Oil and Gas Extraction in Cambodia (23 March 2009, organized by YRDP)

⁵ CIDS (Jan 2009). Rapid Assessment on the Impact of the Financial Crisis in Cambodia

⁶ & ⁴ Poweverpoint Presentation made by HE Cham Brasidh, Senior Minister, Minister of Commerce, at the 2009 Cambodia Outlook Conference (12th March 2009, Phnom Penh Hotel)

⁸ Vuthy C., and Hach, S. (EIC, Jan 2007). Cambodia's Garment Industry Post-ATC – Human Development Impact Assessment

⁹ CIDS, Rapid assessment on the impact of the financial crisis in Cambodia, January 2009

¹⁰ CDRI, Cambodia Development Review, Volume12, October-December 2008

rural areas, the remittances are used to support their families for the whole year to buy food and productive assets, pay for children's education, family health services, repayment of debts etc.

The loss of jobs and less wage of workers in these sectors definitely means the household has less income to cover their expenditure. Similar to circumstance of inflation, people are likely to cut off non-essential spending such as education and health or they may choose to eat less or less nutritious food, which further leaving them to become more vulnerable to illnesses. This explains that as the income of households reduces, some are pushed below the poverty line or the already poor experience deeper chronic poverty.

Challenges in rubber and cassava, opportunities in rice

Agriculture crops are less vulnerable to the crisis than other main sectors in the economy, proved by recent research of CIDS (Jan 2009). However, some agricultural commodities, especially ones that are largely dependent on export markets (for example, rubber and cassava), tend to be hit hard by the crisis. CDRI statistics confirmed that, in November 2008, the price of rubber and cassava dropped by half compared to the same month in 2007. This explains some loss in export of agriculture products. Nevertheless, the price of paddy rice after the crisis (November 2008) was still more than 10% higher than it was before the crisis (November 2007)¹¹, when the price was already fuelled up. The export value of rice increased from US\$ 634 million before the crisis to US\$ 705 million after the crisis¹². There is evidence that the price of rice will even go up and thus provide high return on investment in agriculture. While FAO predicts that food crisis will continue over the next ten years, Paul Krugman (a Nobel Laureate) says food crisis will return when economic crisis fades. This clearly shows the potential for developing agriculture sector that is labour-intensive and that there are rooms to increase production and productivity when agriculture infrastructure develops.

However, again, there remain challenges. Cambodia's agriculture is rain-fed and very susceptible to floods, droughts, and pests. Farmers can usually harvest one crop per year and the productivity is still low (2.2 tons per hectare¹³) compared to neighbouring countries which share similar agro-climatic conditions. On the other hand, many farmers do not have access to land for their production. Of the rural households, 46% of them are landless and land-poor¹⁴. Moreover, the level of public investment allocation to MAFF and MoRD has never reached the NSDP allocation (10% each). Despite being under-funded, both ministries have never been able to spend their allocated capital budgets¹⁵. The MAFF spent 84% in 2006, 50% in 2007, and 25% in 2008 of its respective capital budget. The MoRD, on the other hand, spent 81% in 2006, 74% in 2007, and 32% in 2008 of its respective capital budget.

WAY FORWARD: Invest in rural infrastructure and social safety nets

We recognize that the global economic crisis has a significant impact on Cambodia's economy and undermines the government ability to collect its fiscal revenue. Therefore, the intervention to the crisis requires close collaboration from the donor community under good leadership and coordination from the Royal Government.

Past experience in public expenditure shows that 35% of the capital budget was spent in Infrastructure sector in 2007 while the investment budget for MAFF and MoRD have always been under-funded and even under-spent over past three years. Further, the

¹¹ Powerpoint Presentation made by Then Vuthy, CDRI, at 2009 Cambodia Outlook Conference (12th March 2009, Phnom Penh Hotel)

¹² Powerpoint Presentation made by Then Vuthy, CDRI, at 2009 Cambodia Outlook Conference (12th March 2009, Phnom Penh Hotel)

¹³ MoP (2008). NSDP 2006-10 MTR report.

