



## CSOs' Budget Working Group Position Paper and Key Inputs on building macroeconomic policy framework and public financial policy for drafting the law on National Budget 2023

On behalf of the Budget Working Group of 20 national and international civil society organizations (as listed on the last page), we would like to express our appreciation and congratulations to the National Assembly and the Royal Government, especially the Ministry of Economy and Finance, which has worked so hard to make a positive impact so far, especially during the epidemic of Covid 19, the recovery of economic growth is from minus 3% in 2020 to about 3.0% in 2021 and is expected to continue the increasing trend of 5.4% in 2022 and the growth forecast to 6.6% in 2023.

We would also like to express our deep gratitude to the National Assembly and the Ministry of Economy and Finance for continuously inviting civil society organizations to participate in meetings so far, as well as for opening up opportunities and providing inputs, comments, and recommendations from stakeholders to make the macroeconomic framework and the draft law on finance for the annual management inclusive, taking into account responses to priority needs, and sustainable. The Budget Group of the Civil Society Organization (BWG) always pays attention to this work and contributes comments and ideas representing the best interests of the people to the National Assembly and the Royal Government of Cambodia on this important work.

The Budget Working Group of National and International Civil Society Organizations would like to present the key input positions and recommendations derived from its research and analysis to the National Assembly and the Ministry of Economy and Finance as follows:

1. The Budget Working Group of National and International Civil Society Organizations applauds the Royal Government's commitments to increase the total revenue of the state's budget or the national budget. However, civil society is still concerned about the revenue collection achieved as planned. Therefore, civil society encourages the Royal Government to think carefully to ensure that the revenue collection is highly responsible. Revenue and expenditure must be balanced, otherwise, the government will increase even more foreign borrowings.
2. The budget working group of national and international civil society organizations supports the interventions related to Covid 19 pandemics, requesting the Royal Government, particularly the Ministry of Health to **give more consideration to non-communicable diseases**.
3. For economic development, the civil society kindly requests the Royal Government and the National Assembly to consider the budget allocation for education and vocational and technical training, which should get more increases than the previous years by establishing and enhancing the interactions between the two sectors so that they can develop new curricula and teaching and learning methods to respond to the needs to improve monitoring and evaluation and provide additional technical support.

4. The Budget Working Group of National and International Civil Society Organizations requests that the Royal Government classify the use of the sub-national administrative budget in a transparent and highly efficient manner, especially focusing on the use of the budget for the performance of the functions of the Women's and Children's Consultative Committee (WCCC) and Commune/Sangkat Committees for Women and Children (CCWC) in providing social services to local people, especially women with disabilities and children with sexual orientations. The use of sub-national administrative budgets should also focus on the performance of the provincial specialized departments that have received the transferred functions from the national level. At the same time, the use of a sub-national administrative budget should also give priority to the implementation of quality OWSO functions and allocation of funds for the successful implementation of the second phase of the Social Accountability Strategic Plan and the second phase of the Social Accountability Program and strengthening the government's ownership. The government should increase the participation of citizens and civil society organizations, especially vulnerable people, in the planning and budgeting process of sub-national administrations, and ensure accountability in public service delivery. Promote the implementation of e-government initiatives to ensure the efficiency of the delivery of public service, social services, and sustainable development of Cambodia.

Within the macroeconomics framework, we request the Ministry of Economy and Finance to make accurate forecasts to avoid repeated regulations or reviews. The following is a detailed proposal:

#### **A. Revenue Collection**

1. The Royal Government should continue to increase revenue collection to the best of its capacity and efficiently based on the principles of fairness and equity in order to maintain stable economic growth, alleviate poverty and reduce social inequality. As part of the national revenue increase, the Royal Government should improve the efficiency of tax revenue collection through the implementation of progressive tax rates on unused property and land. We find that the annual property tax revenue is only 0.1 percent of GDP, which is lower than many other countries, including countries in the region. Such practice can also favorably benefit low-and middle-income people.
2. The Royal Government should increase taxes on products and services that affect health and social security, such as cigarettes, alcohol, energy drinks, entertainment clubs, and casinos, and allocate the budget for health and education, the social sector, and restrict all forms of alcohol promotion and pass the draft law on alcohol control as soon as possible because traffic accidents and alcohol consumption are alarmingly high, and those problems lead to more losses to the national economy than revenue from taxes paid related to alcohol and advertising, according to several studies.
3. The Royal Government must promote transparency in the collection of national revenue by enabling the general public to access information related to state taxpayers in order to create an environment of trust for the private sector and the confidence of taxpayers.

#### **B. Budget (Expenditure) Allocation:**

1. Request the Royal Government to pay more attention to reducing unnecessary expenditure or to ensure that all expenditures are in line with the policy, focusing on priority areas such as health, communicable and non-communicable diseases.
2. The Royal Government should put the main focus on education and technical and vocational education and training to meet the development needs, especially the demand of labor market and inclusive education practices by ensuring social inclusiveness such as a) strengthening the safety system and social protection b). reducing violations of women's and children's rights and discrimination against disability and gender identity.
3. . The Royal Government should pay more attention to the impact of Covid-19 on the population, especially informal workers. Promote a clear plan for human resource development, focusing on professional and technical skills, particularly in the widespread phase of the 19 pandemics, such as promotion of formation and promotion of digital teaching and learning.

