

វេទិកាផ្សារការងារសង្គមស្រុកកម្ពុជា ស្តីពីកម្ពុជា
The NGO Forum on Cambodia

ធ្វើការរួមគ្នាដើម្បីការវាងវៃវិជ្ជមាន
Working Together for Positive Change

A Review of Cambodia's National Strategic Development Plan 2009-2013



Phnom Penh, Cambodia
October 2013

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The NGO Forum on Cambodia

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List of Acronyms

ADB	Asian Development Bank
CCC	Cooperation Committee for Cambodia
CDC	Council for the Development of Cambodia
CMDGs	Cambodia Millennium Development Goals
CRDB	Cambodia Rehabilitation and Development Board
CSES	Cambodia Socio-Economic Survey
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry, and Fisheries
MEF	Ministry of Economy and Finance
MOP	Ministry of Planning
MP	Malaysia Plan
MRD	Ministry of Rural Development
NGO	Non-Government Organization
NGOF	NGO Forum on Cambodia
NSDP	National Strategic Development Plan
PRSP	Poverty Reduction Strategy Paper
RGC	Royal Government of Cambodia
RM	Malaysian Ringgit (Malaysian currency)
SEDP	Socio-Economic Development Plan
SNEC	Supreme National Economic Council
TWG	Technical Working Group
USA	The United States of America
USD	United States Dollar
WB	World Bank

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Executive Summary

After securing peace through a general election in 1993, Cambodia started to have its first five-year national plan in 1996. The latest national plan by now is the National Strategic Development Plan (NSDP) 2009-2013. With aim to contribute to the further improvement of new and future planning, this paper reviews the NSDP 2009-2013 in particular in the following dimensions: planning mechanisms and processes, policy design and content, and institutional arrangement for monitoring and evaluation. While reviewing Cambodian plans, the paper also looks at the experience of national development planning from some countries like South Korea, Taiwan, Malaysia, and Thailand.

South Korea, Malaysia, and Thailand have used five-year plans as an instrument for national development since 1960s or even before. Except for Thailand, South Korea, Taiwan, Singapore, and Malaysia explicitly targeted manufacturing as the engine of growth and structural change, although each of them employed different strategies for the promotion of industrialization. Of course, each country has its own local context with many factors at play, ranging from geographical to natural, social, cultural, and political ones, in explaining development progresses. For this very reason, what works in a particular country and time might not be simply replicated elsewhere, but it does not mean those lessons are irrelevant for learning and cannot be adopted.

Each country has its own opportunities and challenges, be it small or big, landlocked or coast-linked. Small country like Singapore has its own challenges in terms of scale of market size, but it manages to thrive and not many other small nations have been as successful. While Singapore and Taiwan have benefited from its coast-link, other islands seem ending up with being sea-locked and many nations do not get rich despite their coast-linked advantage. Being land-locked can be a barrier, but it meanwhile presents a land-linked advantage. Some may attribute the success of South Korea to its political alliance with the USA in cold war and economic ties with Japan, but Thailand has not been so successful. The Philippines is not a case in point either as it was also a strong ally of the USA. All in all, it's the leadership and institution that will drive and sustain development. The institution is imperative to ensure stability, justice, fairness, and sustainability, but the quality of leadership that is visionary, strategic, and capable to understand, analyse, utilize, and marry those many factors at play, harness the endowment a country has, and address or even turn the challenges into opportunities is really indispensable.

Overall, Cambodia's experience in national development planning is still quite nascent, but the planning exercise has evolved from a donor-driven to become a more nationally owned planning. Despite so and other improvement, there is still immense need to make the national planning better and more effective. Major components of a basic strategic plan such as goals, strategies, risk management, result chain framework, and monitoring and evaluation system are still not well

embraced and articulated yet. Moreover, the Cambodia's national plan lacks guidance by vision and long-term plan, but the future plans hope to benefit from the Vision 2030 and 2050 that is being developed.

Ministry of Planning (MOP) tends to play a more coordination role to ensure the national government wide participation. This has made the national plan document more a collection of sectoral policies that fit with the structure of the Rectangular Strategy of the Royal Government. For prioritization of key sectors, which is an essential part of the national plan, is missing in the NSDP 2009-2013. Furthermore, there is real need to improve the selection and announcement of the policy priorities and action under each sectoral/thematic area. Their relationship is not clear. The action statements are not really denoting action and are usually not specific, time-bound, measureable, and monitorable.

Cambodia's national planning is undermined by fragmented institutional arrangement, which underlies effective functioning and accountability. Although the MOP is formally assigned to take the responsibility of national planning portfolio, there exist other government agencies that prepare plans and strategies of national characteristics. On the other hand, the national plan is more a stand-alone document. It does not have strong relationship with actual financing decision that falls under MEF for the national budgeting process and CDC for the aid coordination and foreign investment. More importantly, Cambodia's so open investment law makes CDC almost have no power to shape the foreign investment to move in certain direction that would match the national plan and priorities.

While M&E is important to make a national plan work and be effective, the evaluation aspect that aims to measure efficiency and effectiveness of major policies is an absence in the NSDP 2009-2013. On the other hand, the monitoring dimension of the NSDP 2009-2013 is quite weak and its weakness lies with poor checks and balances or who holds whom accountable mechanism in the plan, the fact whereby line ministries and agencies who formulate their sectoral policies are also ones responsible for implementing their own policies and monitoring their own performance that is mostly based on their own administrative data sources. Moreover, the National Assembly who approves the national plan is not active in monitoring the implementation of the plan and MOP who represents the government in planning portfolio has no real power and adequate means to monitor the performance of the implementing agencies, including decision taken in the project and budget proposals from line ministries and agencies.

Based on this review, a quick fix for the improvement in the new plan includes the following:

- The overall design of the plan should clearly feature “goal and strategy” outstanding heading or sub-heading in the Table of Content of the plan document. Moreover, the goal and strategy statements should be short and simple but meaningful, that are easy to convince various diverse views and communicate across the entire government and horizon.

- Cambodia should form a capable team that is fully dedicated for prioritization exercise by analyzing the interrelationship among key issues in a problem tree structure through continual discussion with wide participation from the government, private sector, and experts.
- Given the fact that Cambodia is part of the regional integration and globalization through its membership in the ASEAN and WTO, the next five-year plan should have an explicit chapter on Cambodia's external economy in general, and in particular on how the country will adjust to meet the obligation under WTO and ASEAN Economic Community beyond 2015.
- The linkage between the policy priority and actions under each policy area or sector should be improved by grouping the actions by each policy priority. In addition, the message of the policy priority will be clearly communicated if presented in bullet points while the actions under each of those policy priorities, be they qualitative or quantitative in nature, should be specific, time-bound, and with targets in a way that are measurable and monitorable in terms of tracking the progress.
- Given the fact that a single risk may have a significant adverse impact to erode big chunk of past development outcome, the national plan should take Risk Management as an important part of the planning features. The design of the plan may consider Risk Management as an independent section for its overall strategy level and also incorporate it as a feature within each strategy and sector. This is because each strategy or sector may carry into own risks.
- The national plan has had a dedicated chapter to show the resource requirement to finance the needed investment. However, the actual financing and investment has never been reported against what was planned. As a crucial part for monitoring and learning, the government should start to review and report the availability and distribution of both public and private investment against the plan, particularly in the Mid-Term and End-Term Reviews of each plan.

1. Introduction

1.1. Rationale for the Study

As the five-year national plan of Cambodia, the National Strategic Development Plan (NSDP) 2009-2013, is approaching its target year, the Royal Government of Cambodia is preparing the new plan that will serve as a roadmap for Cambodia's development over the next five years, 2014-2018.

In this regard, the NGO Forum on Cambodia wishes to conduct a review of the NSDP 2009-2013 and also seeks to examine the practice of national planning in other countries. This study aims to reflect our own experience for learning with regard to the formulation of the national plan and to benefit from lessons that other countries have experienced. It is hoped that the result of this review will be a useful reference for stakeholders to further reflect and discuss for learning purposes.

1.2. Methodology

The study is primarily based on review and analysis of existing literatures including a series of five-year national plans and study reports. On top of that, the study benefited from consultation with key players in Cambodia and peer reviews from policy experts in Malaysia.

The study specifically reviews the NSDP 2009-2013 in three dimensions: planning mechanisms and processes, policy design and content, and institutional arrangement for monitoring and evaluation. As a reference benchmark, the study explores the general principles for development planning and where possible examines the comparative practices of national planning in more successful countries such as South Korea, Taiwan, Malaysia, and Thailand.