¹⁴ WB (2006). Cambodia: Halving poverty by 2015? Poverty Assessment 2006

¹⁵ For more details, see annex 3 of the GDCC statement on the 2009 Budget Law.

share of the government's recurrent budget which is not clearly allocated was 17.2% in 2009 compared to 5.6% in 2004¹⁶.

We believe that the current crisis is the right time to break with the patterns of public spending of the past and prioritize investments that are labour intensive and benefit rural development. With existing Government resources and additional resources available from the 2009 aid pledge this should well be possible. As such, we suggest the Royal Government and donor community to consider as following:

- Direct public investment to rural infrastructure, especially rural roads and small- and medium-sized irrigation systems. This has two benefits:
 - This labour intensive investment creates employment that can compensate for the loss of jobs in construction, tourism, and garment industry and generates income thereby facilitating economic activities.
 - Over a longer run, rural infrastructure will reduce vulnerability for Cambodia's agriculture as a whole, and increase agricultural outputs and productivity that will eventually enhance domestic food security and boost up export.
- While more public investment resources need to be made available to agriculture and rural development sectors to reach the level that indicated in the NSDP Mid Term Review, the Royal Government and donor community should manage to solve the issue of under-expenditure that has characterised the two sectors.
- Increasing and improving targeting of social safety expenditure is of urgent measure to protect the poor and vulnerable groups. Therefore, quickly identifying groups that suffer most from the crisis and reviewing the existing social safety net mechanisms and programs would allow effective intervention.

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¹⁶ Line items "Precautionary expenses" plus "other expenses" as reported under chapter 99 in the Budget Law.

ANNEX 3: Analysis of the 2009 Budget Law

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SUMMARY

The 2009 Budget Law sends mixed signals on the prioritization of rural development as allocations for recurrent expenditures for the Ministries of i) Rural Development, ii) Agriculture Forestry and Fisheries, and iii) Water Resources and Meteorology increase compared to 2008 but the capital budgets of both the Ministry of Agriculture Forestry and Fisheries and the Ministry of Rural Development are decreasing. Given the clear prioritization of rural development in the National Strategic Development Plan, this budget cut deserves an explanation from both the Royal Government and its development partners.

When assessing data from the last five budget laws, it is clear that the Public Financial Management Reform has been successful in improving predictability of the national budget at the aggregate level, both for recurrent and capital expenditure. However, there are four for which actual expenditures have been systematically significantly higher than their allocated budgets i.e. i) the Council of Ministers; ii) the Ministry of Interior - General administration; iii) the Ministry of Economy and Finance; and iv) the National Election Committee.

At the capital side of the national budget, coordination challenges that the Government is facing with its many development partners as well as coordination challenges among the different Government agencies (Ministry of Planning, Council for the Development of Cambodia, Ministry of Economy and Finance) clearly have a negative effect on the predictability of the capital budget for the individual line ministries. Improving these coordinating mechanisms is vital for better linking Government and donor budgets to the objectives outlined in the National Strategic Development Plan and need to be addressed urgently.

INTRODUCTION

According to the NGO Forum, public expenditures that improve living conditions in the rural areas deserve the highest priority from the Royal Government and its development partners. The three questions that are answered in the first part on budget allocations in the 2009 Budget Law are:

- Are allocations to ministries leading in rural development increasing in 2009?
- Are these ministries able to translate allocated budget into actual implementation?
- What are the reasons for capital projects in these sectors to under-perform?

In December 2008, the Public Financial Management Reform Program reached its second stage as it moved from stage one that focused on budget credibility to stage two that builds financial accountability. One aspect of budget credibility that is of interest to the NGO Forum is whether the allocated amounts in the National Budget are good predictions of the actual amounts disbursed since the start of the Public Financial management Reform Program in 2005. The second part of the analysis will answer the following two questions:

- Do the numbers in the National Budget Law reflect actual expenditures?
- Are there ministries that systematically over or under-spend?

CONTEXT: Elections, Inflation, and Government's policy response

The 2009 Budget Law was drafted and adopted in a turbulent year where the Cambodian People Party consolidated its power during the July elections, the border dispute with Thailand escalated, prices of food and fuel rose dramatically, and important economic sectors (construction, tourism and garment manufacturing) slowed.