4. The Royal Government should increase the budget for education (at least 20% of the national budget), especially to provide incentives to schools based on the results of the performance review of teachers, and provide regular capacity building training to improve the quality of remedial education in response to the loss of education due to Covid-19 pandemics and the primary needs of school teachers and principals.
5. The Royal Government should provide additional financial support for WASH work in primary and secondary schools. WASH facilities must provide sanitary facilities, divide bathrooms by gender and be accessible to students with disabilities.
6. The Royal Government should increase investments in expanding the implementation of effective school management models to other provinces and invest more in training school principals and community leaders who are focal points and promoters of this practice. Principals and community leaders need to be able to increase the involvement of community members and caregivers in developing local budgets and implement it responsibly and transparently, including school needs in their budgets to ensure that learning is adequately provided with school supplies.
7. Request the Royal Government to increase the budget allocation at the sub-national level and focus at least 5% of the national budget on social development, e.g. One-Window Service Office, Healthcare Services, creating jobs for the poor, and skill training for Youth, migrant workers...
8. Propose to allocate 10% of the commune budget, focusing on the conservation of natural resources and social affairs.
9. Relevant ministries and institutions should pay more attention to the systematic integration of gender issues in development programs and action plans to address climate change. The Royal Government should increase the budget for sub-national administrations (commune, district, and provincial levels) to take specific actions in response to climate change in a timely manner.
10. Request the Royal Government to disclose the data of budget from the sale of carbon to the public.
11. The Royal Government should allocate more funds for social protection programs, including social security, social assistance, and health protection for all.
12. Improve public procurement to ensure fair competition and efficient and effective national budget spending by opening up for civil society organizations, especially representatives of the Budget Working Group and the public, to access information and participate in public procurement matters under the coverage of the Law on Public Procurement, particularly information on procurement for the implementation of financing from development partners should be made more widely available to the public. Such information includes notice of bidding, including relevant details, minutes of bidding documents opening, evaluation notes, bidding requests, and award of the supply contract. In addition, the government should require bidding companies to disclose information about all its shareholders and final beneficiaries in response to the government's commitment to implementing the UN Convention against Corruption. (UNCAC).
13. Request the Royal Government to disseminate and provide a complete draft budget law for the people and establish a dialogue between the National Assembly, ministries, state institutions, citizens, and civil society organizations to continue to contribute to the Royal Government of Cambodia in strengthening budget transparency as part of the public financial management reform program by establishing pilot mechanisms for public participation during both national and sub-national budget planning. At the same time, the Royal Government should establish a regular forum or mechanism for the public to make a constructive contribution of input in the process of overseeing the implementation of the approved budget.
14. The Royal Government should continue to pay more attention to improving transparency of national budget management and public financial management reform, as well as promoting e-government initiatives to ensure the efficiency of public service delivery and sustainable development for Cambodia.
15. The Royal Government should expand space with sufficient time for appropriate and quality inclusive inputs from all stakeholders on the public financial reform process, especially to

allow NGOs to participate in discussions and consultations to make decisions on the state budget regarding climate change issues.

16. Public display and education of annual budget, national and sub-national budgets remain limited to support these efforts at all levels of budget disclosure and to promote macroeconomic growth and transparency. CSOs call on the Royal Government and National Assembly to approve the Law on Access to Information as soon as possible. As urged by the Prime Minister, the Law could have been approved since 2020.

As stated above, we humbly request that the National Assembly and Ministry of Economy and Finance please kindly take the important inputs of civil society organizations into consideration, aiming to contribute to the development of Cambodia, progressing to achieve the Sustainable Development Goals.

Please accept, members of the National Assembly and the Royal Government, the assurances of our highest respect.

Tuesday, 13th Waning Moon Day in the Month of Asath in the Year of the Tiger, Chatva Sak, BE2566  
Phnom Penh, July 26, 2022

### **Name list of Budget Working Groups of National and International Civil Society Organizations**

1. The NGO Forum on Cambodia	Secretariat
2. Advocacy and Policy Institute	Chairman
3. Transparency International Cambodia	Vice Chair
4. Oxfam Cambodia	Member
5. Coalition for Partnership in Democratic Development	Member
6. Youth Council of Cambodia	Member
7. Action Aid Cambodia	Member
8. Youth Resource Development Program	Member
9. NGO Education Partnership	Member
10. Health Action Coordinating Committee	Member
11. Child Rights Coalition Cambodia	Member
12. STAR Kampuchea	Member
13. The Coalition for Integrity and Social Accountability	Member
14. Gender and Development for Cambodia	Member
15. SILAKA	Member
16. Development and Partnerships in Action	Member
17. Open Development Cambodia	Member
18. World Vision Organization	Member
19. Save the Children International	Member
20. HelpAge Cambodia	Member

### ***For more information, please contact:***

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