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# 1 Summary

Cambodia has experienced high levels of economic growth and made considerable development progress over the past 15 years. Between 1995 and 2010, economic growth averaged more than 7 per cent, bringing the poverty rate down from 47 per cent in 1993 to 25 per cent in 2010. This has been mirrored with improved social indicators with an increase in life expectancy and per capita income more than doubling. However, Cambodia remains one of the United Nations 49 least developed countries. Among other social development challenges, disparities between urban and rural development have remained high, and while the child and maternal mortality rates have fallen significantly, rates of violence against women are high.

The *Australia – Cambodia Joint Aid Program Strategy 2010–2015* outlines how Australian aid will assist the Royal Government of Cambodia and the people of Cambodia to achieve the country’s development goals between 2010 and 2015. Australia’s aid program will focus on areas in which we have experience, credibility and the potential to make the greatest impact. Priority sectors are agriculture and rural development, health, infrastructure, and law and justice. Through our support for these sectors, we seek to balance sustainable strengthening of government systems with greater support for more immediate and practical service delivery.

In agriculture and rural development, Australian support will focus on raising agricultural productivity, reducing vulnerability by addressing food insecurity, and supporting landmine clearance.

In health, Australia will support Cambodia’s priorities to increase access to quality health services for the poor, women and children through improved health management. Australian aid will assist in providing poor Cambodians with high-quality preventive, curative and rehabilitative services and help ensure they can adopt and maintain optimal health, nutrition and hygiene practices as well as access health services.

In the infrastructure sector, we will support transport and rural electrification infrastructure – with a particular focus on rural areas – to lay the foundations for more inclusive growth.

In the law and justice sector, Australia will build on our previous engagement, by building capacity in the Ministry of Justice, courts and the Cambodian National Police. Programs addressing violence against women and increasing access to legal aid for the poor will be a focus of this work.

We will build on our commitment to disability inclusive development through our support to government and civil society. We will build on the long-term engagement of the broader Australian community through increased volunteer and non-government organisation support.

Australian support in these areas is based on our long-standing partnership with the Royal Government of Cambodia in achieving its development objectives. We will increase our efforts in improving the quality, accountability and transparency of the aid program, in partnership with Cambodia. In delivering the aid program, we will make targeted use of multilateral organisations and non-government organisations to deliver our assistance and increase harmonisation with other donors. We will also increase the amount of assistance we provide through Cambodian government systems, where we assess these as robust.

Based on an assessment of the four aid allocation criteria in the Australian Government’s *Comprehensive Aid Policy Framework* – poverty, national interest, our capacity to make a difference, and current scale and effectiveness – the size of Australia’s aid program to Cambodia is expected to increase over the life of the strategy. We will maintain a strong focus on achieving outcomes, mutual accountability and value-for-money so we can make a real difference to the lives of Cambodian people.

## 2 Development Partnership Principles

### 2.1 Principles and commitments

#### An effective Australian aid program for Cambodia

The fundamental purpose of Australian aid is to help people overcome poverty. This also serves Australia's national interests by promoting stability and prosperity in our region and beyond.

Our aid program is guided by five strategic goals: to save lives, promote opportunities for all, build sustainable economic development, build and support effective governance, and to respond effectively to humanitarian crises and natural disasters. We focus our efforts in areas where Australia can make a difference and where our resources can most effectively and efficiently be deployed. The Australia - Cambodia Program gives effect to this through a focus on health, agriculture and rural development, infrastructure and law and justice.

Aid programs are more sustainable when owned and driven by partner governments. Australia is committed to aligning with the priorities and policies of our development partners. We use approaches that are tailored to country-specific situations and needs. Australia is also committed to providing assistance through the systems and processes of our partner governments where we assess these as robust. Where they are not, we will work with partner governments to strengthen them. In delivering an aid program risks have to be taken to achieve results. We take a sensible approach to risk management to guard against risk and fraud while delivering programs and assistance to those poor people who need it.

We work through partnerships to deliver our program. Our development partnerships are built on mutual accountability and accountability to our respective citizens, organisations and constituents. Critical to accountability is Australia's commitment to be more transparent about financial and operational information, results and performance. Australia supports greater transparency of all development partners to better measure and report on the impact of development efforts, foster accountability and promote greater coordination.