These circumstances led to a policy response of the Royal Government that included providing subsidies and tax exemptions.

- Tax relief, valued at US\$ 350 million to reduce the impact of high oil prices on the consumers and the economy in general, tax relief for fuel is being provided and would amount to US\$ 350 million (MTR p.19)
- Subsidy of US\$ 12 million on the price of oil consumed for electricity in the first half of 2008.
- The import duty on essential agricultural materials has been reduced.
- Salary supplements to US\$ 20 million for the 360,000 workers (mostly women) in the garment industry.
- Both to cushion the industry against competition, RGC provided tax exemptions to garment factories.

These subsidies and tax exemptions, by and large, benefited urban energy consuming households and industry and did do much for the landless poor that suffered most from the high food prices. Although the reduction on essential agricultural materials favors agricultural development, the Mid Term Review of the NSDP does unfortunately not provide more detailed information on this.

The Mid Term Review of the National Strategic Development Plan clearly recognized the global factors that resulted in high and volatile prices of oil and food stuffs. The Review also recognizes that the poor have been most affected by this inflation and it recognizes that further focus on the rural areas is necessary as the rural areas need to be transformed into centers of economic growth which will reduce the high levels of poverty in these areas. The explanatory statement attached to the draft National Budget Law 2009 also acknowledges this and makes five references to the importance of agriculture and irrigation as its policy priorities. Expenditure priorities for the Royal Government that were specifically mentioned in paragraph 22 of the statement are: i) education, ii) health, iii) agriculture, iv) agro-industry, v) irrigation, vi) rural development sectors, and vii) the

continuation and expansion of physical infrastructure such as road, bridge, dam, canal, and irrigation system.

PROCESS AND CONTENT of the 2009 Budget Law

The National Assembly received the draft Budget Law from the Ministry of Economy and Finance on November 05, 2008. The secretary of state, H.E. Dr. Ouk Rabun presented the draft Law to the plenary meeting of the members of the National Assembly on 9 December which adopted the law in two mornings without making changes to the figures in the original draft law. The Law on Financial Management for 2009 was further unanimously approved by the Senate as regards its forms and legal concepts without amendment on December 19, 2008.

The overall increases in the National Budget Law on both the revenue and the expenditure side are substantial but it has to be noted that these are not corrected for inflation which averaged 20 percent in 2008. Compared with the 2008 Budget Law, total projected revenue increased by 27.8% percent to 7,169,566.7 million Riel (or US\$ 1.75 billion), projected recurrent expenditure increased by 26.7% percent to 4,361,066.7 million Riel (or US\$1.06 billion) and projected capital expenditure increased by 11.6% percent to 2,762,412 million Riel (or US\$ 0.67 billion).

Prior to the discussion in the National Assembly, a parliamentary forum on the draft budget law 2009 was held for members of the National Assembly and the Senate that was co-organized by the NGO Forum on Cambodia, the United Nations Development Program, the Cambodia Canada Legislative Support Project on November 20, 2008 at National Assembly Palace. Box 1 below summarizes the major issues raised at the workshop.

Box 1: Summary of issues raised during National Budget Workshop

Major issues raised by Economic Institute of Cambodia (EIC) were the projected negative impact of the global economic crisis on government revenue and the Cambodian economy while NGO Forum voiced NGOs concerns on:

- The reduced capital expenditure in education, agriculture and rural development in 2009 versus large increase in recurrent spending in budgets for defense and public security;
- The under-expenditure of key priority ministries (such as agriculture and rural development) in 2008 while at the same time there is over expenditure for four non-priority ministries (Office of the Council of Minister, Economy and Finance, Industry, Mines and Energy, Public Work and Transport);
- Use of precautionary expense to finance recurrent over spending in the aforementioned four ministries in 2008 and maintain the post of precautionary expenditure at a very high-level in the 2009 budget.

Discussions on 2009 budget allocation that were debated at the forum focused on the significant increase to defense and public security (90% increases in basic salary of soldiers and policemen). Many parliamentarians were concerned over the border disputes with Thailand and showed their strong support to the RCG over the increased amount. Some Parliamentarians even requested for a further increase to US\$ 500 million to defense and public security. The executive director of GAD/C Mrs. Ros Sopheap got the attention from the workshop participants when she quoted a Cambodian popular proverb '*To cultivate rice, we need water; to go to war, we need rice*' which reminded participants about the importance of investment in agriculture and rural development.