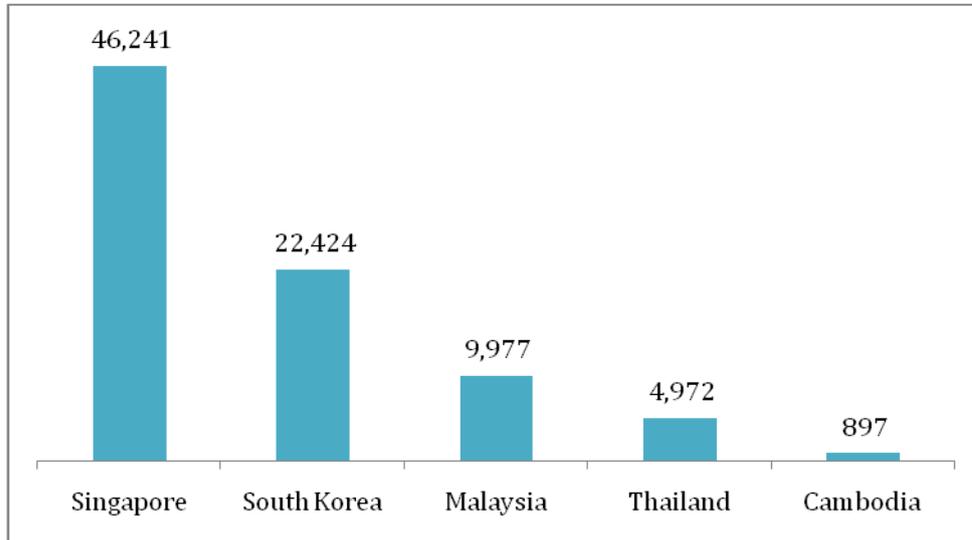
1.3. Economies in Comparison

Economies like South Korea, Taiwan, and Singapore have been characterized as developmental states. The States have played an important role in driving the transformation of these countries to become industrialized economies. Their economic performance has been very impressive and draws attention from the rest of world to study the miracle. Often, these economies are highly appreciated for their impressive achievements in economic development. Malaysia and Thailand are less successful, but they are worth learning because i) they have adopted the free market principle which is so does Cambodia; and ii) they emerged from large agriculture base and are ahead of Cambodia in terms of development stages.

By GDP per capita measures, the performance of Singapore is very outstanding. The average income among Singaporeans was USD 46,000 in 2011, which was a

bit more than twice in relation to South Korea. Interestingly, the level of GDP per capita in South Korea is more than twice of that in Malaysia while Malaysia itself enjoyed the GDP per capita that was twice more than Thailand.

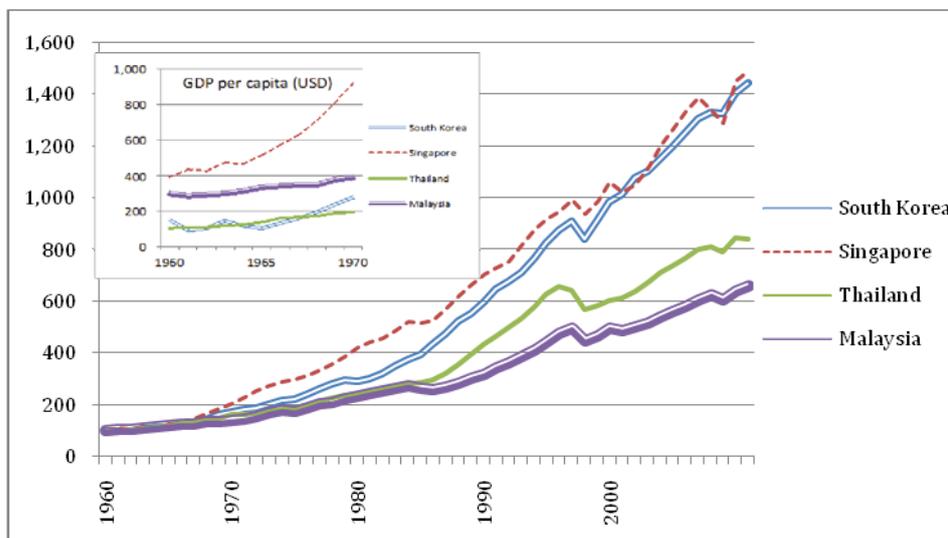
Figure 1.1: Comparative GDP per capita (USD, 2011)



Source: World Development Indicators (World Bank)

Back to their early stage from 1960s, the performance of South Korea is very impressive. As indicated in **Figure 1.2**, the per capita income growth of South Korea is comparable to that of Singapore, which is much smaller in size. The GDP per capita of Singapore in 1960 was around USD 400, which was about 4 times higher than that of South Korea. Thailand is also an instance showing faster growth than Malaysia. Although GDP per capita of Malaysia in 2011 was twice of that of Thailand, Thailand has grown from early 1960s when its per capita income was 3 times less than Malaysia whose income was about USD 300 per person.

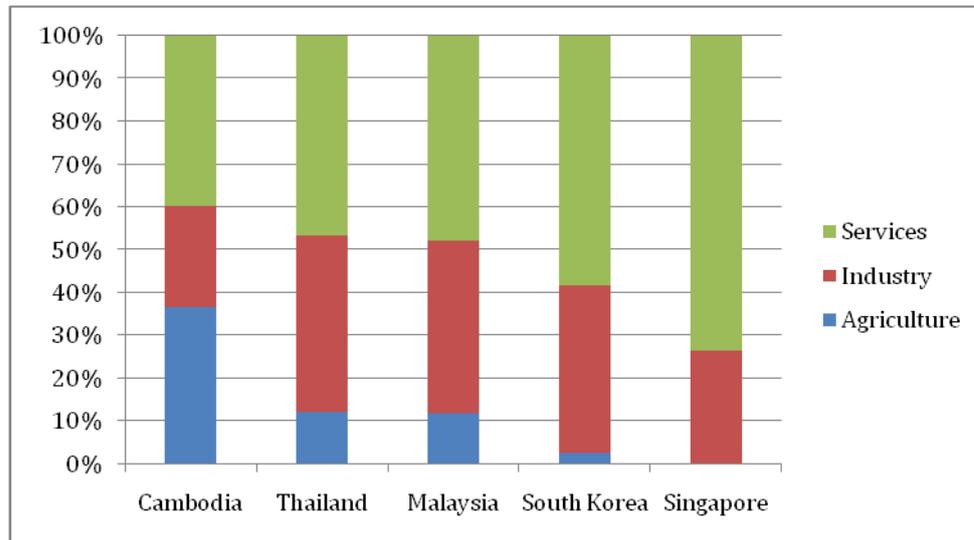
Figure 1.2: Comparative performance of constant GDP per capita (index, 1960=100)



Source: World Development Indicators (World Bank)

By index measures based on constant price in 2000, the performance of South Korea and Singapore is most striking while Thailand started to clearly outperform Malaysia since mid 1980s.

Figure 1.3: Comparative economic structures (% of GDP, 2011)



Source: *World Development Indicators (World Bank)*

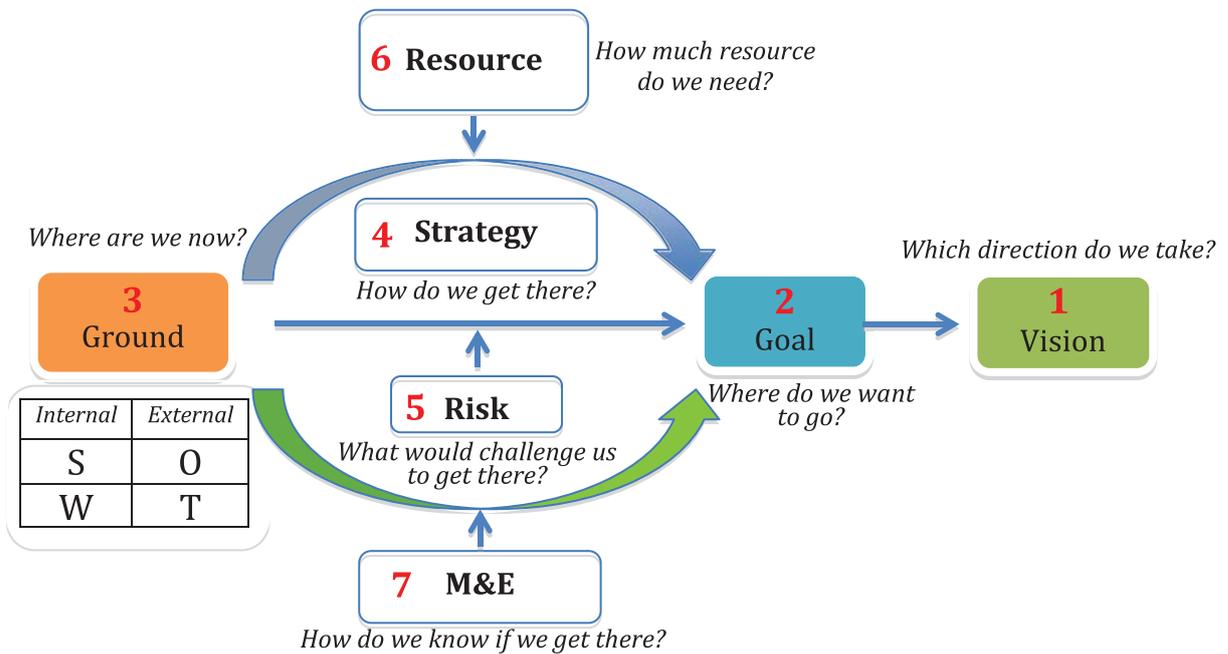
In terms of the economic structure, South Korea has transformed very fast. Its service sectors account for nearly 60% of the GDP in 2011 while agriculture is just a tiny portion that represents 2.7%, compared to 39% in 1965.