Australia will work with Cambodia in a relationship of mutual trust, recognition, and accountability for results to achieve improvements in health, agriculture and rural development, infrastructure and justice sectors.

In doing so, this program strategy is guided by the Australian Government's aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, which sets the strategic direction of Australia's aid program through to 2015-16. To give effect to this policy the Government has prepared a *Comprehensive Aid Policy Framework* which outlines the resources and headline results to be delivered by 2015-16 and sets new standards for the efficient and effective delivery of Australian aid. We are committed to the performance and results of Australian aid to Cambodia, as part of the overall effectiveness and impact of the Australian aid program.

### 2.2 Joint focus on results

Australia and Cambodia are committed to delivering aid that is transparent, based on mutual accountability and a shared focus on results. Both countries have signed up to the Accra Agenda for Action and the Paris Declaration for Aid Effectiveness and the Busan Partnership for Effective Development Cooperation.

Australia will ensure that the delivery of its aid program reflects Australia's and Cambodia's international commitments to aid effectiveness. As such, the program will continue to support the Government of Cambodia's leadership of the development agenda. We have aligned it with Cambodia's National Strategic Development Plan

Update (2009–2013) and will continue to implement activities through the Royal Government of Cambodia’s systems. We will also continue to coordinate with other donors and the Royal Government of Cambodia to improve these systems and build capacity. This includes working through sector working groups, the dialogue mechanisms in place, and joint review missions.

Achieving development results is paramount for program success. The performance assessment framework developed for this strategy (Table 1) outlines what development outcomes we expect to be achieved with investments of Australian aid in Cambodia. Identifying realistic and gender disaggregated development targets will enable Australia to demonstrate how the aid program has a real impact on people’s lives. The framework uses Millennium Development Goal (MDG) targets and government monitoring systems wherever possible to track progress. It will be updated regularly to reflect changing circumstances. An annual program performance report will describe the results achieved by our aid program in Cambodia against this strategy and report on the quality of our activities.

The effectiveness of the aid we deliver through this strategy will be reviewed through senior-level discussions every two and a half years to ensure we are achieving results and value-for-money. A mid-term review of this strategy will be conducted in 2013 to ensure alignment with the Royal Government of Cambodia’s next National Strategic Development Plan and Australian Government priorities. These reviews, as well as comprehensive annual program performance assessments, will form the basis of discussion between Australia and Cambodia on progress towards this strategy’s objectives. Annual program performance reports will be made publicly available.

## 3 Context and rationale for Australian aid to Cambodia

### 3.1 Poverty and need

#### Falling poverty but significant social development challenges remain

Cambodia is a least developed country that ranks 139 out of 187 countries on the United Nations Human Development Index. Consistent economic growth over the last decade saw national poverty fall from 47 per cent in 1993 to 25 per cent in 2010. Despite this strong performance, income inequality and disparities between urban and rural development have remained high.

Despite significant improvement in recent years, social indicators remain some of the poorest in the region. The child mortality (MDG 4) rate has declined and is now 54 per 1000 live births (compared to a regional average of 29 per 1000 live births). Maternal mortality (MDG 5)—at 206 per 100 000 live births—has halved between 2005 and 2010, though it is still high compared to some of Cambodia's neighbours. Access to clean water and sanitation (MDG 7) is among the lowest in South East Asia. Progress towards gender equality (MDG 3) is slow and rates of violence against women are concerning. People with disability continue to be among the poorest and most marginalised group. Poor people generally, and women and people with disability in particular, require new ways of having their needs recognised and prioritised.

#### Strong economic growth but from a narrow base

As an open economy with a reasonable level of integration with global and regional economies, Cambodia has considerable growth potential. However, growth is narrowly based and depends on agricultural production, a limited range of exports and foreign investment. This leaves Cambodia vulnerable to global shocks and natural disasters, such as the 2008 global food, fuel and economic crises. In 2009 the country's economy contracted to a close to zero per cent growth rate as a result of the global economic crisis. This contraction was suffered disproportionately by women, children and the poor, and resulted in significant urban to rural migration, adding to the adverse rural impact of the crisis. Recovery has been modest, but Cambodia has strong potential to return to a pattern of high growth, particularly if productive and economic sectors (including mineral resources) are well managed.