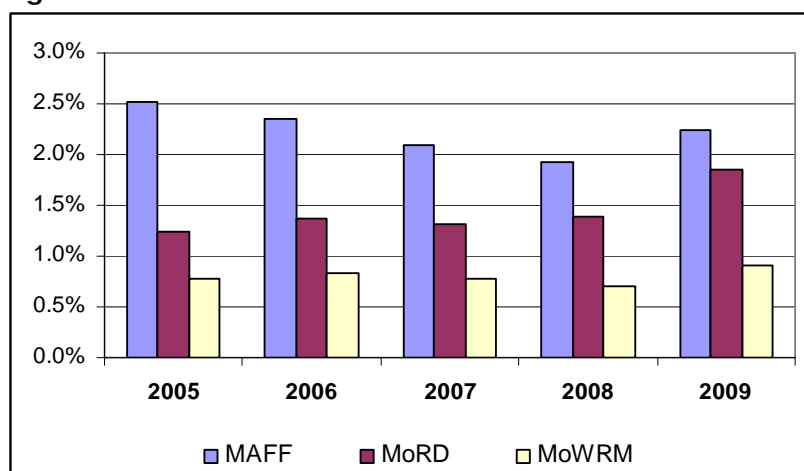
PART I: Budget Allocations for Rural Development

Increasing recurrent expenditure allocations for rural development in 2009

The 2009 National Budget Law shows that **recurrent budgets** for the Ministry of Agriculture Forestry & Fisheries (MAFF), the Ministry of Rural Development (MoRD), and the Ministry of Water Resources and Meteorology (MoWRM) are all increasing. The recurrent budget for the MAFF increases by 16.2 Percent to US\$ 18.8 million, MoRD increases by 32.9 Percent to US\$ 15.6 million, and the MWRM increases by 28.9 Percent to US\$ 7.6 million. On first sight this is a very positive development but one has to keep the 20 percent inflation in 2008 in mind.

A more meaningful picture is provided in figure 1 below that presents the share of the MAFF, MoRD, and the MoWRM in RGC's total recurrent budget allocation since 2005. The figure shows that between 2008 and 2009 the shares for MAFF, MoRD and MoWRM are rising. Further it needs to be noted that the combined share of these three ministries in total recurrent spending is higher in 2009 (5.0 percent) than it was in 2005 (4.5 percent). This must be recognized as a positive step towards prioritizing public spending on reducing rural poverty.

Figure 1: Share of selected line ministries in total recurrent budget



RGC, National Budget Laws: 2005, 2006, 2007, 2008, 2009

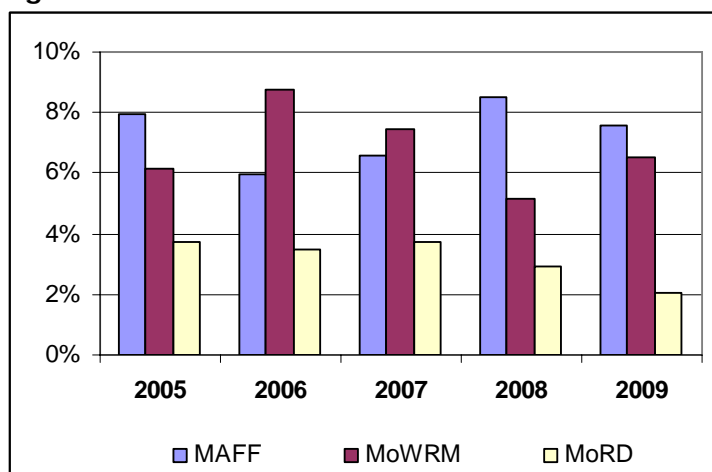
But capital expenditure allocations for rural development are decreasing

Concerning **capital budgets**, the 2009 Budget Law shows that for the Ministry of Agriculture Forestry & Fisheries (MAFF), the Ministry of Rural Development (MoRD), and the Ministry of Water Resources and Meteorology (MoWRM) are US\$ 108.9 million or 16.2% of total capital budget compared to US\$100.1 and 16.6% in last year's budget. The allocated 2009 capital budgets for the MoRD and the MAFF decreased by respectively US\$ 3.8 million and US\$ 0.3 million. The allocation for the MoRWM witnessed a significant 41 percent increase of US\$ 12.8 million to US\$ 43.9 million. When looking at these figures, one again has to keep in mind that the average inflation in 2008 amounted to 20 percent.

