



Royal Government of Cambodia

ព្រះរាជាណាចក្រកម្ពុជា

«Rectangular Strategy»

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Human Resource Development

The Enhancement of Public Health and Nutrition | Improving Gender Equity and Social Protection

Growth, Employment, Equity and Efficiency:

Building the Foundation Toward Realizing the Cambodia Vision 2050

Phase IV

of the Royal Government of Cambodia

of the Sixth Legislature of the National Assembly

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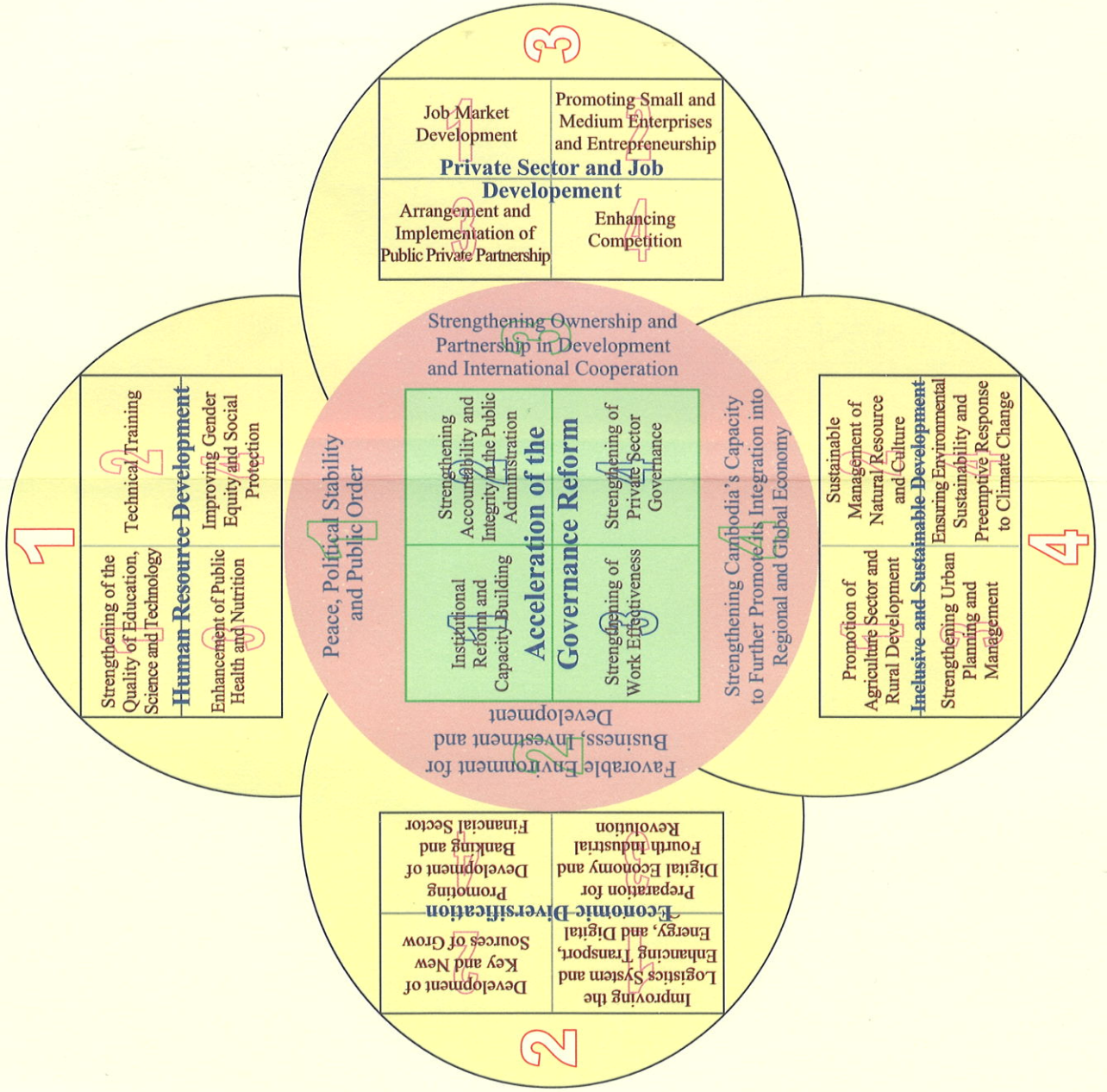
Sustainable and Inclusive Development