The impact of the global economic crisis on Cambodia's economy and people has reinforced the need to urgently enhance the country's economic competitiveness and broaden its economic base. Complicated regulatory and customs processes, inadequate infrastructure and high domestic power prices are hindering Cambodia's economic competitiveness and discouraging foreign investment. The future of garment manufacturing (Cambodia's largest export) is also uncertain because of increasing competition from countries in the region and further afield. While agriculture offers significant economic opportunity, growth potential is constrained by low productivity and inadequate farming practices.

#### Better governance needed to support economic growth and development

Despite many years of peace, stability and good economic performance, the development of transparent, accountable governance—based on the consistent application of the rule of law—is still a challenge. The Khmer Rouge trials, being conducted by the Extraordinary Chambers in the Courts of Cambodia, provide some evidence that the country

has made progress with rebuilding government institutions and processes. More broadly, public service capacity to develop policy and programs has increased. This progress needs to be extended to further reduce poverty. In particular, the Royal Government of Cambodia must put its weight behind efforts to embed rules-based governance. The poor need this most of all, but so do people in small business whose efforts can increase jobs and revenue, and international investors who need predictability.

Greater transparency and certainty are needed most urgently in land rights and land management, to protect the poor and ensure natural resources are used in a sustainable way. Deeper public sector reform is required to improve the delivery of essential government services, such as in health and education. Strengthening the quality of governance in these areas, to increase policy and program effectiveness and consistency of decision making and transparency of process, are necessary to support better economic and social outcomes.

### Land management reform essential to economic development and social protection

Complexities associated with the administration and management of land are problematic in Cambodia and reform is needed for economic development and social protection. Land ownership disputes, and the absence of a sufficiently robust and comprehensive framework for resolving such disputes, constrain investment, particularly in agriculture. These issues also increase the vulnerability of households caught up in land reallocation processes. This environment impinges on community resettlement processes, including those associated with aid-funded projects.

### Tackling agricultural constraints the key to further poverty reduction

Some seventy per cent of Cambodia's population, and most of its poor, depend on agriculture for their livelihoods and this dependence will continue for many years to come. Reforms and programs lifting agricultural productivity, supporting crop diversification and encouraging production for market are fundamental to reducing poverty and addressing rural underemployment. In particular, significant improvements in managing irrigation infrastructure and fertiliser use are required. Rising agricultural productivity not only benefits rural areas and people, it feeds growing towns and cities and helps generate growing markets for off-farm production and employment. This helps raise savings, which can fuel investment in growing manufacturing and service industries.

### Lifting constraints to private sector growth crucial to growing employment

More than 40 per cent of Cambodia's population is under 18 years of age and more than 350 000 young people seek work for the first time each year. This large yearly influx of young people searching for work far outweighs current employment growth. If not addressed, this increasing underemployment will likely result in higher levels of social unrest and crime. Tackling this will require a large increase in private sector-led employment growth. To underpin such growth, substantial trade and investment reforms are needed to strengthen the enabling environment. Maintaining policy predictability is important for investors, as is securing property rights. Improving the efficiency and transparency of customs administration and business regulatory processes, while addressing Cambodia's high business-input costs, need to be early reform priorities.

### Strengthened resources sector management needed to unlock its development potential

Cambodia wants to use its potential minerals and hydropower endowments to accelerate its development. Managing these resources well will raise extra government revenue needed to finance and deliver government education and health services. Careful management is also required to minimise the potential adverse social and environmental impacts of development projects.

## 3.2 Australia's national interests

As a sizeable state situated in the South East Asia region, it is in Australia's interests for Cambodia to continue its development towards being a prosperous, stable and democratic nation in South East Asia. Cambodia's location

places it at the centre of a number of transboundary challenges, including pandemics, transnational crime, climate change and environmental degradation. Cambodia will also play an important role in bilateral and regional responses to increasingly vexed issues around water resources management, as competing demands for water for hydropower, irrigation and fisheries intensify. Cambodia's constructive and effective engagement in developing bilateral and regional solutions to these issues is needed.

### 3.3 Capacity to make a difference

Australia's development assistance will target some of Cambodia's most pressing development needs. Our activities will focus on where we have experience, credibility and the potential to influence and make a difference.

Furthermore our choices will reflect the lessons we have learned over two decades of aid engagement in Cambodia.

In determining where the Australian aid program should engage we have sought to balance long-term strengthening of government systems—which remains important—with greater support for more immediate and practical service delivery. This approach will maximise our ability to support needed public sector reform in areas where we can influence and add value, while ensuring Australian aid reaches communities in need through direct and efficient pathways.