2. Good Principles in Development Planning

The Investorwords.com broadly defines strategic planning as the process of determining a long-term goal and then choosing the most effective strategy for pursuing such a goal. Similarly, the Businessdictionary.com defines Strategic Planning as a “systematic process of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them.” It also suggests “strategic planning begins with the desired-end and works backward to the current status.”

Moreover, the strategic plan must be adequately financed and resourced when it comes to the implementation while risk management is crucial to smooth out the implementation and therefore having sound monitoring and evaluation system in place is another important aspect in order to ensure that the strategic plan implementation is on track and moving in the right direction. As such, the overall framework for the strategic planning should comprise major elements that can be summarized and viewed in the below schematic diagram.

Figure 2.1: Strategic Planning Framework



Source: Author

2.1. Principles of Good Development Planning

According to Encyclopedia Britannica 2000 as cited in Curtain R. (2000), “public policy making is first and foremost about determining objectives or societal goals.” Such goals are very important for development planning and policy choices and they have to match the societal needs that are evolving over time. Therefore, goal setting must be long-term in perspective. To be so and relevant, it has to begin from a comprehensive understanding of the current situation and environment, then define the society’s needs and turn them into goals. That simply means we need to know where we are now and where we want to go. From this basis, appropriate policy and strategy could be employed to bring about necessary changes.

Understanding of the current situation and environment is pre-requisite inputs for preparing effective development plan and it must benefit from a thorough cause diagnostics. The diagnosis must be able to go in-depth and identify causal relationship among various associated factors in an inter-connection fashion. When development issues and causes could be viewed in such a way, it will pave the way forward for the formulation of policy and strategy to achieve the desired development goal. As an analogy, the doctor will be able to prescribe the medicines and steps to combat a disease in a most effective and efficient way.

Drawing up development inputs and policy formation could be attained through democratic vs. technocratic approaches. Both approaches offer advantages and disadvantages that the policymakers should take into account and strike the

right balance between the two. Democratic approach is an inclusive development planning that try to involve the citizens who experience the issues and are supposed to be the beneficiaries of the policy on the ground. A technocratic approach on the other hand is a planning exercise that requires people with necessary skills and capacity to analyse the issues and compare usefulness of alternative policy options. According to Curran and de Renzio (ODI) the obvious benefit of the democratic or inclusive approach is that it captures comprehensiveness and first-hand knowledge of the issues and desired changes, but it is very time consuming, and often results in the definition of individual or community-specific needs, rather than a national one. The technocratic approach may be less time-consuming and benefit from a national perspective, but there is a danger that the policies adopted are too far from the needs on the ground.

Being comprehensive is a good aspect of policymaking or development planning, but it is not enough. The plan and policy needs to have a strategic focus on top of its comprehensiveness. The focus means the plan should be more forward- and outward-looking and thus must involve a selection of strategic sectors. It requires policymakers be able to view development path beyond the status quo and be open to learn experiences from other countries.

From his review, Curtain, R. (2000) also highlighted that a good policymaking should seek to engage stakeholders outside the government as well as those who are supposed to implement the policy. Non-government stakeholders could include, for instance, private sector, research institutions and think tanks, academia, media, and CSOs. Moreover, the plan should have proper risk assessment and management, and be a learning planning, which means the plan is a continuous improvement through learning from previous plans and through making use of evidence-based inputs. Last but not least, a good planning should have an internal monitoring and evaluation system and keen to hear from any independent evaluation.

2.2. Principles of Monitoring and Evaluation

A monitoring and evaluation system is important to keep track of development progress and inform development planning. Whether the goals and targets will be met, depends very much on the implementation of the plan. Frequently, there will be issues encountered over the course of implementation. In order to know whether a plan is effective in achieving its goals and targets, a system needs to be in place to monitor progress over time. The monitoring will help assess the progress towards goals and targets and inform policy decision to redirect their intervention where necessary. A monitoring system is a collection of instruments to track key indicators over time and space and to determine if they change as a result of the plan.

Choices of indicators are crucial to the measurement of progress. According to the principle of the theories of change (Gertler et al, 2011), indicators should depict a sequence of events that would logically lead to an impact through a result chain (input → activity → output → outcome → impact). Through this

result chain framework, indicators could be broadly classified into two categories: intermediate and final indicators. Intermediate indicators measure a factor that determines an outcome or contributes to the process of achieving an outcome and impact. The intermediate indicators can be an input (staff or budget), activity, or output. They are very useful as they change more rapidly, which allows for corrective actions and policy adjustment while being implemented. They can also be referred to as operational or monitoring indicators. Final indicators are ones evaluating the effect of an intervention. They measure the outcome and impact that can only be tracked until immediate indicators turn into broader effect. They are useful for evaluation purpose and thus also referred to as evaluation indicators.

In the exercise of monitoring and evaluating the implementation of a national plan, the government must have its own unit and arrangement to keep track of development progresses. But, who else should be undertaking or joining the assignment. In principle, the parliament should in overall be responsible for the monitoring of the national plan, especially if the national plan is debated and/or approved by the parliament. Nonetheless, Tara Bedi et al (2006) noted that the parliaments in many low-income countries are generally unable to effectively exercise their roles over the executive, due to their low capacity and lack of support from analytical and research staff; therefore suggested that independent CSOs such as NGOs, media, academia, and research institutes, should be entitled to monitor the national plan. For such participation in the monitoring and evaluation possible, the government must be open and make the data available to the public.

3. Assessment of the Cambodia's National Plan

3.1. Background of Cambodia's Five-Year Development Plans

Cambodia officially got its independence from France since early 1950s, but its development was interrupted by civil wars between 1970 and 1991. The country started to enjoy peace and development following the general election in 1993. In this regard, the history of Cambodia's development is quitenascent. This makes Cambodia very different if compared to countries like South Korea, Malaysia, and Thailand who have used five-year plans as a medium-term policy instrument to guide their economic development uninterruptedly since 1960s. Thailand's first national plan was the National Economic Development Plan 1961-66. The first Malaysia Plan covered the period 1966-70 while South Korea started its first five-year national plan in 1962, a year after the internal rebellion in 1961 through a coup led by General Park Chung-Hee.

Although peace and legitimate government was established in 1993 through a general election and the National Programme to Rehabilitate and Develop Cambodia (NPRD) was adopted in 1994, Cambodia did not have a proper national plan until 1996. Its first five-year plan was the Socio-Economic Development Plan (SEDP) 1996-2000, which is regarded as the first five-year

national development plan of Cambodia. The primary goal of this plan as well as its successive plans was to reduce poverty in Cambodia through attaining a sustainable economic growth rate of 6-7 percent per annum and better governance.

Table 3.1: Cambodia’s five-year national development plans

Series	Plan Title	Period
4 th Plan	National Strategic Development Plan (NSDP) Update	2009-2013
3 rd Plan	National Strategic Development Plan (NSDP)	2006-2010
2 nd Plan	Socio-Economic Development Plan II (SEDP-II)	2001-2005
1 st Plan	Socio-Economic Development Plan I (SEDP-I)	1996-2000

The current five-year national plan is the NSDP2009-2013, which is the 4th plan. It is an update of the NSDP 2006-2010, which was driven by two major reasons: i) to synchronize the period of the national plan with the political term of the RGC as well as the political platform “Rectangular Strategy” and ii) to revise and devise the policy instruments in order to cope with the changing global environment, particularly the impact of the global financial crisis in 2008.

Early national plans of Cambodia were very much dominated by the external donors. The formulation of the first and second SEDP owed a great deal to the technical and financial assistance from the Asian Development Bank (ADB). Due to poor coordination and probable diverged interests among donors, Cambodia experienced a period of co-existence of two national plans during 2001-06. Such phenomenon was criticized and described as “two banks, two processes, and two documents,” (NGOF 2001). During this period, the World Bank provided technical and financial supports to the Ministry of Economy and Finance (MEF) to develop the Poverty Reduction Strategy Paper (PRSP), whose objective was not different from that of the SEDP under the responsibility of the MOP. Nonetheless, both plans together with other national policies were integrated into one single national plan, which was the NSDP 2006-2010 – the 3rd five-year national plan of Cambodia prepared by MOP.

3.2. Planning Mechanisms and Processes

In contrast to the free-market economy, the government plays a very important role in planning its economy in the planned economy system. However, although many countries have adopted the free-market principle, they are not really a free market but rather a mixed economy. In this regard, the government still exercises their role in planning to drive the economic development and planning basically means economic planning.

In practice, most successful economies really focus their planning on economic development or at least take economic dimension as lead feature in relation to others and assign a dedicated unit to take full responsibility of their economic

planning. Those effective planning units, for instance, are Economic Planning Board of South Korea, Economic Development Board of Singapore, Council for Economic Planning and Development of Taiwan, Economic Planning Unit (later the Ministry of Finance and Development Planning) of Botswana, Economic Planning Unit of Malaysia, and Economic Planning Unit (later the Ministry of Economic Planning and Development) of Mauritius (Gumede 2009).

Other countries try to balance both economic and social dimensions. For example, Thailand's early five-year plan was called the "National Economic Development Plan", but later was changed to "National Economic and Social Development Plan" while its planning unit has since then been named "National Economic and Social Development Board". According to Gumede (2009), some developing countries draw up the development strategies without actually having a central planning unit. Such practice is more common among many countries in Africa and Latin America and some countries in Asia. Empirically, these economies rarely ended up with significant success.