When looking at the share of these three ministries in the total capital budget, figure 2 below shows that there is no systematic prioritization of any of these ministries in the last five budget laws. In 2005 the planned capital expenditure of these three ministries combined accounted for 17.9 percent of the total capital budget while this percentage dropped to 16.2 percent in the 2009 Budget Law. This revealed reduced priority for public investment in the rural areas is a major concern as reducing poverty in the rural areas requires prioritization of public investment in the country side that stimulates the livelihoods of agricultural small-holders and other rural livelihoods. Further, as argued in the statement on the Economic Crisis in the annex of this NGO Statement to the GDCC meeting, this capital expenditure has the potential to provide jobs for the laid-off workers in the garment and construction sectors that are returning to the country-side.

The capital expenditure is largely financed from aid budgets of the development partners of the Royal Government and therefore the reduced prioritization of this capital expenditure is surprising. As development partners committed themselves to align with Government priorities, which in the NSDP are clearly on reducing poverty in the fastest possible manner, the NGO Forum strongly recommends donors to increase this expenditure rather than reduce it.

Figure 2: Share of selected line ministries in total capital budget



RGC, National Budget Laws: 2005, 2006, 2007, 2008, 2009

Recurrent budgets are on target, capital budgets under-spend significantly

The **recurrent budgets** in the three ministries also translate into real expenditures as can be seen in table 1 below. The estimates on budget execution provided in the 2009 Budget Law also project that in 2008, the figures in the budget law were very good predictors of actual expenditure. The table below shows that, during the last four years, the Royal Government has been increasingly able to implement its recurrent budget target for these three ministries.

Table 1: Implementation of recurrent budget by selected line ministries: 2005-2008

	2005	2006	2007	2008
<i>Total recurrent expenditure</i>	<i>99%</i>	<i>97%</i>	<i>102%</i>	<i>103%</i>
Ministry of Agriculture, Forestry and Fisheries	94%	98%	98%	102%
Ministry of Water Resources and Meteorology	90%	90%	94%	99%
Ministry of Rural Development	90%	93%	94%	102%

Ministry of Economy and Finance (TOFE); * Estimate from Explanatory Statement to the 2009 Budget Law

When assessing the implementation of the **capital budget**, the implementation figures are less close to their target. When interpreting these figures it has to note that these are based on estimates provided in the National Budget Law since the Royal Government does not release any official figures on implementation of the capital budget. Although no official figures are available, this figure should be considered a good estimate for actual capital expenditure especially since the recent Aid Effectiveness Report from the Council for the Development of Cambodia reported that in 2007, 85 percent of donor-aid in Cambodia is “on-budget”.

As table 2 below shows, for all three ministries implementation estimates are far below target and seem to be deteriorating. In 2008, MAFF only executed a quarter of its allocated budget and MoRD less than a third. Given the needs for investment in the sector as expressed in the Mid Term Review of the National Strategic Development Plan and the 2009 Budget Law, this low level of budget execution clearly deserves a comprehensive explanation by the Royal Government and its development partners.

Table 2: Implementation of capital budget by selected line ministries: 2005 –2008

	2005	2006	2007	2008
<i>Total capital budget</i>	<i>108%</i>	<i>84%</i>	<i>98%</i>	<i>91%</i>
Ministry of Agriculture, Forestry and Fisheries	0%	87%	50%	25%
Ministry of Water Resources and Meteorology	17%	55%	68%	67%
Ministry of Rural Development	0%	81%	74%	32%

Ministry of Economy and Finance

Box 2: Poorly performing projects? - ECOSORN and the Northwestern Irrigation Project

In order to gain some understanding of the low level of budget execution of capital budgets related to rural development the two projects were selected from the National Budget. Table 3 below shows the planned actual disbursements from 2006 to 2009 of *EU's ECOSORN project* as reported in the National Budget Law. The table clearly shows that the five-year project has now been in operation for three years and has been facing difficulties in 2008 as it only managed to spend 39 percent of the US\$ 12.8 million that were budgeted for that year. At the end of the third year of operation, the project spent 49 percent of its funds.

