

## Cambodia Country Partnership Framework 2019-2023

### *Summary of Consultation Discussions with Ministry of Economy and Finance*

Phnom Penh, January 18, 2019

Participants: 5 representatives from the Ministry of Economy and Finance

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.

Top issues raised in discussion: Human capital, public sector capacity building, debt management, PPPs

Areas of discussion	Key points raised
<b>What are Cambodia's most pressing development challenges and needs?</b>	<ul style="list-style-type: none"><li>• For the most part, development priorities are outlined in the RCG Rectangular Strategy, so it is the right approach for the WB to use that to select a few to support. Participants agreed with the priorities and focus areas selected by the WB.</li><li>• Participants underscored the importance of Human Capital and discussed that the Government would need to decide the best way to finance this (public budget vs. grants). In general, capacity building for both individuals and institutions will be important going forward, and these need to be approach in a more systematic and integrative way.</li></ul>
<b>What would be the priority areas for WBG support over the next 5 years? What should the WBG do more or less of?</b>	<ul style="list-style-type: none"><li>• Participants emphasized that MEF sees the WB's main added value as providing knowledge, frameworks and tools, rather than financing. The Government appreciates sharing of WB experience related to future development and economic trends.</li><li>• Future WB projects should all include digital economy as a backdrop – not necessarily as a separate project, but by using digital/innovative technology when possible in operations, to encourage more advanced growth of Cambodia's economy.</li><li>• WB should discuss further with MEF regarding engagement with the private sector, as the Government has just endorsed a PPP strategy. This is also a good point of entry for IFC.</li><li>• MEF would like to see IFC working in more areas, including the financial sector and infrastructure.</li><li>• Participants encouraged the WB to discuss the Debt Management Strategy with relevant departments and how this may be supported by the Bank, such as through upcoming ASAs.</li></ul>

	<ul style="list-style-type: none"> <li>• WB knowledge on remittance and overseas jobs of Cambodian workers would be appreciated.</li> <li>• MEF appreciated the subnational health security development project but would be interested in sourcing grant resources to finance it if possible.</li> <li>• WB should continue to use past lessons from the Cambodian context to improve the future strategy and implementation, including: project design, procurement, and financial management.</li> </ul>
<b>What could be the most significant implementation challenges and how could they be mitigated?</b>	<ul style="list-style-type: none"> <li>• The WB procurement procedures are complicated and require a lot of Government resources and effort – these should be simplified however possible.</li> <li>• MEF has not always collaborated well with IFC in the past, so future strengthening of this relationship and coordination would be appreciated.</li> <li>• Transfer of resources to the sub-national level is often slow, and the Government needs to work on this. The Government has concerns that projects providing Seed Grants through commune cadre are not sustainable, as the sub-national government won't be able to continue them after the projects are completed.</li> <li>• It can be a challenge working with DPs that projects are impossible to sustain after closure. MEF would like Government to try to take more ownership of projects so they are more sustainable after closure – there must be handover after the project rather than one-off interventions.</li> <li>• MEF discussed types of funds to institutionalize sub-national government capacity and to improve accountability of the commune/Sangkat council. This can help with the sub-national mandate for better governance and more robust management.</li> </ul>
<b>Other comments</b>	<ul style="list-style-type: none"> <li>• Participants commented that this is a good time for CPF engagement and for strengthening the partnership with the WB.</li> <li>• Participants emphasized that MEF values the WB as a Knowledge Bank. Mobilizing grants/leveraging resources should be crucial and further illustrated in the CPF. Therefore, the WB should plan not only IDA projects, but bringing in more grants which help develop further capacity.</li> </ul>