The institutional arrangement in Cambodia appears different from those successful economies. Cambodia has an MOP as the planning unit, but it also has another ministry "MEF" taking care of both economic affairs and finance. This may prompt if the planning unit is actually focusing on economic planning and if necessary skills and best talents in macroeconomics and development planning are retained with MOP and/or MEF.

Lessons from South Korea and Taiwan show that their successful planning was attributed to the fact that their central planning units were staffed with the most talented people retained through a strictly meritocratic bureaucracy (Gumede 2009). Taiwan paid the personnel of its planning unit higher than usual civil servants and allowed the planning unit to headhunt the best talent by bypassing the normal recruitment progress. Before its planning unit was staffed with the best talents in the country, South Korea used to hire foreign experts to develop the national plans and noted that the plan was not wrong on a technical front but it lacks understanding of local conditions and sentiments.

As Gumede (2009) put it, development plans of most developing countries failed even before they get implemented because their planning units are just an institution to honor employment to struggle veterans, political allies, family members or those from the same ethnic group, even though these people do not possess the reasonable skills. The planning units in some countries are too big and complex while others are too small with just a few individuals and advisors from donor countries or major allies such as China or Russia.

Despite efforts in the past to consolidate different national plans and policy documents into a single document, the national planning in Cambodia has continued to be fragmented. MOP is a government ministry responsible for the national planning portfolio. It leads the preparation of the NSDP 2009-2013. Nonetheless, there are other institutions responsible for developing other national policy instruments, whose characteristics and coverage are national. For instance, the Rectangular Strategy (which serves as a foundation structure for the NSDP) is developed by the National Supreme Economic Council (SNEC), an

economic advisory body to the Prime Minister. Also, SNEC is now in the process of developing an Industrial Policy. Moreover, Cambodia's Green Growth Strategy 2013-2030 was developed by the Ministry of Environment.

Table 3.2: Institutions related to National Planning Portfolio

Ministry of Planning	Leads the production of the national plan by eliciting policy inputs from line ministries/agencies, and produce the Public Investment Program based on submission from line ministries/agencies.
Line Ministries/Agencies	Provides policy inputs to Ministry of Planning for incorporating into the national plan.
Ministry of Economy and Finance	Does the macroeconomic projection, approve project proposals through annual budget allocation, and disburse the public funds.
Council for the Development of Cambodia	Coordinates foreign aids and approve investment projects by foreign and domestic investors.

The package of national planning portfolio in Cambodia is not concentrated in the planning unit. MOP is rather playing a coordination role to lead the production of the national plan through collection of sectoral/thematic inputs from line ministries/agencies and compile them into a national plan that fits with the structure of the Rectangular Strategy. On the other hand, financing scheme of the national plan is the portfolio of other ministries. MEF holds the power to allot budget allocation through the annual budget process. The coordination of foreign aids and approval of FDI projects is the duty of the Council for the Development of Cambodia (CDC). Although MOP, SNEC, MEF, and CDC/CRDB are assigned as four central agencies in the preparation of the national plan, such an institutional arrangement is not a healthy one as it requires more coordination and still risks the mismatch between planning and investment.

The experience from South Korea shows a different institutional set-up for its early national planning. Its Economic Planning Board was responsible for a full range of development planning, preparation of annual budget, coordination of foreign aids, and mobilizing foreign investment. This institutional arrangement made the planning unit of South Korea really strong compared to its Asian counterparts. In Vietnam, the planning and investment are the portfolios of just one ministry, which is the Ministry of Investment and Planning. *Charles Wolf, Jr (1962)*

Although CDC coordinates foreign aids, the actual decision on those externally funded projects is very much dominated by the donors through their direct contact and negotiation with line ministries/agencies they choose to work with. This means CDC or MOP has no power to direct foreign aids into particular sectors that are important for national development or priorities in the national plan. According to CDC (2011), the alignment between aid disbursement and NSDP priorities remained an issue. While the disbursement to governance and health sectors was above the NSDP target, education and rural development continued to be underfunded in 2006 and 2010. On the other hand, disbursement for agriculture exceeded the NSDP target in 2006, but turned to be underfunded in 2010. In contrast, aid disbursement to transportation was below the NSDP target in 2006 but became way above the target in 2010. All these suggest that foreign assistance is unpredictable and not really in line with the

national planning, which is a result of donor driven decision. Nevertheless, this incidence may not be an exceptional case for Cambodia. The solution may rest with whether the government manages to allocate their resources in a complementary way in order to ensure the overall balance and alignment with the national plan.

Because Cambodia's investment law is very open, Cambodia seems to lose power to direct foreign direct investment (FDI) toward certain industries that are strategic for Cambodia's development although CDC formally has the authority to approve the proposal of foreign investment. According to the Law on Investment in 1994 and its amendment in 2003, Cambodia does not encourage investments in any specific zones or parts of the country. On the other hand, the law does not prioritize sectors for foreign investment so that FDI does not crowd out domestic investment and helps boost industries that are beyond the capacity of domestic firms. Moreover, instead of specifying sectors eligible for the incentive, the law just lists the business activities that are not eligible for the incentive. This means investors can decide to participate in any business besides those in the negative list and thus Cambodia has a very little room to control the distribution of foreign investment as well as to shape the destination of future development given the role of FDI.

Participation from a wide range of government ministries and agencies allows the national plan of Cambodia to face no criticism or disagreement through the entire government system, but putting sectoral/thematic policy inputs from various institutions together does not make the plan really a national one. The national plan requires the treatment of these sectoral/thematic policy proposals as inputs for deeper inter-relational analysis and solution from a macro/national or inter-sectoral perspective. This is because the most effective solution to a particular issue, for example, to increase agricultural production and yield may not necessarily lie with efforts from within the sector itself. The trigger can range from short-term to long-term measures, which may include tax vs. subsidy policy, trade policy, improving textbooks, irrigation, fiscal spending, or financial regulation. Therefore, developing a good national plan needs a capable team to do such national-picture analysis and planning.

The Economic Planning Unit of Malaysia handles the analysis and national planning by collecting inputs from various actors, which include ministries and departments, state and local governments, private sectors, academia, and NGOs.

The involvement of non-state actors, including donor, NGOs, and private sector, is offered through the Technical Working Group (TWG), a mechanism chaired by a government agency with a mandate to discuss development policy and programme with donors. NGOs have representation in most of the 19 TWGs while the private sector participates in a TWG on Private Sector Development. However, this TWG mechanism may not be enough for private sector's participation in the policy formulation given its wide spectrum. Private sector plays their role in almost every sector including health, education, agriculture, and so on.

The channel of wide participation of NGOs is through three major NGO networks in Cambodia (the NGO Forum on Cambodia, CCC, and MEDiCAM), who facilitate and coordinate the policy inputs from various sectoral NGOs. The quality of their inputs varies from one TWG to another. Generally, NGOs find the government pays little attention to their comments, but they seem to have no radical objection or criticism to the national plan. In other words, the disagreement on the national plan is not controversial between the government and other fractions. This could be because the plan is not so decisive in its direction and objective but rather general embracing various aspects of development.

The role of academia in the national planning is absent. This may be because Academia, on one hand, does not have capability and interests in the providing inputs to the national planning. On the other hand, it is because there not exist mechanisms for them to participate.

3.3. Policy Design and Content

Overall Assessment

The Rectangular Strategy, on which the national plan is structured, allows the NSDP 2009-2013 to be quite comprehensive as this rectangular structure broadly embraces multiple dimensions of development in six major magnitudes (core angle, enabling environment, and four angles of the Rectangular Strategy) and each magnitude consists of four dimensions as a sub-rectangular framework. In this regard, the overall content structure of the NSDP 2009-2013 is not so different from that of the NSDP 2006-2010.

The development of Cambodia's national plan presents an attitude of learning from its past achievement and lessons. The learning mechanism is mainly through two major occasions: i) a stock-taking of the progresses and challenges in the mid-year of the plan period, called Mid-Term Review, and ii) through a review at the end of the plan period, called End-Term Review, that is incorporated as a chapter in the new plan. Both reviews generally follow the structure of the national plan, but more detailed reports under each sub-section of the plan are not always corresponding to the planned actions. This means some actions could have been committed, but there could be no progresses reported when reviewed.

A significant move in the NSDP 2009-2013 is the fact that the overall policy formulation was fed by a few studies commissioned by SNEC for instance, the impact of the economic downturn, how to improve Cambodian competitiveness in exports, and how to diversify the economic base.

The NSDP 2009-2013, as well as previous national plans, lacks direction guidance by a vision and long-term plan. This could somehow be because Cambodia has just emerged from internal conflicts. On the other hand, such fact could also be the result of diverged interests from multiple donors and shortage of capacity within the government during its nascent stage of development.

Although Cambodia Millennium Development Goals could be referred to as a long-term development goal of Cambodia, the document is very much driven by the global initiative that Cambodia has to demonstrate its commitment. For this reason, the CMDGs are at large dominated by social goals and some environmental aspects while governance and economic features are completely an absence. Nonetheless, Cambodia is in the process of navigating its vision to become an upper-middle income country by 2030 and a developed country by 2050.

