

Cambodia Country Partnership Framework 2019-2023

Summary of Consultation Discussions with Line Ministries

Phnom Penh, January 29, 2019

Participants: 57 representatives from relevant line ministries, National Assembly, and committees

Introduction: The World Bank team opened with a presentation outlining the country context and development priorities as identified in the Systematic Country Diagnostic (SCD), as well as the proposed areas of focus for the upcoming Country Partnership Framework (CPF), which align with priorities of the Royal Cambodian Government's (RCG) Rectangular Strategy. The proposed CPF focus areas include: 1) promote state efficiency and boost private sector development, 2) foster human development, 3) improve agriculture and strengthen sustainable use of natural resources; and a cross-cutting theme of strengthening governance, institutions and citizen engagement. In addition to the SCD pathways and RCG strategy, the CPF aims to consider the WBG's areas of comparative advantage. Participants then discussed questions posed by the Bank team.

Top issues raised in discussion: Rural infrastructure, digital economy, social protection, climate change, gender, SMEs

Areas of discussion	Key points raised
What are Cambodia's most pressing development challenges and needs?	<ul style="list-style-type: none">• Economic vulnerability is an issue. Cambodia needs to diversify its economy, modernize many sectors, and look for avenues to add value.• It will be important for the Government to identify growth accelerators, ie. areas in which smaller investments can result in greater growth.• Although Cambodia has done well at reducing poverty, investment in social protection is still very low. The Government has been investing a lot in human capital building areas like education and health, but now social protection will play an important role in building human capital. However, this is a new sector and has a lot more needs than the basic human sectors.• Rural roads and access are still a major issue.• Women and children are more vulnerable and are disproportionately affected by issues in rural areas, like natural disasters and water and sanitation.• Cambodia is vulnerable to natural disaster risks. Flooding and droughts can make it difficult for people in rural areas to access essential services.

	<ul style="list-style-type: none"> • Key sectors for Cambodia’s development currently include education and capacity building, land issues, health, infrastructure, and management of financial institutions. • The private sector will be key to achieving the Government’s upper-middle income country goals, and SMEs will be crucial to this. SMEs represent a large percentage of the labor force in any economy. While Cambodia has attracted FDI and large enterprises, SMEs are underdeveloped.
<p>What would be the priority areas for WBG support over the next 5 years?</p> <p>What should the WBG do more or less of?</p>	<ul style="list-style-type: none"> • Many participants agreed that WB proposed CPF priorities make sense in the current country context, although additional suggestions were also raised. • In general, WB knowledge, technical/advisory support, policy support, development of frameworks, and leveraging of other development finance are highly appreciated in all sectors. <p>Human Development:</p> <ul style="list-style-type: none"> • WB should ensure that there is an explicit gender aspect to all projects and that gender issues are mainstreamed, as this is important in all sectors. • Capacity building has many levels, but WB is well-positioned to support in higher education. We already have projects in this area, and WB could continue to do even more. • WB should support social protection – this may not be in the form of lending, but in technical support by sharing the expertise to design frameworks, ensure sustainability, and attract other resources. This way the WB can help the Government prepare to tackle this issue on its own more effectively in the future. <p>Governance and Economy:</p> <ul style="list-style-type: none"> • Now that public sector and civil service reforms are underway, there should be some efforts on capacity building of civil servants to ensure better delivery of public services. Although WB focus on accountability is noted, capacity building should also be considered. • WB should contribute to public administration, public financial management and decentralization. • WB support to doing business is suggested, particularly reducing the costs of firm establishment and operation. (Including business environment, trade facilitation, cost of electricity, and other factors). • WB work on SMEs would be appreciated: how to formalize and better manage them, access to finance, and vocational training, so SMEs can play their role in overall economic growth. • WB should support the area of digital economy as this is a driver of growth. • ICT areas should be developed as a way to enhance transparency and effectiveness of projects/public administration. • The WB can help on the pressing issue of urbanization – policy reform, capacity building and mitigating impacts on the whole country. <p>Rural development:</p>

	<ul style="list-style-type: none"> • WB support is encouraged for rural transportation and water supply. • Rural development would be a good area for WB to engage in, perhaps related to land use, concessions and demining. <p><i>Environment and Agriculture:</i></p> <ul style="list-style-type: none"> • On the agriculture agenda, it would be important to have WB support on commercialization, not only diversification. • WB should facilitate public and private investment in infrastructure and application of technology for agricultural industries. • All projects should consider the impacts of the climate change.
<p>What could be the most significant implementation challenges and how could they be mitigated?</p>	<ul style="list-style-type: none"> • Climate resilience of projects is a challenge – sometimes the effects of climate change reduce the sustainability of projects. • There can be a lack of connectivity between development partners, which can result in gaps or duplications. Not all development partners ensure that there is local capacity to sustain the work once a project is over. • Coordination with the private sector is also a challenge. A stronger partnership would be helpful to mobilize and align private investment with development priorities. • Lack of capacity of civil servants can pose an issue in project implementation. Regular follow up and guidance on the direction of implementation is helpful. • It can be challenging to mobilize resources and ensure that they are used efficiently. Response times can also be an issue. Perhaps ICT can be an avenue to better manage project budgets. • Line ministries would benefit from better coordination for gender and climate change budgeting.
<p>Other comments</p>	<ul style="list-style-type: none"> • It would be helpful for Government if WB can more clearly differentiate in the CPF which areas are ongoing/continuations of previous work and which are new. • Disabled people should be considered as a vulnerable/target group in WB operations. • Participants expressed interest in learning more about alternative development indicators (aside from GDP/GNI per capita).