With this in mind Australia will focus on two areas where more progress is required in Cambodia: child and maternal health (MDGs 4 and 5) and rural poverty (MDG 1). In 2009, progress towards meeting maternal and child health indicators was slow. With the withdrawal of other donors from the health sector, we have an opportunity to fast track progress, through a targeted injection of funds and policy dialogue. These efforts will complement Cambodia's existing policy framework and leadership in this sector. Our health sector support will strengthen broader government systems and the direct delivery of improved maternal and child health services. This support will save lives as it will keep hospitals open, improve the quality of health professionals (through training), service delivery in health centres and hospitals and health administration, and increase coverage of subsidised healthcare for the poor.

In the area of rural poverty, we aim to raise agricultural productivity and reduce vulnerability by addressing food insecurity and supporting landmine clearance. Australia has had long-standing and successful aid engagement in these areas. Our support to the agriculture sector in Cambodia over the last 25 years has contributed to the doubling of average rice yields over this period. Ninety per cent of Cambodia's poor currently live in rural areas and the majority of these people derive their income from agriculture.

Australia has been a major contributor to mine action in Cambodia since 1994 and is currently ranked the second largest donor. Our support to mine action has focussed on clearing landmines, educating people about landmine risks and helping survivors. While the precise extent of contamination is not known, it is estimated that 648.8 square kilometres of mine affected land requires clearance. This has implications for the amount of land available to be cultivated by those living in rural areas. Australia is the largest donor to the multi-donor funded Clearing for Results Program, which is focused on clearing landmines and other unexploded ordnance, improving cost efficiency and building the capacity of the national mine action authority to direct and monitor clearance activities.

Australia will also support badly needed transport and rural electrification infrastructure by working with multilateral development banks to increase the quantity and quality of infrastructure and broaden benefits for the poor.

Investment in this area will provide immediate benefits to communities through direct access to new infrastructure, particularly in poor rural areas, and build essential national economic infrastructure. This agriculture and rural infrastructure work will help lay the foundations for broader and more inclusive growth. We will be conscious of resettlement impacts and the need to safeguard the rights and interests of the poor. We will also help integrate gender, HIV and environmental impacts into major infrastructure projects.

Australia will also continue to work in the law and justice sector for the duration of this strategy. A strong and well-functioning legal sector, as recognised in Royal Government of Cambodia development plans, is necessary for sustained development and it underpins the effectiveness of much other development work. Our work will build on

13 years of sector engagement, which has focused on rebuilding systems, practice and culture. While there have been many achievements, overall progress has been much slower than desired. Reflecting lessons learned from this, we will implement activities that engage more directly with communities and provide Cambodians with greater access to justice, an area in which Australia has already had success.

Land management processes in Cambodia, which impinge on many facets of development, need significant strengthening. The pre-conditions are not present for us to directly re-engage in this arena and be effective. Nonetheless, land management issues are present in several areas where our aid program is active. We will continue to frame our projects to take into account land management challenges to deliver the best possible outcomes for local communities. This includes community resettlement associated with our infrastructure projects.

Australia will continue to be a major donor for disability-inclusive development. We will build on previous assistance through victim assistance under mine action and more recent support to the Royal Government of Cambodia and civil society, particularly Disabled People's Organisations. We will support the Cambodian Government and civil society to rehabilitate and reintegrate people with disabilities into the community.

We considered providing assistance to other high-need sectors, such as basic education and water and sanitation. However other development partners are already implementing major programs in these sectors. Furthermore, our investments are already focussed on a few priority areas which have the most potential to achieve policy change and real results. Further diversification of our program would risk fragmenting our efforts and reduce the overall effectiveness of our program.

The areas of focus for the country aid program will be complemented by Australian regional aid assistance delivered through a range of Association of Southeast Asian Nations and the Mekong River Commission programs. These programs will support regional approaches to trade reform, human trafficking and water resource management challenges in Cambodia and other Mekong Basin countries.

