

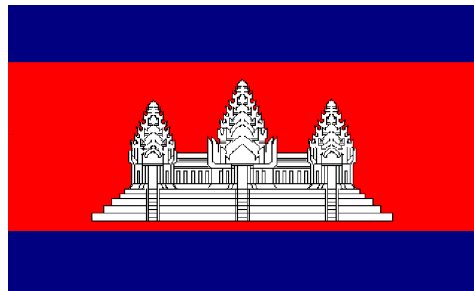


Kingdom of Cambodia

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ព្រះរាជាណាចក្រកម្ពុជា

Royal Government of Cambodia



DEVELOPMENT COOPERATION TRENDS IN CAMBODIA

**Using Evidence to Promote Partnerships and
Development Effectiveness**

Prepared by
the Cambodian Rehabilitation and Development Board
of the Council for the Development of Cambodia

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ACRONYMS

AOP	Annual Operational Plan
BSP	Budget Strategic Plan
CDC	Council for the Development of Cambodia
CDCF	Cambodia Development Cooperation Forum
CDF	Cambodia Development Forum (proposed successor to CDCF)
CRDB	Cambodian Rehabilitation and Development Board
CSOs	Civil Society Organisations
DCPS	Development Cooperation and Partnerships Strategy (2014 - 2018)
DPs	Development partners
GDCC	Government-Development Partner Coordination Committee
JMIs	Joint Monitoring Indicators
LDC	Least Developed Country
MfDR	Managing for Development Results
MEF	Ministry of Economy & Finance
MIC	Middle Income Country
MOEYS	Ministry of Education, Youth & Sports
MOI	Ministry of Interior
MOP	Ministry of Planning
MTR	Mid-term Review
NCDD(S)	National Committee for Democratic Development (Secretariat)
NSDP	National Strategic Development Plan
NGOs	Non-Governmental Organisations
ODA	Official Development Assistance
P+H	Partnership & Harmonisation (TWG)
PBA	Programme-Based Approach
PFM	Public Financial Management
PS	Private sector
RBM	Results-based Management
RS	Rectangular Strategy (Phase II 2008-2013; Phase III 2014-2018)
RGC	Royal Government of Cambodia
SNDD	Sub-National Democratic Development
TWGs	Technical Working Groups

I. Introduction

Rapid progress in Cambodia's socio-economic development over the past decade has been achieved as a result of effective leadership on the part of the Royal Government and the committed support of its domestic and international development actors. These partnerships, and the resources they have mobilised, have made an important contribution to creating an enabling environment in which economic growth, reductions in poverty and improvements in people's livelihoods have all made significant advances.

To consolidate and maintain this progress, the Royal Government has produced the Rectangular Strategy . Phase III to set out priority actions for the period 2014-2018. The NSDP will serve to guide the implementation of these priority actions in order to ensure that the objectives of the Rectangular Strategy are achieved. Accordingly, and in recognition of the important role to be played by its development partners, the Royal Government has formulated its Development Cooperation and Partnerships Strategy. Based on the principles of development effectiveness . results, capacities and partnerships . the Strategy identifies the tools and mechanisms that are required to facilitate effective and results-based partnerships amongst a wide range of development actors, including providers of ODA and other forms of development finance, South-South actors, the private sector and NGOs.

For providers of development cooperation, there has been a greater emphasis on establishing results-based approaches and, under the direction of the Royal Government, working more collaboratively towards the achievement of agreed development results that are in line with national and sector plans. To make these results-based partnerships more meaningful and operational, it is necessary to provide an insight into the provision and management of development assistance. By providing an overview of development cooperation trends, the objective of this paper is to make information and analysis available to all development stakeholders, especially in the TWGs, so that their members and other development actors may, both individually and collectively, plan their activities, align their resources and monitor their results to maximum effect.

II. Trends in Development Cooperation

Disbursements of external assistance amounted to USD 1.46 billion in 2013 (Chart 1). Over the period 2004-2013 there have been year-on-year compound increases in support of 11.4% annually although 2013 witnessed the first annual decline in disbursements. While external grants (ODA and NGO combined) have remained relatively unchanged in the last 3 years, there has been an increase in concessional loan financing as well as an increase in support from NGOs?. In 2013, concessional loans were greater than ODA grants for the first time, a trend which is expected to continue in 2014 and beyond as graduation to Lower Middle-Income Country status and the major sources of development finance transition from grants to concessional loans.

Chart 1. Disbursements & projections 2004-2015

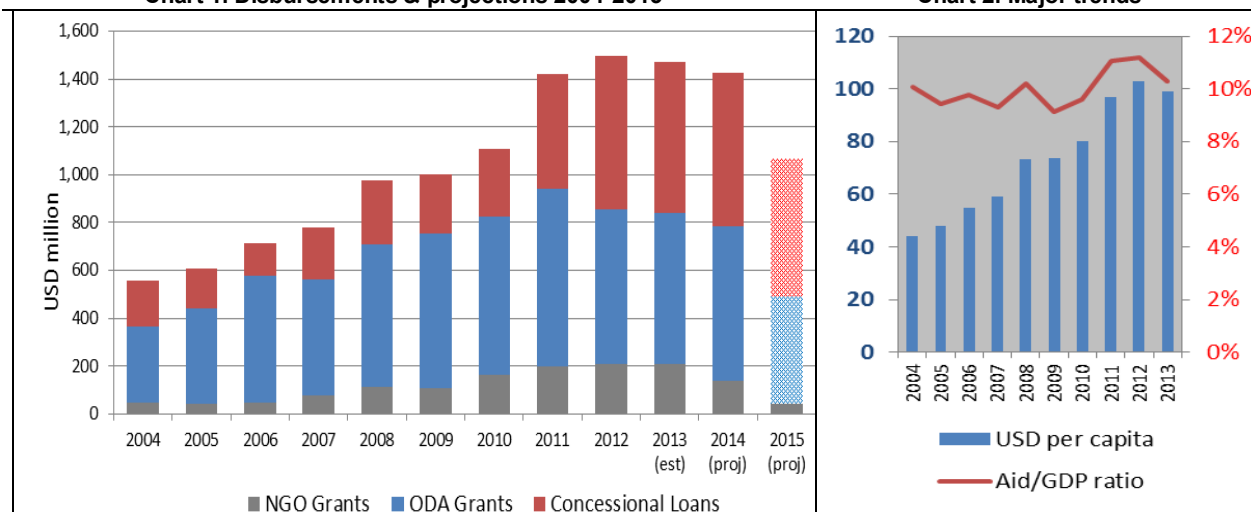
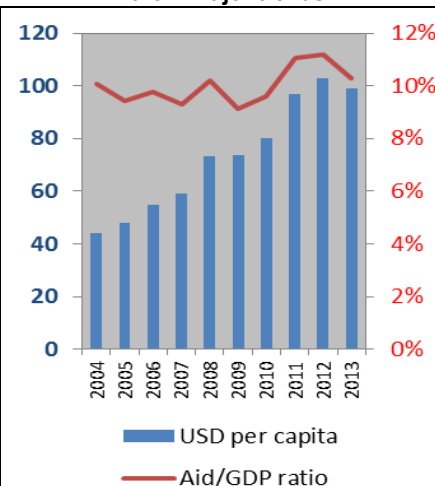