Table 3: Planned and actual disbursement in "ECOSORN Project" (US\$ '000)

Year	Planned expenditure*	Implementation**	Project balance	Share of program budget remaining
2006	2,882	2,882	27,997	91%
2007	7,882	7,882	20,115	65%
2008	12,882	5,000	15,115	49%
2009	16,882			
2010				

* National Budget Law

** Estimates provided in National Budget Law

Findings from discussions with ECOSORN Staff

The view expressed by the contacted ECOSORN was different than expected as it was stated that the ECOSORN was considered quite successful and implementation is progressing well. The staff member was however not able to state whether these figures are correct and would follow-up internally to find out who is responsible for providing correct data to the Royal Government for input in the National Budget Law.

In order to permit public oversight of the program, the NGO Forum encourages the European Commission and the Royal Government to ensure that their public records on program implementation are up-to-date and easily accessible. ECOSORN's or EC web-site may be a good tool for the European Commission to start posting its annual progress reports and to live up to its commitment of providing *"timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens."*¹⁷

The second project with project number 834 in the 2009 Budget Law is titled *"Northwest Irrigation Project"* and is placed under the Ministry of Water Resources and Metereologie and has a total project cost of US\$ 30.87 million. Table 4 below shows the planned and actual disbursements from 2004 to 2009 as reported in the National Budget Law. The table clearly shows that the project has been in operation for six years and that at the end of 2009 (which is 6 months before the expected completion date) has only been able to spend less than one-fifth of its total budget.

Table 4: Planned and actual disbursement in "Northwest Irrigation Project" (US\$ '000)

Year	Planned expenditure*	Implementation**	Project balance	Execution rate
2004	-	500	30,370	98%
2005	-	500	29,870	97%
2006	1,581	1,581	29,370	95%
2007	2,000	1,470	27,789	90%
2008	1,500	1,130	26,319	85%
2009	2,000		25,189	82%

* National Budget Law

** Estimates provided in National Budget Law

Although these figures have not been verified with the MoWRM or ADB it was learned from the ADB web-site and a discussion with H.E. Veng Sakhon at the MoWRM that lengthy procurement processes was a major cause of the delay. Other causes were also referred to such as the amount of time required to obtain credible results from research done by local companies. Given our lack of detailed knowledge on the program we assume that the high returns of the program indicated by H.E. Veng Sakhon will ensure that ADB's soft-loan has positive economic returns for Cambodia as a whole.

¹⁷ Paris declaration on aid effectiveness, 2 March 2005.

PART II: The Public Financial Management Reform:

Does the recurrent budget predict actual expenditure?

The Public Financial Management Reform Program of the Royal Government was launched by the Prime Minister in December 2004 and presents a detailed, prioritized, and sequenced action plan to improve the management of Cambodia's public finances. The reform is sequenced in four platforms. Platform one aims at achieving a position in which the budget becomes more credible; platform two aims at achieving initial improvements in internal controls and in holding managers accountable; the objective under platform three is to improve the linkage of priorities and service targets to budget planning and implementation; and platform 4 is about integration of accountability and review processes for both financial and performance management.

As mentioned earlier, the Public Financial Management Reform Program reached its second stage in 2008 and moved from the first stage that focused on budget credibility to its second stage towards financial accountability. One aspect of budget credibility that is of our interest is whether the allocated amounts in the National Budget are good predictions of the actual amounts disbursed since the start of the Public Financial management Reform Program in December 2004. This second part answers the questions whether: *i)* do the numbers in the National Budget Law reflect actual allocations?; and *ii)* are there ministries that systematically over or under-spend?