### 3.4 Scale and effectiveness

Foreign aid continues to play an important role in Cambodia's development process but aid trends are mixed. Over the last decade Cambodia's aid to gross domestic product ratio has fallen from around 12 per cent to less than 10 per cent. However aid per capita has increased, from around \$US40 to almost \$US80. Cambodia has received nearly US\$8 billion in aid since 1992 and has received on average around US\$600 million of development assistance each year over the past five years. Aid pledges for 2010 reached about US\$1.1 billion. Aid has an important role in financing public sector investment programs and public sector strengthening work. Cambodia's dependence increased following the impact of successive global crises on economic growth and government revenue.

Australia has been a long-standing major development partner in Cambodia and is the country's third largest bilateral donor. Other important development partners include Japan, the United States of America, France, the United Kingdom (up until 2013) and Germany. Recently Cambodia has received increased aid from emerging donors including China, India, the Republic of Korea and some Middle Eastern countries. Multilateral organisations, including the World Bank, Asian Development Bank and United Nations have a strong presence in Cambodia. Non-government organisations make a substantial contribution to the country's development. In 2010, for example, non-government organisations provided more than US\$100 million of their own funds to Cambodia and implemented US\$63 million in assistance from other development partners.

The Royal Government of Cambodia and international partners have held ongoing, constructive discussions on the government's National Strategic Development Plan and donors have committed to supporting the plan's priorities. There is broad donor consensus around Cambodia's priority development challenges, as outlined earlier in this strategy. This consensus enables us to efficiently and effectively deliver much of our aid in partnership with others.

## 4 Strategic priorities for Australian aid

### 4.1 Proposed focus areas and expected outcomes

Flowing from the analysis above, the program will focus on four core areas—health, agriculture and rural development, infrastructure and law and justice. These areas reflect four of the five core goals of the Australian aid program:

1. saving lives—by improving the management and quality of health services
2. promoting opportunities for all—by addressing violence against women (through our law and justice program) and disability (as an area of particular focus)
3. sustainable economic development—by improving food security (through our agriculture and rural development program) and investing in infrastructure
4. effective governance—by improving the capacity and commitment of courts, prisons and police crime prevention activities (through our law and justice program).

Our bilateral investments are complemented by some regional investments dealing with transboundary issues such as infectious diseases, HIV/AIDS, avoidable blindness, water resource management, people trafficking and regional trade integration. Australian volunteers will continue to make a valuable contribution to building the capacity of individuals, organisations and communities through skills development and knowledge exchange.

#### 1. Agriculture and rural development

Australian assistance will support development in rural areas where 90 per cent of Cambodia's poorest people live.

Our support in this sector will be two-pronged. Assistance will be provided to raise the income of small farms through increased agricultural productivity. This will be achieved through higher-quality rice seed, product diversification, irrigation infrastructure and better farmer links to market traders and agribusiness. Assistance will also be provided to improve the livelihoods of the poorest and most vulnerable Cambodians through social protection activities such as school meals and mine action programs. Mine action support, involving mine clearance and mine risk education activities, will help reduce the vulnerability of poor rural communities and open up land for increased farming and access to schools, health services and markets.

#### 2. Health

Australian assistance will improve the management and quality of health services, particularly for the poor, women, children and people with disability. Significantly increased resources will be available to improve the health of mothers and children and help address high rates of maternal and child mortality. Australia will also help improve the quality of training of health professionals (including midwives), improve service delivery in health centres and hospitals, increase coverage of Health Equity Funds (to keep hospitals open), increase coverage of subsidised healthcare for the poor and improve health administration.

#### 3. Infrastructure

Australian assistance will help drive growth by creating opportunities for domestic and international trade and opportunities for employment growth, particularly in poor rural areas.

We will maintain our support for upgrading Cambodia's transport and energy infrastructure. We will also help upgrade and maintain major roads across Cambodia from Thailand to Vietnam, and increase efforts in developing and maintaining rural roads. We will work to restore the damaged and underused national railway system connecting Phnom Penh to Cambodia's international port in Sihanoukville (in the South) and to Poipet and eventually Thailand (in the North).

Australia will work to increase electricity coverage, including renewable energy, in rural areas.

Australia is committed to the achievement of resettlement outcomes at agreed international standards within these infrastructure projects.

#### 4. Law and justice

Australian assistance—building on our past engagement and strong relationships in the justice sector—will place increased emphasis on work with local authorities, communities and civil society to prevent crime and improve community safety, reduce prison overcrowding, expand access to legal services and consider alternative ways to resolve disputes. Reducing violence against women will also be a focus.

Australia will also continue support for the Khmer Rouge trials.