Chart 2. Major trends



(Note that all data reported in this paper was extracted from the ODA and NGO Databases on 7 March 2014)

Long-term trends (Chart 2) show that the total aid/GDP ratio fluctuates around the 10% level for the entire 2004-2013 period as external cooperation funding and GDP have grown at similar rates over the period. By 2013, external support had increased to represent approximately USD 100 per capita annually.

Sector trends in provision of development cooperation funding

Total development cooperation funding peaked at almost USD 1.5 billion in 2012. Social and infrastructure sectors received approximately USD 500 million each with the remainder divided between economic and cross-cutting sectors. Social sector support traditionally commanded the greatest share of development cooperation, peaking at 40% in 2007 before declining to 31% in 2013. Since 2012, the infrastructure sector has been the largest recipient of external support, a trend that looks likely to continue in the future although figures beyond 2013 are only projections.

A review of sector trends (Table 1) shows that the most significant increase in recent years has been to the infrastructure sector, notably to the transportation sub-sector (principally roads, also rail, water and air). External support to transportation has increased from 7% of total aid in 2006 to 25% in 2013. China, Japan, ADB and Korea are the main partners supporting this sub-sector. Elsewhere, the share of support to agriculture has almost doubled from 6% in 2007 to 11% in 2013. Conversely, the largest decreases are in the health sector (20% in 2010 declining to 13% in 2013) and to governance, which received 14% of total support at the beginning of the series but is projected to decline to just 4% by the end.

Table 1. Sector disbursements & projections 2006-2015 (USD million)

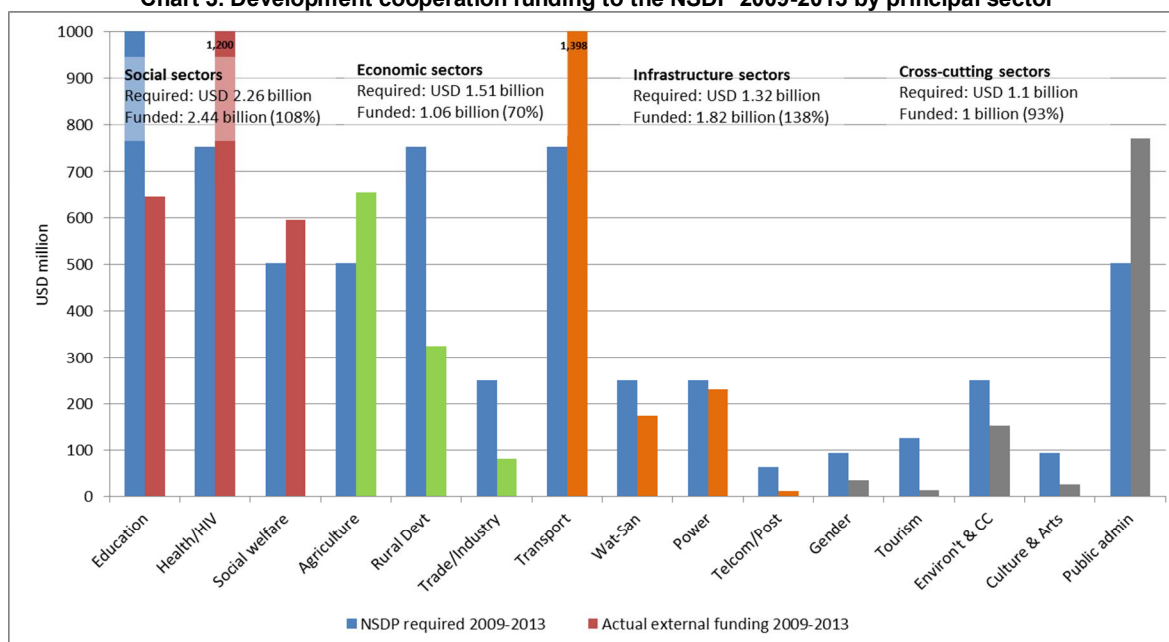
Sector	2006	2007	2008	2009	2010	2011	2012	2013 (est)		2014 (proj)	2015 (proj)
								USD m	%		
<i>Social sectors</i>											
Health	109.0	107.1	136.7	161.8	211.4	205.3	192.1	190.0	13.0	194.0	112.6
HIV/AIDS	35.4	42.0	57.9	56.3	46.4	69.4	33.5	33.0	2.3	4.7	1.1
Education	79.7	89.9	100.5	95.5	115.6	155.7	135.1	142.7	9.8	151.8	125.3
Community and Social Welfare	38.5	56.9	51.7	54.5	58.9	137.1	132.7	82.7	5.7	75.1	51.3
sub-total	262.6	295.9	346.8	368.1	432.3	567.5	493.4	448.4	30.8	425.6	290.4
<i>Economic sectors</i>											
Agriculture	123.5	46.4	46.1	80.9	90.4	144.9	178.5	159.0	10.9	189.7	126.8
Rural Development	49.9	68.0	56.8	64.4	67.8	47.9	74.1	70.8	4.8	84.4	46.9
Manufacturing, Mining Trade	24.2	16.4	24.5	11.1	9.0	13.4	11.1	36.9	2.5	30.3	10.6
Banking and Business Services	9.7	15.9	44.9	12.8	30.9	73.1	20.9	44.8	3.1	30.0	32.8
Urban Planning & Management	0.9	2.0	4.5	16.1	10.9	2.7	11.9	7.5	0.5	12.7	19.4
sub-total	208.2	148.7	176.8	185.3	209.0	282.0	296.5	319.0	21.8	347.0	236.6
<i>Infrastructure sectors</i>											
Transportation	54.8	97.4	161.9	180.3	184.7	271.2	379.2	383.2	26.2	348.9	258.1
Water and Sanitation	18.2	17.2	25.5	17.3	24.4	36.1	52.4	44.0	3.0	55.3	86.9
Energy, Power & Electricity	13.7	12.7	32.8	21.7	41.5	57.3	66.7	44.3	3.0	38.7	16.4
Information and Communications	9.9	26.3	7.1	7.5	1.8	0.2	1.2	2.2	0.1	1.3	1.1
sub-total	96.6	153.6	227.3	226.8	252.4	364.8	499.5	473.7	32.3	444.2	362.4
<i>Cross-cutting sectors</i>											
Governance & Administration	96.8	108.0	118.5	126.0	113.5	110.8	92.4	97.0	6.6	58.7	45.4
Environment and Conservation	14.6	8.3	16.7	11.5	36.8	18.1	14.1	36.0	2.5	14.1	14.1
Gender	3.9	5.7	5.5	5.2	6.0	6.4	8.8	8.8	0.6	12.0	10.7
Climate Change				9.1	5.3	5.9	7.1	8.0	0.5	10.2	7.4
Culture & Arts	14.1	7.3	6.3	5.9	6.2	4.3	4.6	4.7	0.3	3.9	1.7
Tourism	2.5	2.9	5.0	6.0	4.0	2.2	0.6	0.6	0.0	2.7	7.1
Budget & BoP Support		36.0	21.9	20.5	0.3	0.3	14.8	0.0	0.0	0.2	0.5
Emergency & Food Aid	0.4	1.9	16.0	11.1	14.8	25.5	24.1	18.7	1.3	11.6	7.2
sub-total	145.7	179.3	227.4	219.9	212.0	206.4	204.8	221.3	15.0	164.9	125.0
other	13.4	9.2	37.5	24.6	25.1	32.9	38.3	47.5	3.2	51.6	30.8
Total	713.2	777.5	978.5	1,000.2	1,105.8	1,420.7	1,494.1	1,462.4	100	1,381.7	1,014.5