Despite its long-time experience in national planning and development, Thailand does not have clear vision and long-term plan to guide short-term and medium-term planning. In contrast, Malaysia's five-year plan has been guided by its New Economic Policy 1971-1990 and later by its Vision 2020 (1991-2020) that was accompanied by National Development Policy 1991-2010 and New Economic Model 2011-2020. Clearly, Vision 2020 wants Malaysia to become a developed country by its own definition.

Goal is one of the major elements of a strategic plan. It is very important because it indicates what the plan really wants to achieve within a specific timeframe. Such goal also serves as basis for informed choices of strategies, policies, and actions in order to ensure that the goal could be reached in a most efficient manner.

When it comes to goals, the NSDP 2009-2013 could not explicitly present its goal. This does not mean the NSDP 2009-2013 has no goal, but its goals are not straightforward. The overall goal could be as *"to reduce poverty at a rate of over 1% per annum through sustainable long-term economic growth of 7% per annum and stable inflation"*. Nonetheless, it is not that articulated that could easily be embraced. Such unclear goal identification is a deficit in national planning and makes the government difficult to even communicate the message across the entire government system, let alone to ordinary citizen.

The NSDP 2009-2013 also faces the challenge to communicate its strategies in a straightforward manner. Again, this does not mean the plan has no strategies, but the presentation of the strategies is not in an explicit manner. By some degree of assumption, the following major six magnitudes of the Rectangular Strategy could be presumed as major strategies to achieve the goals of the NSDP 2009-2013:

- 1) Improving Good Governance
- 2) Enabling Environment for the Implementation of the Rectangular Strategy
- 3) Enhancement of the Agricultural Sector
- 4) Further Rehabilitation and Construction of Physical Infrastructure
- 5) Private Sector Development and Employment
- 6) Capacity Building and Human Resources Development

Under these strategies, a wide range of sectoral/thematic policy inputs are arranged to fit the structure of the Rectangular Strategy. This makes the NSDP 2009-2013 more a collection of sectoral/thematic policies, rather than a genuinely national planning that analyses national issues based on inputs from various sources including line ministries/agencies and non-state sources, then

come up with determining goals and strategies. In this regard, the NSDP 2009-2013 is by large a compilation¹ of those sectoral/thematic policy inputs.

A rather sector-based nature of the NSDP 2009-2013 potentially puts the national plan vulnerable to risks of silo effect, the situation in which each sector has only knowledge of their own sector but is not aware of what is going on in other sectors that could negatively or positively affect them or be affected by them. Simply, it means each sector is disconnected. The silo effect could generate risks in two ways.

First, the plan loses sight of the interrelationship among sectors as one issue may underpin others or a few issues are featured by a common cause. As such the silo effect limits the opportunity to address a common cause of cross-sector issues. For instance, low completion rates, wide gender imbalance, high fertility rates, and high rates of malnutrition may all associate with low income. Therefore, fixing other causes of each issue separately may not work as efficient and effective as concentrating more efforts and resources on some critical triggers that would promote economic opportunities for wide access.

Second, it undermines the plan to benefit from a cross-sector synergy effect. For example, it must be more effective if rural road, irrigation, agricultural extension service, and microfinance scheme are together provided in a package to farmers in a particular area than if each of the services is provided separately in different times or locations. In the NSDP 2009-2013, for instance, while the role of irrigation is almost inseparable from agriculture, its policy and action plan are presented in an absolute independent section from agriculture. Moreover, agriculture and rural development are planned separately but they both promise to do similar activities. For instance, the Ministry of Agriculture, Forestry and Fisheries (MAFF) will improve credit services for livestock production and meanwhile the Ministry of Rural Development (MRD) plans to provide low-interest rate credits for the purchase of fertilizers, seeds, cropping activities, animal husbandry, or set-up of small businesses (NSDP 2009-2013, p.137).

One important area that the NSDP 2009-2013 could not articulate is the identification of leading sectors, ones that trigger and drive development and yield greatest multiplier effect or widest impact on growth and development. The absence of that may be attributed to a rather sectoral-based nature of the plan, which is somehow explained by limited power and capacity of the planning unit.

One important feature that made South Korea so successful in economic development and different from other developing world was the fact that adopted a government-led economy with high degree of transparency (other developing countries adopted government-led economy but with low

¹ As per the Guidelines for the Preparation of Inputs to be Provided by Line Ministries and Agencies (RGC, 2009), line ministries and agencies are requested to provided inputs in the form of policy statements, new programmes, projects, and initiatives to MOP. Also, they are requested to provide a general write-up that will go as part of the NSDP Update 2009-2013.

transparency in) and planned to do things by priority (while most developing countries planned to do everything at the same time). Doing things by priorities and sequencing them from one plan to another allows South Korea to concentrate and shift the resource allocation. As a result, South Korea quickly improved its industrialization and moved into heavy industry during its 2nd Plan (1967-1971), and then into high-end heavy industry in its 3rd Plan (1972-1976), which was called the Heavy Chemical Industrialization Plan.

As an illustration of how South Korean plan to do policy by priority is, for example, its 1st Plan (1962-1966) identified electric power, agriculture, and social overhead capital as three leading sectors for the economy to focus on. The Plan put sectors or industries into perspectives to see their interrelationship and then explain why they should be the strategic priorities. Electric power was considered as priority because it underpinned the expansion of key industrial production such as cement, fertilizer, steel, and iron by the private sector. As a backward linkage, the electric power could be secured through the expansion of hydro-and thermal power, which further demanded for increased production of coals. Agriculture was the priority because the country aimed to become self-sufficiency in food production and consumption by 1966. With regard to the social overhead, efforts were made to harness the unemployed and underemployed rural labour to build roads, multi-purpose dams, and urban public works.

As a strategic plan will contribute to not just the achievement of the next goals but also the far-end goal or vision of the country, the national plan should have identified major strategic sources of growth over the medium and long terms along with the strategic challenges that the government will need to address in order to speed up economic development as fast as possible. The practice in its current plan, Malaysia, through its Economic Transforming Programme with extensive consultation with private sector, has identified and emphasized on 12 National Key Economic Areas² as its major comparative advantages and drivers of inclusive and sustainable growth that will transform its economy to become a high-income status by 2020.

Priority Policies and Actions

A main feature that the NSDP 2009-2013 has demonstrated an improvement from the previous national plan is the government agencies that are responsible for implementing each sectoral/thematic policy area are designated.

The NSDP 2009-2013 consistently presents the policy under each sub-dimension of each Rectangular Strategy component into two major parts: A) Policy Priorities and B) Planned Actions to Implement the Prioritized Policies. Such a consistent presentation format makes the policy documents friendly and therefore readers can easy capture the skeleton of the national plan.

²1) Oil, Gas & Energy; 2) Palm Oil; 3) Financial Services; 4) Tourism; 5) Business Services; 6) Improving Electronics & Electrical; 7) Wholesale & Retail; 8) Education; 9) Healthcare; 10) Communications Content & Infrastructure; 11) Agriculture; and 12) Greater Kuala Lumpur.

Nonetheless, there are still rooms for further improvement to make the national plan even better.

The presentation of the policy priorities is not as apparent as the planned actions. While planned actions are presented in bullet points, the policy priorities are generally in paragraph text and because the message is not clearly presented, the readers need to spend quite some time to digest the policy priority. Moreover, such presentation style is not as reader-friendly as in bullet points. Sometimes the announcement of the policy priorities under each policy component is kind of elusive. For instance, the policy component on the implementation of the population policy (NSDP 2009-2013, p.182-183) does not clearly offer what policies are.

The relationship between the Policy Priorities and the Planned Actions is not clearly linked. This is because the plan document presents all policy priorities of a particular sector together in a whole bunch that is then followed by another whole bunch of long list of actions. Such way creates confusion in terms of which actions are contributing to which policy priority. It would have been better if the planned actions are grouped by each the policy priority. In other words, the plan should introduce the policy priority one by one and each one of the policy priorities should be separately followed by a number of actions that will contribute to the achievement of that particular prioritized policy. This kind of practice is very well reflected in the 10th Malaya Plan.

Although presented in bullet points, the planned actions are often not an action statement that indicates what will be done. Instead, they are objective statements indicating what will be achieved. Typical examples of those action statements related to improving agricultural productivity and diversification (NSDP 2009-2013, p.121-123), for instance, are to *“promote crop intensification and diversification, improve quality of produces, and reduce animal morbidity and mortality rates.”* Moreover, these statements are quite broad, no target, and thus not measurable and monitorable. Action statements should begin with verbs such as *draft, adopt, collect, organize, build, establish, commission, develop, and consolidate.*

In some instances, the selected indicators are not really matched with the planned actions. Lack of logical linkages between the policy priorities and planned actions seem to also lead to an ambiguity on the selection of indicators. As for the case of improving agricultural productivity and diversification (NSDP 2009-2013, p.124), for instance, the indicator on irrigated area is irrelevant to the planned actions. No action is related to the expansion of irrigated areas. Other indicators on fisheries and forestry are not relevant either to this particular policy component. They should be separated to fit with their relevant policy components so that the logic is easily linked to what actions should be taken in order to achieve those indicators.

Sometimes, the planned actions are better articulated but still not so specific and with measurable targets. For instance, the planned actions for ensuring equal access to education services include *building schools as close as possible to the*

residence, providing scholarships to poor students, and building dormitories for students, especially girls. These are not measurable since they are not specified how close the average distance to schools should be by the end of the plan period, how many scholarships will be provided, how many dormitories will be built as well as where the dormitories will be built (Phnom Penh or provinces) or for whom the dormitories will be (high school or university students).