Promoting Agriculture and Rural Development | Managing the Sustainability of Natural Resources and Culture

Strengthening the Management of Urbanization | Ensuring Environmental Sustainability and Preparing to Address Climate Change

Phnom Penh, September 2018

Diagram of Rectangular Strategy - Phase IV



INTRODUCTION

The Royal Government of Cambodia (RGC) has successfully implemented the **Rectangular Strategy** for **Growth, Employment, Equity** and **Efficiency** for the last three phases, helping reshape the face of Cambodia with great pride. In particular, if compared to the situation 20 years ago, Cambodia has transformed itself from a country that received UN peacekeeping forces to a country contributing its forces to the UN's peacekeeping missions in some hotspot countries of the world. Cambodia, previously well known as a killing field, an insecure place, a dangerous minefield, is now a country that enjoys full peace and a popular tourist destination in Southeast Asia that welcomes millions of tourists every year. Cambodia, previously well known for armed struggle for power and change of governments, is now a country that firmly respects the principles of liberal multi-party democracy by regularly holding free, fair and just elections that allow its citizens to choose the country's leadership; a state governed by rule of law that firmly adheres to legal principles; and a sovereign state of full independence and territorial integrity. Cambodia, which used to be politically and economically isolated, is now actively integrating itself into both regional and global structure and architecture; and playing an active role in all regional and international affairs on equal footing and with equal rights as other nations. Cambodia, previously perceived as an economically-underdeveloped country mired in poverty and food insecurity, is now a food exporting country, one of the fastest growing economies in the world and a great performer in terms of poverty reduction and improvement in social indicators which has recently graduated from low-income country status to lower middle-income country.

Overall, the Rectangular Strategy of the last three phases have fulfilled their roles as top-notch socio-economic development agenda of Cambodia. After three phases of implementation of the Rectangular Strategy, profound transformation of economic structure has taken place and people's livelihoods have been improved in terms of both material and mental aspects through sustainable economic growth, job creation, assurance of social equity and strengthened governance in governments' institutions.

In the medium term, Cambodia's socio-economic development will experience a "**New Transformation**", that is the transition to upper middle-income country. This requires further strengthening of the public institutions—the structure of the organization, sets of formal and informal rules of law, human resources, means and financial resources which determine work principles and attitude, be it political, economic or social spheres, within the framework of democratic process and the rule of law that are fully legitimate in order for us to proceed with development by sustaining high economic growth; promoting socio-economic structural change; creating quality jobs for the youth, responding effectively to the expectations of the people, especially addressing the gradually increasing needs of the people, including access to quality public services, be it physical infrastructure, education,

healthcare or other basic services; ensuring social security and welfare of the people; ensuring income security especially for the vulnerable groups; ensuring balanced and lower development gap between urban and rural areas; remaining flexible and vigilant with regional and global developments; taking full advantages of technological development and digitalization especially in the context of the fourth industrial revolution; and lastly; stepping up the effectiveness of the protection and conservation of the environment, natural resources, ecosystem, biodiversity, forest and wildlife sanctuaries as well as adaptation to climate change.