Two notable observations with regard to the recording of sector trends are: (a) the tailing-off of projections in 2014 and 2015, which may be due to the country programmes of many partners being due for renewal before new firm commitments can be made; and (b) the increase in funds marked ~~with~~ ^{as} ~~other~~, which implies that development partners are increasingly unable to identify a category to programme their funds under. The commitments made globally to promote predictability in funding, e.g. at Accra in 2008, and nationally to support planning and budgeting exercises require that all development partners endeavor to provide accurate and specific medium-term funding information to the fullest extent possible. Significant progress has been made in meeting this objective in recent years and the Government encourages all development partners to continue their efforts to provide full information on their current and future funding.

Alignment with national priorities

As the Government prepares to implement its NSDP for the period 2014-2018 the alignment of external support with national priorities is emphasised as essential to ensuring that sufficient resources are allocated to the activities that will deliver results. The completion of the 2009-2013 NSDP period provides an opportunity to review alignment over that period so that lessons can be drawn and the experience acquired used to ensure that alignment can be strengthened both across sectors, in line with the NSDP, and within sectors, in line with their own strategies and plans.

Chart 3. Development cooperation funding to the NSDP 2009-2013 by principal sector



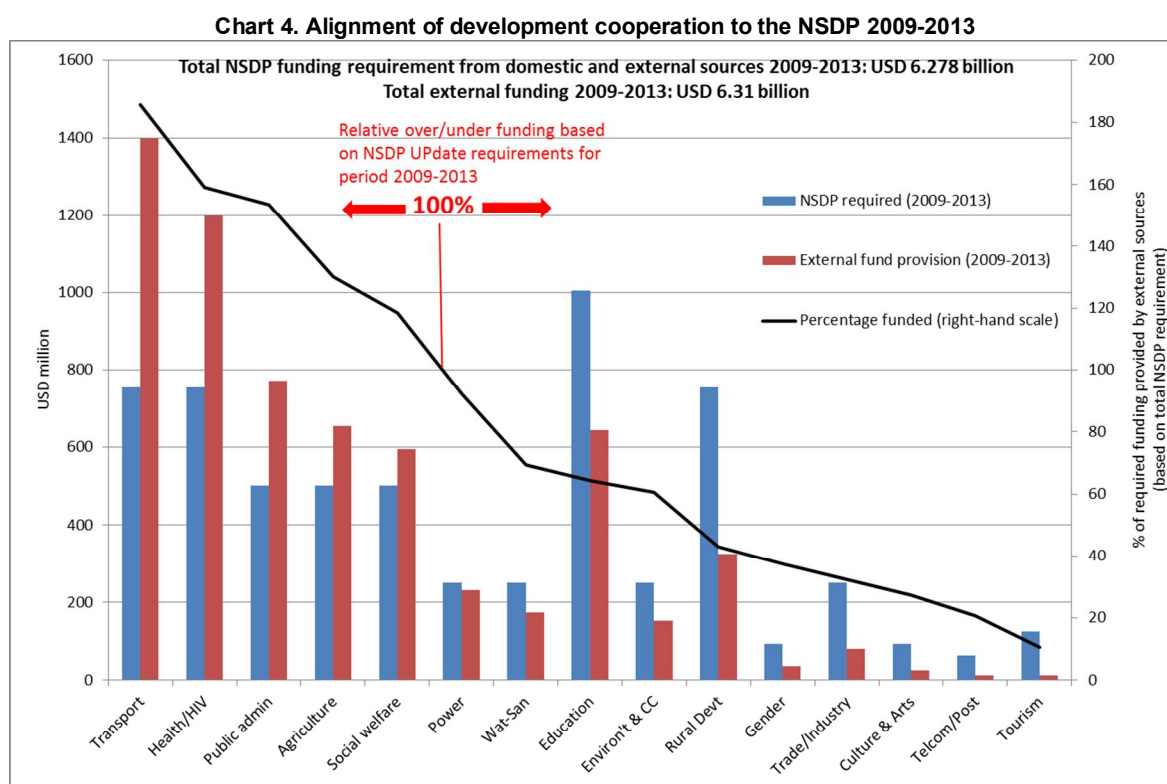
Blue bar shows NSDP Update requirement for 2009-2013. Red/green/brown/grey bar denotes actual funding to respective sector.