Table 5 below shows that shows that management of overall recurrent expenditures has improved over time as can be concluded from the aggregate figures for total recurrent expenditure that are very close to the original budgeted amounts. Although the management of the recurrent budget at the aggregate level has improved significantly since 2004, at the level of the individual line ministries the numbers in the budget law do not reflect actual implementation figures very well. The table below shows that there are five ministries that systematically¹⁸ spend significantly more than their planned recurrent budgets despite finalizing the first stage of the Public Financial Management reform on budget credibility in December 2008.

Table 5: Recurrent budget implementation of selected ministries 2004-2005

	2004	2005	2006	2007	2008
Total recurrent expenditure	92%	99%	98%	102%	103%
A. General administration	111%	128%	131%	142%	140%
Council of Ministers	138%	155%	168%	185%	185%
Ministry of Interior - General administration	97%	120%	191%	161%	135%
Ministry of Economy and Finance	111%	155%	185%	174%	131%
National Election Committee	197%	230%	113%	1081%	678%

Does the capital budget predict actual expenditure?

As can be seen in annex 1, implementation of the capital budget at the aggregate level (as presented in the budget law) in 2007 and 2008 has improved compared to 2004. However implementation figures for the capital budget of individual line ministries show that there is a large difference between allocated and executed budgets. This bleak picture can be explained by the challenges that the Royal Government faces in coordinating all of its development partners as well as coordinating the different Government agencies involved: the Ministry of Planning, the Council for Development of Cambodia, the Ministry of Economy and Finance The Mid Term review of the National Strategic Development Plan made a clear statement that more work needs to be done to improve this coordination and development partners at the Cambodia Development Cooperation Forum in December agreed with this.

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¹⁸ Ministries and government agencies are included in this table if they spend more than their budget in four out of five budget years.

Annex 1: Implementation of the capital budget: 2004- 2008

	2004	2005	2006	2007	2008
Total Capital Expenditure	71%	108%	84%	98%	91%
Ministry of Health	128%	404%	67%	123%	108%
Ministry of Education, Youth and Sports	117%	85%	183%	94%	81%
Ministry of Agriculture, Forestry and Fisheries	0%	0%	87%	50%	25%
Cambodian Authority on Mine Action and Mine Victim Rescue	-	-	-	233%	100%
Ministry of Land Management, Urbanization, and Construction	218%	257%	243%	16%	175%
Ministry of Water Resources and Meteorology	14%	17%	55%	68%	67%
Ministry of Rural Development	0%	0%	81%	74%	32%
Council for Development of Cambodia	-	124%	45%	33%	-
Ministry of Economy and Finance	-	0%	314%	1726%	158%
Ministry of Commerce	0%	0%	9%	74%	48%
Ministry of Industry, Mine, and Energy	87%	14%	241%	50%	120%
Ministry of Public Work and Transport	65%	55%	53%	157%	104%
State Secretariat of Civil Aviation	40%	84%	79%	13%	22%
Ministry of Information	9%	9%	20%	11%	29%
Ministry of Post and Telecommunication	0%	0%	119%	0%	48%
Ministry of Culture and Fine Arts	0%	0%	15%	0%	0%
Ministry of Cult and Religion Affairs	0%	0%	0%	0%	0%
Ministry of Interior	56%	0%	452%	181%	64%
Ministry of Planning	-	-	-	0%	0%
Ministry of Justice	0%	0%	360%	45%	0%
State Secretariat of Public Function	-	-	-	100%	-
Ministry of Social Work, Veterans and Youth Rehabilitation	204%	0%	134%	46%	15%
Ministry of Labor and Vocational Training	-	-	0%	0%	0%
Ministry of Senate and National Assembly Relation & Inspection	0%	0%	0%	0%	0%
Ministry of Environment	83%	30%	1131%	67%	39%
Ministry of Tourism	0%	0%	104%	24%	21%
Ministry of Women's Affairs	102%	20%	38%	31%	82%
Office of the council of Ministers	-	-	-	-	-
Phnom Penh Municipality	4%	8%	11%	9%	48%
Ministry of Foreign Affairs and International Relations	0%	-	-	-	-

RGC, National Budget Laws: 2004, 2005, 2006, 2007, 2008, 2009