### 4.2 Program approaches and ways of working

The *Australia – Cambodia Joint Program Strategy 2010–2015* will build on the successes of the current program's delivery while recognising that some changes in emphasis and direction are required to meet emerging challenges. Several themes will underpin Australia's aid to Cambodia over the life of this strategy and will be cross-cutting and apply to all our proposed areas of focus. These are improving governance and tackling corruption, integrating gender into all of our work, ensuring we address disability, developing human resources, and working in partnership. These themes are described here.

#### Improving governance and tackling corruption

Weak aspects of governance and corruption are major challenges to achieving sustainable growth and poverty reduction in Cambodia. Recognising the politically sensitive and complex nature of corruption, we will support reforms in law and justice that gradually make corrupt practices less attractive and more difficult. We will support the Government of Cambodia's Anti-Corruption Unit.

Australia will give priority to supporting improvements in the accountability and transparency of public expenditure that are linked to improvements in good governance and service delivery. For example, working with other donors and International Financial Institutions, we will support public expenditure tracking work at national and sub-national levels. Australia will also continue to help the Royal Government of Cambodia extend public financial management reforms across key ministries, particularly those related to improvements in service delivery. We will continue to work with the courts and police to reduce corruption, and improve community confidence in these key institutions.

Australia will support initiatives to empower civil society to provide a voice to citizens on issues such as transparency and accountability. For example, we will support civil society organisations to track expenditure and service delivery in health. Our scholarship program (Australia Awards) will play an increasing role in tackling these issues, including by equipping reform constituencies in the public and private sectors with the skills to push reform agendas forward.

## Integrating gender into all of our work

While the Royal Government of Cambodia has stated its commitment to gender equality, implementation remains slow. Australia will advocate for the mainstreaming of the Royal Government of Cambodia's policies on gender as a priority. We will support activities such as collecting sex disaggregated data, piloting gender-sensitive budgeting and helping implement equitable processes in the public service. Gender analysis will inform the design and implementation of all Australian aid activities and gender equality will be an important part of project monitoring and evaluation.

Eliminating discrimination against women, including violence against women, is a key policy objective of the Australian aid program. Recognising that violence is a factor in preventing women from exercising their rights and achieving equality, our aid to Cambodia will continue to focus on this area, particularly through support to the Royal Government of Cambodia, the United Nations and civil society to improve policy, planning and services to women and children who are victims of violence. Australia will also continue to help strengthen legal frameworks and regional cooperation to combat trafficking in persons, other transnational crime and pandemics that particularly affect women.

## Ensuring we address disability

Disability is a cause and consequence of poverty. People with disability are less likely to access services, such as health and education, than those without disability, and often face stigma and discrimination in doing so. The United Nations estimates that 30 per cent of families in Cambodia include a person with disability.

Disability is integral to development and the Royal Government of Cambodia has made major advances in disability policy and law. Recognising this, we have selected Cambodia as a focus country for the implementation of the *Development for All: towards a disability-inclusive Australian aid program 2009–2014* strategy. We will work with the Royal Government of Cambodia and other stakeholders to ensure disability-inclusive development. This will involve supporting disability-specific initiatives (such as Disabled People's Organisations) and including disability in mainstream development. This twin-track approach is consistent with Australia's obligations under the Convention on the Rights of Persons with Disabilities, Article 32 on International Cooperation. To ensure success, implementation will be gradual and staged.

## Developing human resources

Weak human resource capacity constrains nearly every facet of Cambodia's development. An area of weakness in many developing countries, the situation in Cambodia has been made worse by the loss of an entire generation of trained professionals as a result of the Khmer Rouge period. We will expand our scholarship program with the number of Australia Awards offered each year doubling to at least 50 by 2013. An expanded scholarship program is in line with our broader aid commitment to build good leadership and stronger people-to-people links between Australia and developing countries.

## Working in Partnership

To achieve this strategy's objectives, AusAID will continue to partner with a broad range of organisations based on their respective capabilities and how they can help us deliver the intended development results. In the Cambodia program the range of partners is broad, including multilateral organisations, non-government organisations, universities, volunteers and the private sector. This reflects the depth and breadth of the local development community and the long history of work in Cambodia by Australian public, private and not-for-profit organisations and individuals.