The NSDP 2009-13 estimated that USD 6.28 billion was required to fully finance the 5-year national plan. This amount was disaggregated across four broad categories: social; economic; infrastructure and cross-sectoral. In the event, total external financing (ODA plus other concessional financing and NGO support) for the period amounted to approximately USD 6.31 billion. The sum received from external sources is therefore almost precisely equivalent to the total amount required from all sources by Government to ensure full funding of the NSDP.

From an alignment perspective, and taking into account that external financing was initially expected to cover only three-quarters of the total required amount, the analysis then requires that the relative distributions of these sums are considered as the total amount provided by external sources far exceeds the sum requested from development partners in the NSDP. Chart 3, above, shows that, across the four NSDP sectors, the social and cross-cutting sectors received sums approximately equal to the NSDP requirement (108% and 93% of required amounts respectively). The infrastructure sector, however, received an excess (38%) that is approximately equivalent to the shortfall in the economic sectors (30%). The opportunity to mobilise additional resources for transportation and infrastructure has been translated into an improved nation-wide capacity to transport people and goods at lower cost and at greater speed. This, in turn, has resulted in

improved livelihoods . through ability to access public services and markets . that has contributed to the sharp falls in poverty recorded over the last decade.

While total external funding slightly exceeds the total NSDP funding requirement (and significantly exceeds the figure that is implied for the contribution of external funds), the relative winners and losers can be examined in greater detail (see Chart 4, below). Based solely on provision of external cooperation, transport (especially roads), health/HIV, public admin/governance, agriculture and community/social welfare received more than the required amounts while all other sectors received less. Sectors including rural development, gender, trade/industry, culture & arts, post & communications, and tourism all mobilised less than half the amounts required in the NSDP. The analysis must of course be completed by adding in domestic funding, which would show the additional funds made available to line ministries and other government agencies as per the NSDP Update. There may also be cause, however, to review costing methodology and then promote efforts to strengthen alignment with national priorities.



Three policy-relevant recommendations can be made as follows:

- (i) **Development cooperation must demand-driven** - ministries must continue their efforts to work closely with development partners to develop projects that are consistent with sector and national plans. As budgeting processes are strengthened, this will extend to improved costing of priority programmes;
- (ii) **Greater emphasis must be placed on alignment** - Government ownership and improved capacity will progressively strengthen resource planning, information management and coordination so that so that priorities are developed and agreed based on evidence;
- (iii) **Alignment within sectors must be assured** . even where aggregate funding is adequate at sector level, the allocation of both domestic and external finance within the sector must be appraised to promote internal consistency, for example including with regard to sub-sector and sub-national priorities.

Looking ahead, there is also a requirement to consider absorption, i.e. how effectively resourcing is translated into RGC-implemented activity (as opposed to project-implementation) and provision of goods and services that contribute to development results and sustainable capacities. Attention to

planning, budgeting and monitoring at sector/thematic level, combined with implementation of the core public sector reform programmes, are therefore priorities for the use of programme-based approaches and results-based approaches outlined in the Development Cooperation & Partnerships Strategy.

Trends in development partner funding

Of the USD 1.46 billion provided by development partners in 2013, 28% (USD 414 million) was provided by China, which has been Cambodia's single largest provider of external cooperation since 2010. Table 2, below, details disbursement trends since 2006.

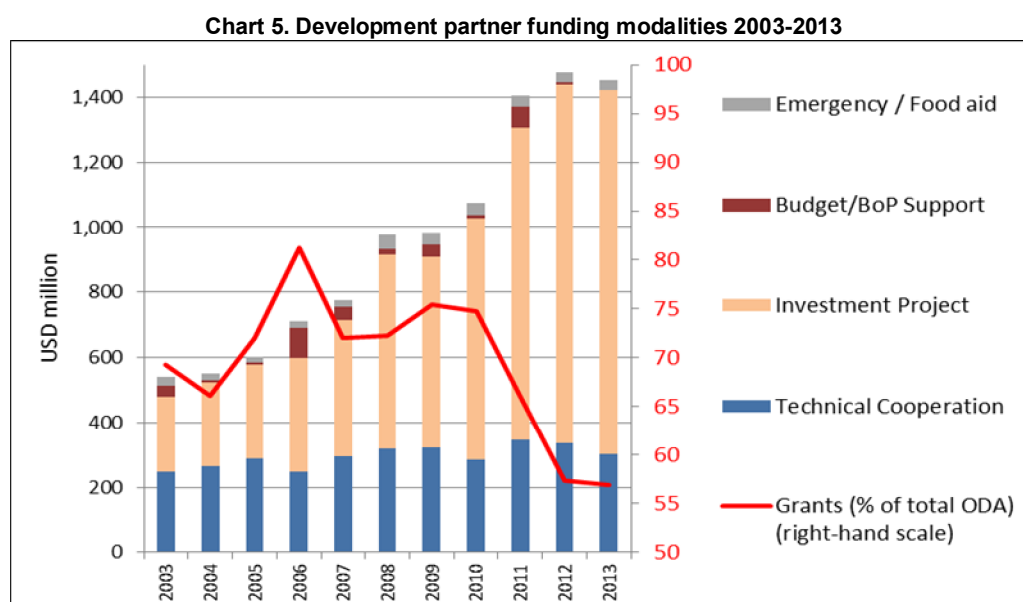
Table 2. Development partner funding 2006-2015 (USD million)