The action statements in the Malaysia Plan are quite different. They are specific enough to at the same time serve as indicators that are measurable and monitorable, be they qualitative or quantitative ones. This way, indicators are together integrated into or right embedded in the action statements. Sometimes, action statements are straightforward in the form of increasing budget. A typical action statement in the 10th Malaysia Plan, for example, is “to simplify employment procedures and provide better incentives by offering no-time limit employment visas to skilled foreign talent that earns more than RM 8,000 per month and allowing them to own residential units that cost at least RM 250,000.” Other actions, for examples, in order to ensure that basic infrastructure is accessible to all (p.174-76 of 10th MP) are:

- Expand and upgrade rural road networks. By the end of the Plan period, a total of 6,312 km of paved roads will be constructed in Peninsular Malaysia, 2,540 km in Sabah and 2,819 km in Sarawak, benefitting 3.3 million people nationwide.
- Increase the extent of treated water in rural areas by upgrading and building new pipelines and water treatment plants. The targeted coverage of rural houses with access to clean or treated water in 2015 is 99% in Peninsular Malaysia, 98% in Sabah and 95% in Sarawak. By the end of 2015, a total of 117,000 additional houses in Peninsular Malaysia, 112,700 houses in Sabah and 87,400 houses in Sarawak will be supplied with clean or treated water.
- Extend the coverage of electricity supply in rural areas through the national grid and alternative systems such as mini-hydro and solar hybrid. Targets for rural electricity coverage will be almost 100% in Peninsular Malaysia and 99% in Sabah and Sarawak. Targets for additional houses to be supplied with electricity are about 6,000 houses in Peninsular Malaysia, 59,000 houses in Sabah and 76,000 houses in Sarawak.
- Increase people’s access to ICT facilities and appropriate software packages to improve their knowledge. It is targeted that at least one telecentre will be established in each sub-district.

Generally, the planned actions are neither sequencing nor time-bound. A common ground for justification is that all these planned actions are supposed to be done within the plan period 2009-2013. However, this is not ideal as well as practical. At the action level, some actions need to be done before others so that it is efficient and effective, and thus sequencing of those actions is an important step. On other hand, as constrained by capacity, budget and time, not all actions can be undertaken at the same time. Moreover, without time-bound leaves the monitoring unrealistic at the operational level.

Unlike policy formulation in the Malaysia Plan, the policies of Cambodia’s national plan are not often supported by rationale or make reference to evidence, for example, from empirical studies to demonstrate why that particular policy is worth employing. What difference the policy will make. This shortfall is mainly explained by shortages of learning through scientific studies on various development variables as well as through evaluating the efficiency and

effectiveness of major ongoing policies. In the Malaysia Plan, a key motivation behind the policy to expand pre-school enrolment is children who got registered in pre-school programmes are found to be more dedicated to education and generate higher incomes.

As a learning attitude, Malaysia embraces lessons from and compares its performance against peer. Such learning behaviour helps Malaysia to situate itself in relation to others and then employ an informed policy choice for its own development path. For example, Malaysia is inspired by practices in more advanced economies such as Singapore and Australia where teaching is consistently regarded as one of the highest ranked professions by school leavers while only top 10% and 15% graduates of each cohort are respectively eligible for teacher training programmes in South Korea and Finland (10th MP, p.206). On the other hand, although the share of SME in Malaysian GDP increased over time from 29% in 2003 to 31% in 2008, its role is far less significant if compared to 55% in Japan, 49% in South Korea and Hong Kong, and 40% in New Zealand (10th MP, p.94-95).

Investment and Financing

Financing is a critical part of other major elements of a strategic plan. Good strategies and policy priorities must be accompanied by adequate financing scheme. The needed capital investment for the NSDP 2009-2013 is more than double of that for the NSDP 2006-2010, but the source of financing has significantly changed. The government chooses to play less important role in the economy and thus be much more open for investment by private sector. Over the period 2009-2013, 72% of the total capital investment is expected to come from private sector while the government will be responsible for only 7% of the total investment, a significant drop from 12% planned for the 2006-2010. The donor community is expected to finance the rest 22%. This suggests that Cambodia even become more dependent on donors, whose funds represent 76% of the public investment during 2009-2013 compared to 67% during 2006-2010.

Table 3.3: Financing scheme of the NSDP 2009-2013

	NSDP 2006-10	NSDP 2009-13
Total Capital Investment (USD million)	6,401	15,127
Public Investment	37%	28%
• Domestically Financed	12%	7%
• Externally Financed	25%	22%
Private Investment	63%	72%
• Domestically Financed	43%	50%
• Externally Financed	20%	22%

Source: NSDP 2006-2010 and NSDP 2009-2013

When it comes to the distribution of public investment across sectors, Cambodia took a different approach compared to the investment pattern of Malaysia and Thailand during their early stage. Overall, both Malaysia and Thailand chose to concentrate their public investment in economic sectors than in social sectors, but this does not mean all sub-sectors of social sectors are not priority.

Table 3.4: Pattern and trend of public investment in Malaysia

	MP1 (1966-70)	MP2 (1971-75)	MP3 (1976-80)	MP4 (1981-85)	MP8 (2001-05)	MP9 (2006-10)	MP10 (2011-15)
Development budget	USD 4,550 Mln	USD 7,250 Mln	USD 18,555 Mln	USD 39,330 Mln	RM 170,000 Mln	RM 200,000 Mln	RM 230,000 Mln
Economic sector	61%	67%	68%	58%	38%	45%	55%
<i>Agriculture</i>	24%	26%	26%	21%	5%	6%	
<i>Commerce and Industry</i>	3%	8%	9%	14%	6%	10%	
<i>Transport</i>	8%	16%	15%	10%	19%	16%	
<i>Other</i>	27%	16%	18%	12%	9%	13%	
Social sector	18%	15%	17%	16%	41%	37%	30%
<i>Education and Training</i>	10%	7%	9%	8%	26%	21%	
<i>Health and Family Planning</i>	4%	3%	2%	1%	6%	5%	
<i>Other</i>	7%	4%	6%	7%	9%	12%	
General Administration	4%	3%	3%	2%	8%	7%	5%
Defense and Security	16%	15%	12%	24%	13%	11%	10%

Source: Malaysia Plans 1-4 and 8-10

Table3.5: Pattern and trend of public investment in Thailand

	Plan 1* (1961-66)	Plan 2 (1967-71)	Plan 3 (1972-76)	Plan 4 (1977-81)
Public Development Expenditure (Baht million)	28,180	57,520	100,265	252,450
Economic Sectors	65%	60%	43%	38%
Agriculture and Irrigation	14%	20%	14%	15%
Industry, Mining and Commerce	8%	2%	2%	1%
Transport and communications	26%	30%	19%	15%
Power	17%	9%	8%	6%
Social Sectors	31%	34%	57%	62%
Social Development	-	-	3%	3%
Public Utilities	20%	18%	15%	13%
Public Health	4%	4%	6%	8%
Education	7%	11%	33%	38%
Unallocated	4%	6%	-	-

Note: * actual expenditure

Source: Thailand's National Economic and Social Development Plans 1-4

Of note, Malaysia invested more heavily in economic sectors than Thailand and Thailand on the other hand shifted its focus to social sectors swifter than Malaysia. Agriculture was obviously top priority during early plans of Malaysia, followed by transport, and education. In its recent plans, education became top priority, whose allocated investment was 26% and 21% during 2001-2005 and 2006-2010. In Thailand, key priorities during 1st and 2nd Plans (1961-1971) were transport and communications, agriculture and irrigation, and public utilities. Later, education became an obvious priority. The sector received 33% and 38% of the total investment for 3rd and 4th Plans (1972-1981).

The pattern of public investment in Cambodia does not clearly show a clear preference between social and economic sectors. Cambodia's favour for investment in economic sector is far less pronounced compared to that of Malaysia and Thailand. Allocation share for economic sector and infrastructure in Cambodia represents 45% of the total public investment during 2009-2013, a decline from 47% during 2006-2010.

Table 3.6: Pattern and trend of resource allocation for national plan financing

	Cambodia Rural Areas		Cambodia Rural Areas	
Total development resources (USD million)	3500	62%	6278	64%
Social Sectors	33%	21%	32%	21%
<i>Education and Training</i>	16%	9%	16%	9%
<i>Health</i>	17%	12%	12%	8%
Mitigation to impact of economic crisis	n/a	n/a	4%	3%
Economic Sectors	22%	20%	24%	21%
Agriculture	10%	10%	8%	8%
Rural Development	10%	10%	12%	12%
Manufacturing, Mining & Trade	2%	0%	4%	2%
Infrastructure	25%	11%	21%	10%
Transportation (Roads, Ports, Railway, Civil Aviation)	16%	8%	12%	6%
Water and Sanitation	4%	0%	4%	1%
Power & Electricity	3%	2%	4%	2%
Post & Telecommunications	2%	1%	1%	1%
Services & Cross Sectoral Programmes	14%	6%	21%	11%
Gender Mainstreaming	1%	0%	2%	0%
Tourism	1%	0%	2%	1%
Environment and Conservation	3%	3%	4%	4%
Community and Social Services	2%	2%	4%	3%
Culture & Arts	1%	0%	2%	1%
Governance & Administration	6%	1%	8%	3%
Unallocated	6%	3%	2%	1%

Source: 2006-2010 and NSDP 2009-2013

Based on the resource allocation pattern, key priority sectors for Cambodia's development include agriculture and rural development (20%), transport, power, and communication (17%), education (16%), and health (12%). Compared to the previous plan period (2006-2010), a lot more resources are made available for services and cross-sectoral programmes, whose share increased from just 14% of total public investment need during 2006-2010 to 21% for 2009-2010. While the country is still badly in need of investment for its undeveloped agriculture and high-cost infrastructure, the allocated shares for both sectors saw a decline compared to the previous plan period.