Based on the outstanding achievements made through implementation of the last three phases of the **Rectangular Strategy**, as well as the need to further develop Cambodia as emphasized above, the RGC has put forward its ambitious “**Political Platform**” which has received overwhelming support from the people reflected through the recent free, fair and just election which saw a very high voter turnout rate of 83.03%. **The Political Platform of the Royal Government of the Sixth Legislature of the National Assembly** sets out strategic goals, prioritized policies, sectoral development policies, and specific measures to be implemented from 2019 onwards to guide the activities of the RGC in its service to the nation and the people in the sixth legislature.

Therefore, the **Rectangular Strategy - Phase 4**, as an effective policy instrument of the RGC, will take stock of the last 20 years effort to transform, rehabilitate and develop Cambodia into a fully peaceful country after the end of civil war. In addition, concrete strategic policy measures will be laid out for implementing the **Political Platform of the Royal Government of the Sixth Legislature of the National Assembly**, aimed at responding to the demand of the people and laying foundations for our journey toward the goals of Cambodia Vision 2030 and 2050. In this context, the RGC firmly believes the **Rectangular Strategy**, particularly the goals for **Growth, Employment, Equity and Efficiency** are still necessary and relevant in the Sixth Legislature 2018-2023 by further strengthening the past achievements and focusing on the agenda of ensuring “**Efficiency**” through the implementation of “**self-reflection, shower, dirt scrubbing, treatment and surgery**” approach. Thus, the structure of “**Rectangular Strategy - Phase 4**” will be maintained with expanded scope, refined and reprioritized sides of the four strategic rectangles with improved policies and implementation mechanisms.

In conclusion, the “**Political Platform of the Royal Government of the Sixth Legislature of the National Assembly**” and the “**Rectangular Strategy-Phase IV**”, combined, will act as a comprehensive policy framework for formulating the “**National Strategic Development Plan, 2019-2023**” with clearly defined indicators and timeframe for implementation that must be consistent with the RGC’s sectoral policies. In particular, the “**Rectangular Strategy-Phase IV**” will become a clear blueprint to guide the activities of all development stakeholders to remain within the “Dynamics of

Stakeholder System¹” to step up development in the medium and longer terms in a sustainable manner by ensuring efficiency and effectiveness of the public institutions and management of all the resources.

In this context, the “**Rectangular Strategy-Phase 4**” is the “**Socio-Economic Policy Agenda**” of the “**Political Platform of the Royal Government of the Sixth Legislature of the National Assembly**” under the umbrella of the constitution of the Kingdom of Cambodia and the shade of the revered His Majesty, King of Cambodia.

Part I

1.1. Major Achievements by the Royal Government of the Fifth Legislature

Cambodia has achieved tremendous progress on all fronts, be it political, security, social order or socio-economic development, despite facing political challenges, uncertainties of the global economy, threats to the national sovereignty and territorial integrity, repeated natural disasters, and new demand of the people of all classes. The firm implementation of the “**Rectangular Strategy-Phase 3**” during the fifth Legislature of the National Assembly resulted in major achievements that includes:

1. Full peace, territorial integrity, and political stability have been maintained and strengthened along with the firm observance of the principle of the rule of law and democracy, effective prevention of the color revolution aimed at toppling the legitimate government and the prevention of recurrence of internal division and wars. At the same time, security and social order have been strengthened through crack down on all kinds of crime, including illegal drug and human trafficking, which helped create a favorable environment for the national development and investment as well as people’s safety.
2. High economic growth of around 7% per annum enabled Cambodia to graduate to lower middle-income country; economic growth base has been further diversified; poverty rate has been reduced to below 10%; and income gap among the people has been reduced through the distribution of the fruits of economic growth to people from all walks of life, particularly the Royal Government’s policy decision to increase the salary of civil servants and members of armed force and minimum wage for workers and employees as well as its attention to their welfare through lowering electricity and water prices, expansion of the National Social Security Fund and Equity Fund, the provision of public transport services, and the implementation of conflict resolution mechanism played a significant role.