	2006	2007	2008	2009	2010	2011	2012	2013 (est)				2014	2015
								Grant	Loan	Total	%	(proj)	(proj)
UN Agencies (core funds)													
- FAO	0.2	1.3	2.0	4.6	3.1	1.9	1.8	4.6	---	4.6	0.3	7.4	2.1
- IFAD	4.1	4.1	4.1	4.3	3.8	3.4	4.4	4.0	0.8	4.8	0.3	11.9	11.1
- ILO	3.9	6.1	1.4	1.8	2.2	2.2	1.3	2.1	---	2.1	0.1	---	---
- UN Women	---	---	---	---	---	---	0.5	0.6	---	0.6	0.0	0.8	---
- UNAIDS	0.4	0.4	0.0	0.6	0.2	0.2	0.1	0.3	---	0.3	0.0	0.2	0.2
- UNDP	7.8	12.7	12.9	34.1	18.2	9.6	8.0	8.0	---	8.0	0.5	16.5	9.1
- UNESCO	2.1	1.7	2.4	3.0	3.0	2.2	2.6	1.4	---	1.4	0.1	0.5	0.5
- UNFPA	2.1	2.9	6.9	6.0	7.1	5.5	5.0	5.6	---	5.6	0.4	0.2	---
- UNICEF	12.1	12.1	12.2	12.2	12.8	13.0	12.7	18.2	---	18.2	1.2	15.2	4.6
- UNODC	---	0.0	0.0	0.0	0.0	0.6	0.4	0.5	---	0.5	0.0	0.1	---
- WFP	19.0	15.9	23.2	23.4	19.6	15.1	15.3	10.9	---	10.9	0.7	26.6	25.9
- WHO	2.2	0.6	7.8	11.5	3.2	1.9	1.4	1.9	---	1.9	0.1	8.4	8.4
Sub-total UN (core)	54.0	58.3	73.2	101.8	73.9	56.5	54.8	59.6	0.8	60.4	4.1	90.1	63.4
UN total delivery	96.3	98.6	118.8	148.9	114.0	89.5	91.2	97.4	0.8	98.2	6.7	---	---
- World Bank	24.5	47.5	41.7	60.4	56.9	73.8	66.0	22.6	11.9	34.5	2.4	114.6	103.8
- IMF	83.5	0.9	---	---	---	---	---	---	---	---	0.0	---	---
- ADB	67.5	69.4	145.7	89.4	75.4	126.9	79.6	43.0	127.3	170.3	11.6	205.5	158.9
- GAVI Alliance	---	---	---	1.7	3.6	6.7	4.9	10.7	---	10.7	0.7	2.7	2.9
- Global Fund	21.9	21.1	38.6	46.5	61.2	60.2	15.1	41.4	---	41.4	2.8	33.7	9.4
Sub-total: Multilaterals	197.4	198.9	226.0	198.0	197.1	267.6	165.6	117.7	139.2	317.3	21.7	446.6	338.4
European Union													
- European Commission	46.5	44.0	48.4	49.4	32.9	61.0	42.1	52.5	---	52.5	3.6	59.0	47.0
- Belgium	7.3	7.1	2.8	4.8	2.2	2.1	0.1	0.4	---	0.4	0.0	0.0	---
- Denmark	4.1	9.8	10.6	13.8	15.7	5.7	4.9	0.0	---	0.0	0.0	0.0	---
- Finland	4.5	5.2	9.0	6.0	6.7	6.9	4.4	5.4	---	5.4	0.0	0.0	---
- France	21.8	21.7	29.8	25.4	22.4	19.5	24.2	12.1	4.5	16.6	1.1	41.0	46.0
- Germany	32.4	20.7	36.6	27.9	35.3	43.7	44.4	28.6	---	28.6	2.0	37.0	12.3
- Ireland	---	---	---	0.7	0.7	0.7	0.9	1.2	---	1.2	0.1	0.7	0.7
- Netherlands	0.1	0.1	2.2	0.7	1.1	0.1	0.0	0.0	---	0.0	0.0	0.0	---
- Spain	2.8	3.5	6.1	16.6	26.3	33.6	25.5	4.1	---	4.1	0.3	1.6	---
- Sweden	16.0	17.3	15.9	22.8	24.7	28.6	30.2	34.2	---	34.2	2.3	31.7	30.1
- UK	20.7	23.7	29.6	32.5	24.7	34.2	28.2	13.5	---	13.5	0.9	---	---
Sub-total: EU	156.1	153.2	191.0	200.7	192.7	236.1	204.9	152.0	4.5	156.5	10.7	171.0	136.0
Other bilaterals													
- Australia	22.5	29.6	49.1	47.8	63.4	78.2	79.6	63.5	---	63.5	4.3	76.3	60.8
- Canada	7.9	12.6	11.5	16.7	12.8	18.5	20.5	10.4	---	10.4	0.7	4.4	4.1
- China	53.2	92.4	95.4	114.7	154.1	332.0	460.7	0.4	414.0	414.4	28.3	294.6	228.8
- Japan	103.7	117.2	126.4	134.0	140.0	114.4	172.3	112.9	42.9	155.8	10.7	143.5	115.8
- New Zealand	1.7	4.5	2.8	2.3	5.2	4.4	3.8	3.4	---	3.4	0.2	5.0	4.7
- Republic of Korea	13.3	31.3	33.0	15.8	35.2	45.3	46.2	24.7	29.1	53.8	3.7	81.9	69.8
- Switzerland	2.4	3.6	3.9	3.0	3.1	4.5	4.3	7.7	---	7.7	0.5	8.9	5.7
- USA	51.0	58.1	55.7	56.9	63.3	64.4	74.6	70.3	---	70.3	4.8	11.2	6.7
Sub-total: other	255.7	349.4	377.6	391.3	477.2	661.8	862.0	293.3	486.0	779.3	53.3	626.0	496.3
NGOs (core funds)	50.2	77.7	110.8	108.5	165.0	198.8	206.9	209.3	---	209.3	14.3	138.2	43.8
GRAND TOTAL	713.2	777.5	978.5	1,000.2	1,105.8	1,420.7	1,494.1	831.9	630.5	1,462.4	100	1,381.7	1,014.5

Japan continues to be a major provider of support, trending upwards over the period to disburse USD 156 million in 2013 while Korea has also increased markedly in the period from USD 13 million in 2006 to USD 54 million by 2013. Increases from these partners, as well as from ADB, are mainly in the form of soft loans, which explains the share of loans rising to over 50% of external funding. Most other major development partners maintained a relatively flat trend in their support with the

exception of ADB, which was more volatile due to the nature of the large infrastructure projects that it funds. By 2013, the programmes of development partners that had recently discontinued their bilateral cooperation with Cambodia . Canada, Denmark, UK with Spain to follow - began to close.

Just as the profile of development partners supporting Cambodia has changed over the past decade, the modalities of support have also changed markedly. Ten years ago the ratio of investment projects (those that deliver physical investments such as infrastructure) and technical cooperation projects (supporting government reforms and service delivery capacity) was approximately 1:1. While technical cooperation project disbursements have remained relatively unchanged throughout the period, ranging between USD 250-300 million annually, however, the investment portfolio has tripled from around USD 300 million in 2003/04 to more than USD 1 billion in each of the last two years. As Chart 5, below, shows, this has been associated with a reduction in the grant share of total funding (including NGO) to 57%. This is consistent with the funding pattern for a country that is moving towards attaining middle-income country status.