The NSDP 2009-2013 as well as previous generation of the national plan committed more resource allocation to the rural areas. The proportion of investment allocated for rural Cambodia increased from 62% during the NSDP 2006-2010 to 64% during the NSDP 2009-2013. However, such feature of resource allocation is not realistic because the actual disbursement of investment has never been reported to reflect if rural areas do have benefited from the committed allocation share.

Despite the important role of investment in implementing the plan as well as getting the strategies and policies into desired results, the government does not review the performance of the actual resource allocation against what was

planned, which is an important and critical part of the plan monitoring. In its chapter reviewing achievement and challenges of the previous plan, the NSDP 2009-2013 does not take stock if the actual financing of the NSDP 2006-2010 was actually the way it was intended. The Mid-Term Review of the NSDP 2009-2013 (2012) also failed to review the actual performance of total investment financing and public investment during the first half of the plan period. In this regard, the costing and resource allocation for the national plan seems meaningless.

Risk Management

Risk is an aspect that should not be neglected in the strategic planning. It is critical because a single risk can easily wipe out a big chunk of previously hard-earning development stock. Therefore, it deserves serious attention and proper assessment. Risks may be unexpected, but they are not necessary unpredictable. A risk can be an economic, political, or natural risk such as flood, drought, earthquake, or hurricane. A risk can also occur at a macro or meso level and the impact of a meso risk may not necessarily be less compared to that of a macro one. For this very reason, risk assessment is imperative not only at the macro level but also at the meso one when a strategy is employed.

A sense of risk aversion is very necessary for the strategic planners. It helps the strategists prepare their plan even more strategically by trying to minimize risks through either risk diversion or risk diversification. Also, risk identification or assumption helps the planner or strategist be prepared for any inevitable uncertainty and have the alternative plan ready to back up any possible pitfalls.

Risk management is a missing aspect in Cambodia's NSDP 2009-2013. Although the plan has some account on risk management, for instance, related to disaster management (p.134-135), the efforts are inadequate and patchy. Risk management requires comprehensive, consistent and systematic efforts. Of course, development of the NSDP 2009-2013 was partly a response to the impact of the global financial crisis, but this is just a reactive response while risk management is a proactive planning behaviour trying to foresee the future risks and minimize or even avoid them. Of course, some risks are uncertain but others are not necessarily unpredictable.

In the case of Thailand, risk management is an integral part of its current National Economic and Social Development Plan. Risk assessment is consistently incorporated under each strategy. In addition to that, the plan also seeks to improve the resilient capacity under each strategy by adopting a consistent section called "resilience enhancement" in order to ensure that each strategy is resistant to uncertainty.

The Behaviour of risk-preparedness and responsiveness in Thailand's national plan is the influence of the Philosophy of Sufficiency Economy that the King introduced after he witnessed the suffering his people got from the financial crisis in 1997. The Philosophy adheres to the Buddhist principle of the "middle path" as a guiding principle for people at all levels in pursuing their livelihood. The Philosophy of Sufficiency Economy rests with the term "sufficiency", which denotes three important qualities: moderation, reasonableness, and self-immunity. Moderation means things should be kept in moderate fashion. For instance, the economy should not expand too fast as it could lead to economic excess or bubbles. Reasonableness suggests cause and effect should be analyzed and explained while self-immunity is the ability to withstand or respond to uncertainty, be it internal or external one, in order to ensure security and stability. As such it requires surveillance on risks and enhanced resilience to cope with those risks.

3.4. Monitoring and Evaluation Institutions

Effective monitoring and evaluation of the implementation is a key element for a success of a national plan. Monitoring and evaluation helps the planners or strategists to realize if they are achieving or have achieved their goals. If a particular policy is announced, there must be means to verify if it works and if the progress is on track. If the implementation goes wrong for some reason, intervention to correct things is necessary from an early stage, not to wait till five year later when the plan comes to its end.

As Park (2011) pointed out, what made South Korea different from other developing world in its planning was the performance evaluation. South Korea took performance evaluation seriously. Malaysia set up an Implementation Coordination Unit as a central unit under the Prime Minister's Department to take the responsibility for monitoring and coordination of the implementation of the national plan and policy. The Malaysia's Implementation and Coordination Unit is a multi-agency committee comprising many public service organizations at different levels. The data collected by the Unit during monitoring process serves as inputs for the coordination function, which discusses the problem and solution. The whole monitoring and coordination mechanism is supported by six committees in different levels ranging from: 1) District Development Working Committees to 2) State Development Working Committees, 3) State Development Council, 4) Ministry Development Committee, 5) National Development Working Committee, and 6) National Development Council, the highest-ranking mechanism that is chaired by the Prime Minister.

In response to important issues that arise during plan implementation and cannot wait till the Mid-Term Review or End-Term Review, Malaysia has a mechanism for a particular implementing ministry to prepare a paper, called Cabinet Paper, to elaborate the issue and propose the resolution. The paper is shared with the central agencies and other implementing agencies for their reaction; and then is submitted to the Cabinet for decision.

In addition to its planning portfolio, Cambodia also assigns MOP with the responsibility to monitor the implementation of the Plans, National Programmes and Projects in all sectors, and make assessments and propose measures to

correct those plans and programmes as needed (RGC, 1997). Despite so, the monitoring and evaluation of the NSDP 2009-2013 is quite weak and its weakness rests with institutional arrangement.

No specific institution is clearly assigned and given the sole responsibility and authority to do the monitoring and evaluation. The MOP in particular is a lead ministry to prepare the national plan, but it does not have more prestigious authority than other ministries to enforce the implementation of the national plan. A Sub-Group of the TWG-PPR was established with responsibility to develop a list of core monitoring indicators that is to be approved by the four central agencies (MOP, SNEC, MEF, CDC/CRDB), but there is no clear indication if the Sub-Group or the four central agencies will take M&E role.

Comparatively, the MOP does not receive any status that makes its authority more prestigious than other ministries in the government's organizational structure. Such arrangement does not give the planning agency necessary power to follow up and enforce other ministries who are supposed to implement the national plan.

According to Gumede (2009), the planning units in some countries have no distinct power from any other ministries while some other countries have their planning units as boards or committees, which comprise members of Cabinet, independent experts or civil servants. Nevertheless, successful planning units, for instance, in South Korea, Taiwan, and Singapore are ones i) whose power surpasses other ministries and receives strong political support from the president or prime minister, and ii) whose heads are technically competent and politically influential that can push aside the vested interest and purely dedicated to development planning portfolios. The head of South Korea's Economic Planning Board was the deputy prime minister. In the case of Taiwan, the heads of its planning unit were highly respected political figures, technically competent, and several of them had later become the premier. In Malaysia, the economic planning unit was actually based in the office of the prime minister.

At the decision level, MOP does not have the authority to approve both the investment project proposal and project financing. The real negotiation on the project proposals and budget allocation for the government-funded modality rests with MEF and line ministries and agencies. Line ministries and agencies directly submit their project/budget proposals to MEF through the annual budget process. On the other hand, negotiation of externally funded projects is by large the deal between the line ministries/agencies and donor agencies. In this regard, MOP does not have a direct control over the financing if a particular project should be approved, scaled up, scaled down, or even suspended. In sum, MOP does not have direct authority to provide incentives or disincentives to enforce the national plan implementation.

A mechanism to evaluate the impact as well as determine if a particular policy instrument works is non-existent in the MOP. This leaves the monitoring as the main feature of the M&E system of the NSDP 2009-2013. Such monitoring is not even checked and balanced. Line ministries/agencies are responsible for both implementing and monitoring the national plan in their respective sectoral/thematic area. On a periodic basis, the MOP coordinates the monitoring reports from line ministries/agencies for the production of a Mid-Term Review

and an End-Term Review. All these suggest that the monitoring is mainly the duty of line ministries/agencies who are themselves formulators and implementers of their own sectoral policies. Moreover, majority of those indicators are reliant on administrative data from line ministries/agencies.

Dependency on administrative data of line ministries/agencies makes the monitoring highly subject to unreliable data, which is a major constraint for effective national planning in Cambodia. Poor data misleads the results of the national plan implementation, which will further misinform the policy formulation and thus make the planning cycle not instrumental. As an illustration, while the national survey data shows 25% of agricultural land is irrigated in 2007 (WB, 2009), the NSDP 2009-2013, based on data from MOWRAM, reports the irrigated area covers 35% of agricultural lands in 2008. The commune database, on the other hand, records only 21% of paddy lands is irrigated in 2008. Another instance is administrative data from the Ministry of Education, Youth, and Sport reports 87% net enrolment rate for primary school, but national survey data from CSES 2004 and 2007 respectively show 77% and 81% (WB 2006, 2009).