**Working more closely with civil society:** For many years, civil society organisations have played an important role in promoting development in Cambodia and strengthening many facets of civil society. Recognising their experience in

delivering assistance, disseminating ideas and information and in participating in policy advocacy, the Australian Government has committed to working more closely with civil society organisations. In 2011-12, we are partnering with 18 accredited Australian NGOs, who in turn have more than 30 in-country partners. We will actively engage with Australian, international and local civil society organisations to formulate policy, deliver programs and monitor development results. To enhance effectiveness, Australian-funded non-government organisation programs will strategically align with development assistance priorities for Cambodia. In health, for example, we see opportunities to involve civil society in strengthening service delivery and in law and justice we see opportunities for them to play an advocacy role in ending violence against women.

As Australia and other major development partners seek to direct more aid resources through government systems to ensure long-term sustainability, support for civil society organisations will be crucial for strengthening government accountability and ensuring government programs are accessible. Australia will also support civil society where it is better placed to provide services, particularly for the most vulnerable.

**Strengthened partnerships with other donors:** Australia supports a number of international partnerships with bilateral and multilateral development organisations working in Cambodia. Australia directly funds the programs of some partners such as the World Bank, Asian Development Bank and United Nations. We also have established formal agreements with bilateral donors, such as the United Kingdom, Germany and Denmark, and participate in multi-donor funding arrangements. Australia also plays active roles in aid coordination mechanisms relevant to our program.

These partnerships, combined with Cambodia's articulated national strategic development priorities, will strengthen our ability, and the ability of other donors, to influence critical reforms. By working with other multilateral and bilateral donors, Australia can reduce the administrative burden placed on the Royal Government of Cambodia when dealing with multiple donors, while enabling it to still access the highest quality technical expertise. Australia will also seek to engage with emerging donors, such as China and the Republic of Korea.

## 5 Program performance and risk management

### 5.1 What success will look like at the end of strategy

By the end of this strategy (2015) the following success factors will have been achieved:

1. **Rural poverty will be reduced:** The value of agricultural production and smallholder income in targeted provinces will have increased. Food and livelihood security for the rural poor will have increased through social protection systems, food assistance, livelihood interventions and mine clearance.
2. **Health services will be improved:** The number of births attended by trained health staff, coverage of Health Equity Funds and community-based access to free health services for the poor, and the number of sites offering harm-reduction services will have increased. The Royal Government of Cambodia's capacity to manage, monitor and evaluate systems for health service delivery will also have improved.
3. **Infrastructure quality, quantity and access will be improved:** Rural roads, railway and electricity infrastructure will have improved, enabling higher traffic volumes as well as lower passenger, freight and manufacturing operating costs. Arrangements for infrastructure operations and maintenance will have improved.
4. **The capacity of the justice system will be improved:** The management capacity of the Ministry of Justice, courts and Cambodian National Police will have improved. The incidence of gender-based violence in target communities will have reduced. Access to legal aid services for the poor will have increased.

### 5.2 Performance assessment framework

This strategy's performance assessment framework to 2015 (Table 1) identifies the Royal Government of Cambodia's development objectives supported by this strategy (column 1). It also identifies the associated strategy objective (column 2) and targets (column 3). This will be updated regularly to reflect changing circumstances. These will contribute to the headline results in Tier 2 of the results framework in Australia's Comprehensive Aid Policy Framework to 2015–16, which articulates the contribution of Australian aid to development outcomes in our partner countries.

Table 1: Indicative objectives for Australia's strategic approach to aid in Cambodia and associated Cambodia development goals

Cambodia development goal	Strategy objective	Strategy objective targets 2015
<i>Sustainable economic development</i>		
1. AGRICULTURE AND RURAL DEVELOPMENT		