Trends in NGO funding

An important trend highlighted in Table 2 is the relatively rapid increase in NGO funding from their own sources over the past decade. NGO core fund delivery rose four-fold between 2006 and 2013, from USD 50 million to more than USD 200 million.

Table 3. NGO funding 2011-2013 (USD million)

Sector	2011			2012			2013 (est)		
	NGO own	DPs	Total	NGO own	DPs	Total	NGO own	DPs	Total
Health	57.7	25.4	83.1	63.7	25.5	89.2	67.6	23.1	90.7
Education	52.8	4.9	57.7	53.6	4.8	58.4	52.9	6.2	59.1
Community Welfare	54.2	0.7	54.9	49.4	0.6	50	46.8	0.3	47.1
Rural Development	6.7	3.8	10.5	16.1	4.2	20.3	20.3	3.9	24.2
Environment	8.4	4.1	12.5	6.6	1.4	8.0	7.0	13.5	20.5
Agriculture	5.7	11.1	16.8	6.9	12.3	19.2	6.8	8.1	14.9
Governance	0.9	15.1	16	0.9	10.6	11.5	0.7	12.7	13.4
HIV/AIDS	6.7	15.1	21.8	7.2	12.3	19.5	5.1	5.9	11.0
other	1.7	10.2	11.9	2.5	16.2	18.7	2.1	3.1	5.2
TOTAL	194.8	90.4	285.2	206.9	87.9	294.8	209.3	76.8	286.1

Table 3, above, shows recent NGO funding trends in more detail. Most of the resources mobilised from NGO core resources are directed to health, education and community welfare activities with rural development, environment and agriculture also being important areas for support. Despite there being many more registered NGOs, including large ones such as the Cambodia Red Cross, 538 organisations registered an active project over the last 3 years.

In terms of their own funding, i.e. disregarding funds managed on behalf of development partners, just 23 of these NGOs represented 50% of total NGO financial activity. These NGOs, which comprise the same financial share as the other 515 NGOs combined, are shown in Table 4.

Table 4. Major NGOs by funding 2011-2013 (USD million)

NGO	3 year USD m total own funds	3 year % of all NGO own funds	3 year USD m total all funds	3 year % of total funds
Kantha Bopha Hospitals	90.0	14.6%	100.0	11.1%
World Vision	46.3	7.5%	46.6	5.2%
Pour un Sourire d'Enfant	21.2	3.5%	21.2	2.4%
Plan International	14.8	2.4%	20.5	2.3%
Japan Relief for Cambodia	11.3	1.8%	12.9	1.4%
Don Bosco Foundation	10.8	1.8%	10.9	1.2%
Friends Without a Border	10.1	1.6%	10.2	1.1%
Jay Pritzker Academy	8.6	1.4%	8.6	1.0%
Room to Read	8.2	1.3%	8.2	0.9%
Cambodian Children's Fund	8.1	1.3%	8.1	0.9%
CARITAS	7.7	1.3%	8.1	0.9%
Population Services International	7.5	1.2%	24.1	2.7%
Wildlife Alliance	7.2	1.2%	7.3	0.8%
Asia Foundation	7.2	1.2%	7.2	0.8%
Hope Worldwide	6.8	1.1%	6.8	0.8%
Asia Hope Cambodia	6.4	1.0%	6.4	0.7%
SOS Children's Villages of Cambodia	6.0	1.0%	6.0	0.7%
Action Aid International	5.3	0.9%	6.7	0.7%
Enfant du Mekong	5.0	0.8%	5.0	0.6%
Agape International Missions	4.8	0.8%	4.8	0.5%
Australia Cambodia Foundation	4.6	0.8%	4.6	0.5%
Enfants D'asie Aspeca	4.6	0.8%	4.6	0.5%
Krousar Thmey	4.6	0.7%	4.6	0.5%
other 515 active NGOs	307.8	50.0%	555.4	61.8%
Total	615.0	100%	898.9	100%

Development partner support to NGOs, which complements their own funding is equivalent to approximately USD 90 million per year in the period 2011-2013. Table 3 shows that development partners mainly work with NGOs in the health/HIV, governance, environment and agriculture sectors.