The Policy Matrix is an important tool to track the implementation of the policy commitment, but it is missing. The Matrix presents a result chain that indicates a link impacts to outcomes, outputs, and inputs in a logical manner. It also specifies the institution responsible for implementing the policy and timeline that a particular activity should be done.

The National Assembly approves the national plan. Not necessarily stipulated in the national plan, the National Assembly should have a role in the monitoring and evaluation of the plan as well as in holding the government accountable against the plan, but it has never exercised so.

4. Conclusion and Suggestion

Cambodia's history in national development planning is quite nascent and therefore it needs to learn and improve a lot more. On top of lessons from its own experience, Cambodia also stands to benefit from planning experience from more successful countries like South Korea, Taiwan, Singapore, Malaysia, and Thailand. Of course, given different local context and many other factors at play, ranging from geographical to natural, social, cultural, and political ones, in explaining development progresses, what works in a particular country and time might not be simply replicated elsewhere, but it does not mean those lessons are irrelevant for learning and cannot be adopted.

Each country has its own opportunities and challenges, be it small or big, landlocked or coast-linked. Small country like Singapore has its own challenges in terms of scale of market size, but it manages to thrive and not many other small nations have been as successful. While Singapore and Taiwan have benefited from its coast-link, other islands seem ending up with being sea-locked and many nations do not get rich despite their coast-linked advantage. Being

land-locked can be a barrier, but it meanwhile presents a land-linked advantage. Some may attribute the success of South Korea to its political alliance with the USA in cold war and economic ties with Japan, but Thailand has not so successful. The Philippines is not a case in point either as it was also a strong ally of the USA. All in all, it's the leadership and institution that will drive and sustain development. The institution is imperative to ensure stability, justice, fairness, and sustainability, but the quality of leadership that is visionary, strategic, and capable to understand, analyse, utilize, and marry those many factors at play, harness the endowment a country has, and address or even turn the challenges into opportunities is really indispensable.

The leader's political will is first and foremost condition and drive for successful development planning. As Gumede (2009) put it, political leaders must be serious about achieving best development outcome within a shortest period of time. In addition, the leaders must be pressured by urgency needed to quickly develop their economies. Following the defeat in World War II, Japan was cautious that it was in danger and could be subject to annihilation by the enemies if its economic growth, development, and technological advancement are not comparable to them. In the case of South Korea, urgency came from its fear of possible invasion by North Korea and Japan. Taiwan, another instance, perceived threat from the Mainland China while contemporary China itself feared possible invasion from Japan and the US. In response, these economies have chosen and pursued their economic development to serve as strength to fend off the rivals.

Overall, Cambodia's experience in national development planning is still quite nascent, but the planning exercise has evolved from a donor-driven to become a more nationally owned planning. Despite so and other improvement, there is still immense need to make the national planning better and more effective. Major components of a basic strategic plan such as goals, strategies, risk management, result chain framework, and monitoring and evaluation system are still not well embraced and articulated yet. Moreover, the Cambodia's national plan lacks guidance by vision and long-term plan, but the future plans hope to benefit from the Vision 2030 and 2050 that is being developed.

Given its limited capacity and authority in relation to other line ministries, MOP tends to play a more coordination role to ensure the national government wide participation. This has made the national plan document more a collection of sectoral policies that fit with the structure of the Rectangular Strategy of the Royal Government. For prioritization of key sectors, which is an essential part of the national plan, is missing in the NSDP 2009-2013. Furthermore, there is real need to improve the selection and announcement of the policy priorities and action under each sectoral/thematic area. Their relationship is not clear. The action statements are not really denoting action and are usually not specific, time-bound, measureable, and monitorable.

Cambodia's national planning is undermined by fragmented institutional arrangement, which underlies effective functioning and accountability. Although the MOP is formally assigned to take the responsibility of national planning portfolio, there exist other government agencies that prepare plans and strategies of national characteristics. On the other hand, the national plan is more a stand-alone document. It does not have strong relationship with actual

financing decision that falls under MEF for the national budgeting process and CDC for the aid coordination and foreign investment. More importantly, Cambodia's so open investment law makes CDC almost have no power to shape the foreign investment to move in certain direction that would match the national plan and priorities.

While M&E is important to make a national plan work and be effective, the evaluation aspect that aims to measure efficiency and effectiveness of major policies is an absence in the NSDP 2009-2013. On the other hand, the monitoring dimension of the NSDP 2009-2013 is quite weak and its weakness lies with poor checks and balances or who holds whom accountable mechanism in the plan, the fact whereby line ministries and agencies who formulate their sectoral policies are also ones responsible for implementing their own policies and monitoring their own performance that is mostly based on their own administrative data sources. Moreover, the National Assembly who approves the national plan is not active in monitoring the implementation of the plan and MOP who represents the government in planning portfolio has no real power and adequate means to monitor the performance of the implementing agencies, including decision take in the project and budget proposals from line ministries and agencies.

As a way forward to improve its national planning, Cambodia may consider to improve the following:

Short-Term Suggestion

- The overall design of the plan should clearly feature major elements of strategic plan in the overall structure. Because goal and strategy are important elements but not clearly and explicitly presented in the current NSDP 2009-2013, both can be a quick fix in the new plan by highlighting them as an outstanding heading or sub-heading in the Table of Content of the plan document. Moreover, the goal and strategy statements should be short and simple but meaningful, that are easy to convince various diverse views and communicate across the entire government and horizon.
- As a quick fix for the identification of leading sectors, Cambodia may set up a capable team that is fully dedicated for prioritization exercise with systematic and wide participation from various pool of expertise within and outside the government, including private sector, to continuously analyse and discuss the interrelationship among key issues and industries.
- Given the fact that Cambodia is part of the regional integration and globalization through its membership in the ASEAN and WTO, the next five-year plan should have an explicit chapter on Cambodia's external economy in general, and in particular on how the country will adjust to meet the obligation under WTO and ASEAN Economic Community beyond 2015. The chapter must also seek to address trade and investment linkages.

- The linkage between the policy priority and actions under each policy area or sector should be improved by grouping the actions by each policy priority. In addition, the message of the policy priority will be clearly communicated if presented in bullet points while the actions under each of those policy priorities, be they qualitative or quantitative in nature, should be specific, time-bound, and with targets in a way that are measurable and monitorable in terms of tracking the progress.
- Given the fact that a single risk may have a significant adverse impact to erode big chunk of development progresses that have been accumulated over years, the national plan should take Risk Management as an important part of the planning process. The government should take into account the risk assessment and assumption by integrating them into the planning exercise. The design of the plan may consider Risk Management as an independent section for its overall strategy level and also incorporate it as a feature within each strategy and sector. This is because each strategy or sector may carry into own risks. This way, risks will be better navigated and controlled.
- Financing is a crucial part of a strategic plan. Cambodia's national plan has had a dedicated chapter to show the resource requirement to finance the needed investment. However, the government has never reported the actual financing and investment against what was planned. As a crucial part for monitoring and learning, the government should start to review and report the availability and distribution of both public and private investment against the plan, particularly in the Mid-Term and End-Term Reviews of each plan.

Medium to Long Term Suggestion

- Cambodia must shape up a long-term plan that seeks to move up the ladder of industrial development through sequencing the priority sector. South Korea, Taiwan, and Singapore were so impressive in this regard while Malaysia's success was also good. Cambodia has not done anything serious. Its investment law is not instrumental in dictating investment into particular sector or area. Garment industry has been a major economic base for 20 years without a plan for exit. Legal framework has a provision to grant long-term economic land concessions to companies without a ceiling of how much land should be given. In practice, the sites of land concessions are usually granted through unsolicited procedure (Oldenburg and Neef, 2013), which means the investors identify the suitable lands for their crop production and request the concession rights from the government, rather than authorities plan where investors should go.
- With technological advancement, the modern consideration and judgment on the priority of the national policy can be done through computer

application by employing the Computable General Equilibrium (CGE) Modeling, a modern computer-based system to measure an economy-wide impact or multiplier effect of any particular policy. The multipliers-linkage coefficients can be used as a powerful planning instrument to decide the priority sectors and to strengthen linkages as well as quicken structural change through direction investment or growth synergies propulsively as lead sectors. However, such application cannot be built overnight. It requires highly talented human expertise and time and it is not feasible within a short-run but Cambodia must start to invest from now or soon.

- Like any countries in the world, space limit is an issue. Some countries have ended up with too congested city and too much inflow of rural-urban migration due to imbalanced development across regions. Unexceptionally, Cambodia should have a spatial planning that considers an appropriate and efficient use of the space it has. That spatial planning is really necessary to inform long-term planning and to direct and distribute needed investment into certain places and sectors.
- As lessons from South Korea, Taiwan, Singapore, and Malaysia have shown, successful planning is one that is commanded by super ministry whose authority surpasses other ministries and whose head is both technically capable and politically influential that can put aside the vested interests and enforce the implementation of the plan. In addition to that successful planning is one that is underlain by the most talented people in the country. Toward this end, Cambodia may consider to gradually reform its current institutional arrangement in order to reduce fragmentation and duplication and to enhance the accountability mechanisms.

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