Accelerate growth in the value of national agricultural production	<b>1a. Increase the value of agricultural production and smallholder income in targeted provinces</b>	<ul style="list-style-type: none"> <li>&gt; 120 000 poor women and men farmers reporting rice and vegetable yields increased by 7 per cent</li> <li>&gt; 30 000 hectares of land under improved water management and irrigation</li> <li>&gt; Royal Government of Cambodia and development partners implementing the government's strategy for agriculture and water in a harmonised and aligned manner</li> </ul>
Poor and vulnerable Cambodians will be increasingly protected against chronic poverty and hunger, shocks, destitution and social exclusion and benefit from investments in their human capital	<b>1b. Increase food and livelihood security for the rural poor</b>	<ul style="list-style-type: none"> <li>&gt; social protection systems strengthened through improved targeting and safety net support for the poor</li> <li>&gt; increased food security of vulnerable households through targeted food assistance and livelihood interventions</li> <li>&gt; substantial progress on clearing land mines and unexploded ordnances in priority areas and releasing at least 35 square kilometres of land to poor communities for livelihood purposes</li> </ul>
<i>Saving lives</i>		
<b>2. HEALTH</b>		
Increase access to quality health services for the poor, women and children, progressing towards the health MDGs	<b>2. Improved Royal Government of Cambodia management, financing, monitoring and evaluation systems for health service delivery</b>	<ul style="list-style-type: none"> <li>&gt; increased number of births attended by trained health staff</li> <li>&gt; increased coverage of Health Equity Funds and access by the poor to free health services</li> <li>&gt; increased number of sites offering harm-reduction services</li> </ul>
<i>Sustainable economic development</i>		
<b>3. INFRASTRUCTURE</b>		
Increase economic activity in targeted areas	<b>3. Improved transport and energy infrastructure</b>	<ul style="list-style-type: none"> <li>&gt; higher traffic volume on improved rural roads</li> <li>&gt; lower passenger and freight vehicle operating costs as well as lower travel times on improved rural roads</li> <li>&gt; increase in number of rural households benefiting from electricity provision</li> <li>&gt; improved arrangements for infrastructure operations and maintenance</li> <li>&gt; national railway for freight operating competitively with national road transports</li> </ul>
<i>Effective governance</i>		
<b>4. LAW AND JUSTICE</b>		
Increase individual rights and responsibilities in the justice system for juveniles and vulnerable groups	<b>4. Improved capacity and commitment of courts, prisons, police crime prevention activities (particularly for vulnerable groups)</b>	<ul style="list-style-type: none"> <li>&gt; improved community safety in target districts</li> <li>&gt; improved management capacity in Ministry of Justice, courts, Cambodian National Police</li> <li>&gt; increased reporting of violence and sexual violence offences in partner provinces</li> <li>&gt; improved court processes, including reductions in excessive pre-trial detention</li> <li>&gt; increased implementation of the corrections management system for safe, secure and humane treatment of prisoners</li> <li>&gt; improved police crime prevention coordination</li> </ul>

## 5.3 Risk management

Four main risks might prevent or inhibit delivery of this strategy's objectives. These risks and the measures for managing them are briefly described here.

**1. Slow reform:** International economic instability, political tensions and capacity constraints within the Royal Government of Cambodia may hinder implementation of the reforms essential to the country's development. Australia will stay abreast of Cambodia's evolving environment. This will include regular analysis of Cambodian and international events. Australia will also work with other donors to directly strengthen government programs and systems and improve policy discussion.

**2. Corruption and fraud:** Australia takes a zero tolerance approach to corruption and fraud. Controlling the risk of corruption and fraud is critical to delivering effective aid to Cambodia. We will regularly monitor our own systems and processes to reduce opportunities for corruption. Australia's comprehensive fraud control and risk management frameworks help prevent, detect and control fraud. We will support the Royal Government of Cambodia to improve public financial management where appropriate and conduct joint fiduciary risk assessments with multilateral and bilateral development partners at national and provincial levels. We will also support corruption allegation investigations.

**3. Poor coordination and collaboration:** With many development partners active in Cambodia, there is the risk of poor aid coordination, duplication and increased management costs for the Royal Government of Cambodia. This could divert limited partner government management resources away from more important uses, such as delivering better services. Australia will work closely with development partners to set out clear roles and responsibilities and lines of communication. We will also work closely with the Royal Government of Cambodia to improve the coordination of aid efforts among development cooperation partners, including new donors and civil society.

**4. Unintended harm to people and the environment:** Some development projects have the potential to cause unintended harm to the lives of people and the environment. Australia will work with the Royal Government of Cambodia and development partners to minimise this risk. This will include agreeing to and applying robust social safeguards policies and processes to projects, conducting additional monitoring as appropriate and engaging in extensive discussions with development partners and the Royal Government of Cambodia. Ensuring agreed standards for community resettlement are followed for projects we are associated with will be a focus for our aid program.

## 6 References

Cambodia is the subject of much research and analysis. Sources informing the development of this strategy include:

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