Chart 6. NGO sector support 2013

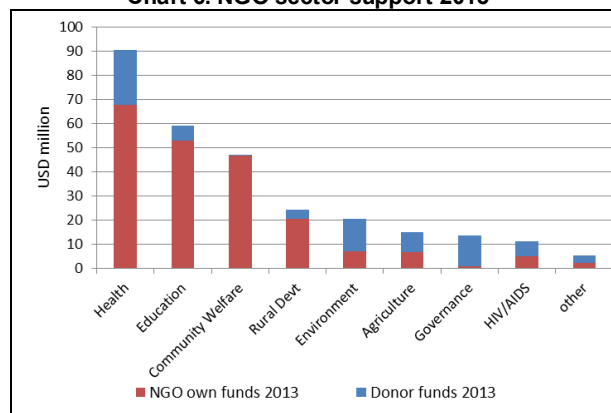


Chart 7. Relative funding shares of NGO work 2011-13

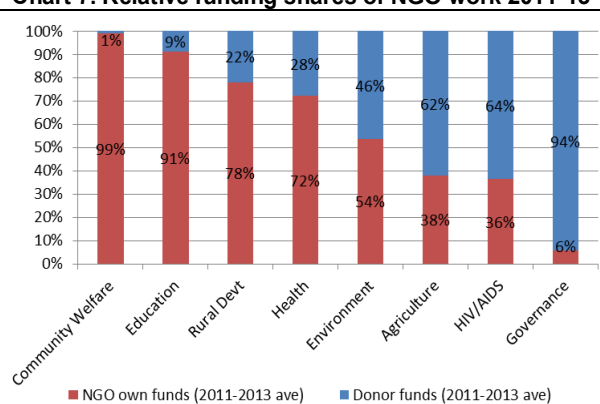


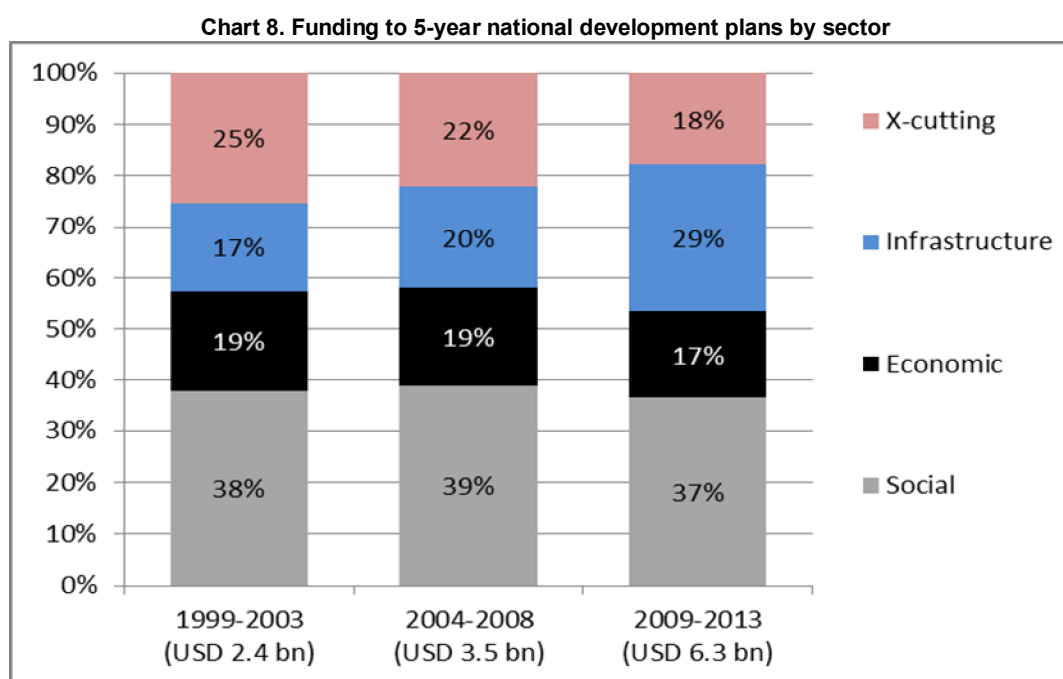
Chart 6, above, shows total NGO resourcing . including funds provided by development partners, to sectors in 2013 while Chart 7 shows relative funding shares of NGOs (own funds) and resources provided by development partners for the period 2011-2013. These charts highlight the areas where NGOs and development partners concentrate their efforts: for example, community welfare activities

are almost exclusively funded by NGOs using their core resources, for example, at the other end of the scale 94% of NGO governance-related work is financed by development partners.

Of the major development partners that support NGOs, the US and the European Commission are the most significant both in terms of Dollar amounts as well as the share of NGO support in their total funding. In the period 2011-2013, the US average annual disbursement to NGOs was USD 60 million, 86% of their total support. The European Commission disbursed an annual average of USD 11.5 million, 22% of their total portfolio. Other notable major supporters of NGOs are Japan (USD 4.2 million annually; 3% of funding) and the UN agencies (USD 3.5 million; 6%).

A longer-term perspective on trends in development cooperation

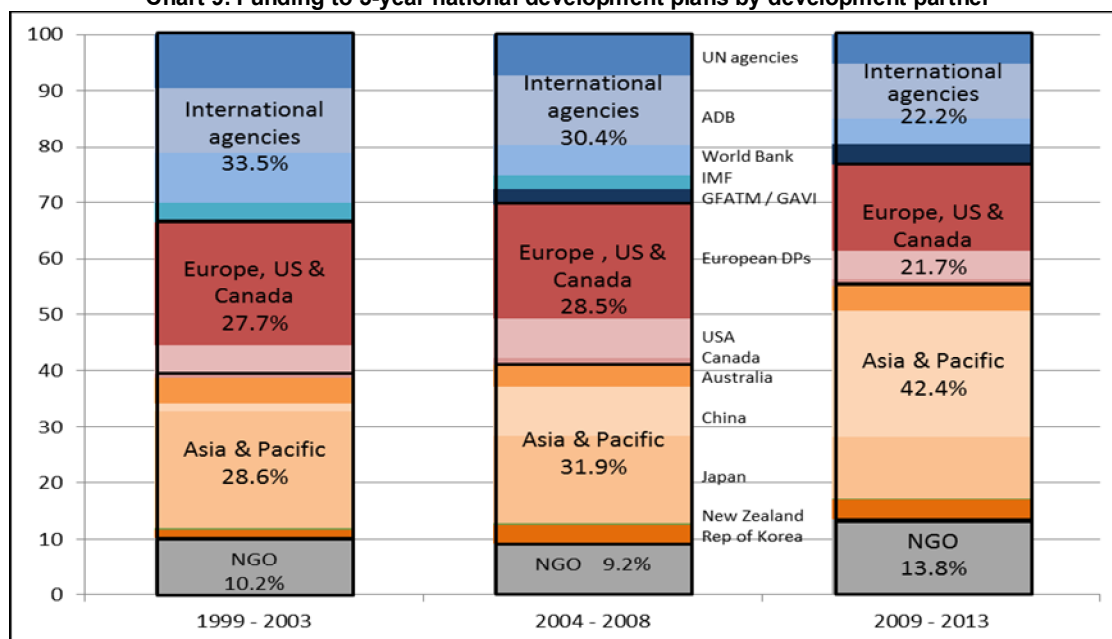
The completion of the 2009-2013 NSDP provides an excellent opportunity to review longer-term disbursement trends from both a sector and development partner perspective over the last three full Government mandates. Chart 8 shows that total development cooperation resource availability has increased markedly in each successive government mandate period to USD 6.3 billion for 2009-2013. Resources in the 2009-2013 period - associated with the most recently-completed NSDP - represent an increase of 81% over the 2004-2008 national planning period, which in turn was a 47% increase on the 1999-2003 period.



The pattern of funding across sectors shows that the share of support to the social and economic sectors has been relatively stable over nearly 15 years. Infrastructure support has increased significantly from 17% to 29% of total development cooperation, which translates into a more than fourfold rise from USD 415 million in the 1999-2003 period to USD 1.8 billion in the most recent NSDP. Conversely the share of funding to cross-cutting services has declined from 25% to 18% of total external funding, although in US Dollar terms it has still almost doubled from USD 600 million (1999-2003) to USD 1.1 billion (2009-2013).

Development partner funding trends over the same three periods provide further insight into the sectoral allocations that are shown in Chart 8 and also discussed in the analysis of Table 2 and Chart 5 earlier in the text. When disaggregated into their geographical area, as in Chart 9, it can be seen that the relative shift of support away from international, European and North American support and towards a growing partnership with countries from the Asia-Pacific may explain the shift towards loan-financed investment project modalities, especially in the infrastructure sectors.

Chart 9. Funding to 5-year national development plans by development partner



Looking to the future, there are a number of scenarios that can be considered as Cambodia moves towards the threshold of becoming a Lower Middle-Income Country. These include a higher mix of loans as well as a change in the profile of provider of development finance as new development challenges and sources of funding focus on new and more complex development challenges, including climate change and regional integration. The recent High-level Ministerial meeting in Mexico, which took stock of progress after Busan, recognised the importance of maintaining support to MICs. Cambodia's status as a Least Developed Country, which is likely to remain for at least another decade, also highlights the need for development cooperation to complement domestic resource allocations to secure progress on human development and economic diversification.

Participation in global development effectiveness work and monitoring

The Global Partnership for Effective Development Cooperation, which was established in Busan in late-2011, provides the mechanism for setting objectives and monitoring progress related to global partnership commitments. The knowledge generated from the associated monitoring survey provides additional insights and guidance that can be taken up in the dialogue between the Royal Government and its development partners.

Table 5. Busan monitoring survey results 2013

Busan monitoring indicators		2013 status
Indicators monitored using national data sources		
1	Extent of use of country results frameworks by co-operation providers	tbc
5	Development co-operation is more predictable	
	(a) annual: proportion of aid disbursed compared to scheduled	91%
	(b) medium-term: % of aid covered by indicative forward plans	85%
6	Aid is on budget (recorded and approved by the legislature)	79%
7	Mutual accountability (joint assessments of progress)	Yes
9a	Quality of PFM systems	3.5
9b	Use of country PFM and procurement systems.	32%
10	Aid is untied	80%

As a long-term supporter of the global partnership initiative, Cambodia has maintained a strong commitment to the work of the Global Partnership. During 2013 two initiatives are particularly noteworthy. First, Cambodia and its development partners participated in the first round of monitoring the Busan commitments. This comprised a survey of ten indicators, five of which are monitored at country level with the results shown in Table 5.

These results demonstrate that continued effort must be made to strengthen and use national systems, preferably through programme-based approaches, which offer a holistic and Government-led approach to improving planning, budgeting, implementation and monitoring so that development results can be realized. The focus must therefore be placed at sector level, including to accelerate the implementation of public sector reforms, especially in public financial management. The coordinated and timely support of central agencies such as CRDB/CDC and the Ministry of Economy and Finance will be an important factor in ensuring that line ministries and agencies implement their programmes and plans to maximum effect.

The second global initiative in which Cambodia participated was the mutual accountability survey conducted by UNDESA on behalf of the UN Development Cooperation Forum. The results, which can be viewed on-line, show that recent gains in establishing an effective development partnership have been consolidated but there remains significant potential for translating these efforts into coordinated implementation of public sector reforms that will strengthen budgeting, including of external resources, and service delivery through improved information management and more frequent dialogue. The use of tools identified in the Development Cooperation and Partnerships Strategy, particularly the JMIs linked to the NSDP and more programmatic budgeting through the use of PBAs, have potential to strengthen partnership and to translate this into greater transparency and improved development results. Additional measures to strengthen information management in the TWGs can also be an effective approach for promoting transparency that promotes both implementation and accountability.

III. Conclusion

The overall goal of this paper has been threefold: (i) at the partnership and policy level, to contribute to effective dialogue that leads to greater mutual understanding and improved development results; (ii) at the planning and budgeting phase, especially in the TWGs, to maximise resource mobilisation efforts and then to ensure alignment of these resources with national priorities during the budgeting exercise; and (iii) at the monitoring phase, to ensure that information on inputs and resource management can inform results-based monitoring and learning, both individually and collectively. With the attention of all development actors, including in the TWGs, increasingly turning to focus on the achievement of results, the analysis provided in this paper is considered to be timely and relevant to supporting their efforts to deliver results.

The evidence presented in this paper serves as a useful input for all development actors to inform and adapt their own activities and partnering strategies. It is the hope of CDC that the data and analysis will inform dialogue between the Royal Government and its development partners, especially at TWG level but also in bilateral consultations. Through the wider sharing of this data and analysis, including making it publically available, it is also the hope of the Royal Government that a much wider audience can be provided with access to information on the provision and use of development cooperation resources.

The analysis of development assistance trends shows how the profile of external support is changing, manifested in new partnerships emerging, the shift from grant to loan financing and the increased share of funding to infrastructure sectors. In the context of reforms in economic management, including domestic resource mobilisation and the need to ensure a comprehensive approach to planning and budgeting, this highlights the need to continue the effort to obtain a clear picture of likely funding trends so that planning and budgeting can be undertaken with confidence and certainty. Continued reporting to the ODA and NGO Databases is therefore an important activity that will be supported by CDC in line with the resource transparency objective outlined in the Development Cooperation and Partnerships Strategy.

For development partners, the commitment made in Accra in 2008 to provide medium-term projections of their support must therefore be maintained while alignment of their resources needs to be mindful of evolving priorities and new opportunities. As the attainment of Lower-Middle Income Country status moves closer, there will be a continued need to access concessional development

finance, especially as Cambodia will remain a Least Developed Country for some time. The continued need of MICs to mobilise development finance on concessional terms . including grants . was an important part of the recent development effectiveness discussions at the Mexico High-level Ministerial meeting that took stock of post-Busan progress. Cambodia shares these sentiments and remains committed to working with development partners at a national and global level.

Looking to the future, it is necessary to respond to, and accommodate, Cambodia's changing development dynamics especially as economic diversification and regional integration gather pace. Alignment with the Rectangular Strategy . Phase III demands that dialogue be based on evidence that can inform policies and decisions, including to support the review and adaptation of sector/thematic policies and plans. Regular analysis on the use of development cooperation is therefore important as a means to contribute some of the inputs that inform and complement the work of all actors in both bilateral and multi-stakeholder dialogue.

To ensure continued progress in our development partnership, and emphasising the achievement of results, the Development Cooperation and Partnerships Strategy sets out principles and identifies tools for successfully attaining the Royal Government's development effectiveness goals. The work of CDC will therefore continue to support implementation and effective monitoring, including through the ODA and NGO Databases, the JMIs and by supporting the promotion of PBAs.