¹ *Stakeholder System coordination works when all ministries/institutions not only fulfil their own duties by not blaming each other, but coordinate and work closely with each other instead to accomplish the mission and policy objectives of the Royal Government and effectively respond to the concern or demand of the people.*

3. Remarkable progress in governance reform has been achieved through the implementation of the Public Administration Reform, Public Financial Reform Program, Sub-national Democratic Development Reform Program, fight against corruption, legal and judicial reform, and armed forces reform. In particular, the Royal Government has increased the salary of civil servants and members of the armed force to more than 1 million riels per month in 2018, disbursed salary on time at the fourth week of each month, and improved the quality and effectiveness of public services at both national and sub-national levels.
4. Notable progress in public financial management has been made. In between 2013 to 2018, state's current revenue has increased more than twofold, from USD 2,264 million to USD 4,560 million, so as the total expenditure which has been upped nearly twofold as well. While the budget for the Ministry of Education, Youth and Sport has been increased by more than threefold, budget for the Ministry of Health was increased by nearly 2.5 times, budget for the Ministry of Agriculture, Forestry, and Fisheries increased by nearly threefold and locally financed direct investments increased by nearly 2.5 times. Moreover, the national budget system has been improved through better and more effective management of the budget at both allocation and operation levels.
5. Major social indicators, in both education and health sectors, have been achieved. Public health situation has been improved through the notable reduction in the mortality rate of mother, infant and children; reduction in HIV-AIDS prevalence rate; and reduction in the mortality rate caused by malaria. The coverage of the "Equity Fund" has been expanded to lessen burden of medical expenses on the poor. The educational reform created a new environment and hope for improved supply of quality human resources and skills to the job market through establishment of new-generation schools, strengthening of teaching quality, improving the management of schools, updating school curriculum and creating good study environment that have been gradually promoted.
6. Active participation in regional and international affairs on equal footing and with equal rights as other nations on both political and economic fronts. With regard to trade, Cambodia exported goods to 147 countries worth 60% of GDP and imported from 135 countries worth 65% of GDP. Within the UN framework, Cambodia contributed 5,486 personnel to join peacekeeping missions in 8 countries since 2006. Moreover, the reputation of Cambodia has been further elevated through its successful coordination in the capacity as head of LDC group coordinator within the WTO framework by ensuring the country's trade interest from the membership of this organization, its election as vice-president of the 73rd United Nations General Assembly and as a member of the United Nations Economic and Social Council. Within the regional cooperation framework, Cambodia has actively participated in the ASEAN affairs and other

regional initiatives including “**One Belt, One Road**” initiative as well as bilateral and multilateral cooperation, including double taxation agreements.

7. Cambodia has become a popular tourist destination which received around 5.6 millions international tourists from 110 countries in 2017. This increase in inbound tourists stem from Cambodia’s integration, nationwide infrastructure connectivity, stable electricity supply, improved security for tourists as well as the diversification of tourist markets and products.
8. Cambodia is one of the 10 biggest rice exporting countries that exported around 635 thousand tons of milled rice in 2017, nearly twofold increase compared to 2013. Moreover, Cambodia’s total agricultural export increased from 3.66 million tons in 2013 to 5.14 million tons in 2017. In this sense, the agriculture sector has achieved positive growth in spite of the decline in agricultural products in the international markets, shrinking labor force in agriculture sector and vulnerability to natural disasters etc.

1.2. Megatrends, Challenges and Opportunities of Cambodia

1.2.1. Megatrends

Going forward, Cambodia will face a number of internal and external megatrends which will determine the context and direction of development generating both challenges and opportunities. This requires Cambodia to review its development paradigm in the medium to long terms. These megatrends include:

1. The world is moving toward a new multipolar framework due to the changing global balance of power. This development will lead to change in architecture of global rules and institutions, in both political and economic aspects, corresponding to the existence or the structure of the bipolar and unipolar power or new initiatives in the new region or poles of power.
2. Global economy, used to be led by the United States and Europe, is now driven by Asia namely China and India. At the same time, global economy has also been increasingly concentrated in urban areas which are estimated to host nearly half of the world population by 2050.
3. Current scientific and technological advancement, namely the “Fourth Industrial Revolution”, will become a key determinant of all aspects of socio-economic development that will generate both challenges and opportunities for the entire globe. Technological development will accelerate and deepen the automation which can replace human power and intelligence. This will redefine production factors, production relations, behavior, consumption, and economic structure.
4. Climate change and the loss of biodiversity, which leads to global warming and increased unpredictability and magnitude of natural phenomenon such as drought, heatwave, flood etc.

1.2.2. Challenges

In the medium term, Cambodia will be on the path to become an upper middle-income country and go through economic structural transformation and changing demography. In this context, Cambodia will face a number of challenges as follows:

1. Regional and global economy will remain uncertain due to the “**trade war**” caused by protectionism policy, normalization of monetary policy in developed countries, rapid credit growth in China, increase in oil price, and other issues related to geopolitics, terrorism and global security. This situation can have adverse effect on Cambodian economy which depends on international trade to accelerate the country’s development.
2. The assurances of peace, political stability and social order will remain a big challenge due to fragility caused by both internal and external factors.
3. The need to develop quality, competent and productive human resources to respond to socio-economic development demand which is a key factor underpinning the country’s economic growth and competitiveness at present and in the long term. Although the target for coverage of primary education has been successfully achieved, challenges remain in learning outcome, completion of high school which is the foundation for vocational training and higher education in order to fully capitalize on the current technical advancement and industrial innovations.
4. Diversification and creation of value added in industry and service sectors. Challenges include wage growth pressure, employment relations, high transport costs, needed improvement in the efficiency of the logistics system, high electricity price compared to neighboring countries, informal fees, and complicated business environment.
5. Stepping up diversification and productivity of the agriculture sector remain a challenge that must be addressed urgently at a new pace and on a new scale because agriculture still plays an important role in the national economy, in particular, its contribution to the poverty reduction, improvement in people’s livelihoods and job creation. Moreover, agriculture helps prevent people from falling back into poverty and reduce income gap of the people as well as development gap between urban and rural areas. More importantly, investment in the agriculture sector will contribute to ensuring food security in the long term as well as maintaining food price at low level to ensure positive effect on the real wages.
6. The provision of public and judicial services has not earned sufficient trust from the public, insufficient institutional and regulatory framework, officials’ understanding and ability to enforce the law are below the level required by the Royal Government. At the same time,

structural arrangement as well as the transfer of function and resources to sub-national administration have not fully responded to the needs of democratic development at sub-national level.

7. The quality of healthcare services still remain a challenge in spite of remarkable improvement in public healthcare services. While the livelihoods and living condition of the people have changed, health policies must be reviewed on all aspects, be it supply, service delivery, service quality, financing, and coverage.
8. Challenges in the financial sector include high interest rate, low domestic savings, and rising household debt. While the banking and finance sector experiences a significant progress, credit growth and interest rate still remain high in spite of gradual decline. In addition, low domestic savings has made Cambodia rely on external sources of capital for investment. While Cambodia is gradually losing its access to concessional loans, domestic savings will be the key source of capital for both public and private investment.
9. Although the environment and natural resources management has been improved through strengthening of the mineral resources management; implementation of the forestry and fisheries sector reform including fisheries conservation, as well as land reform; improvement in the management of water resources including ecosystems of Tonle Sap lake and Mekong river, there are still challenges that require more efforts and initiatives to ensure sustainable development. Additionally, climate change has been causing adverse effect on the ecosystem as well as socio-economic development of Cambodia.
10. Cambodia is gradually graduating from LDC status, which may lead to the reduction or complete loss of favorable treatment by key development partners. Therefore, Cambodia needs to take full advantages of the current opportunities and ensure new favorable markets as well as enhance competitiveness to further promote diversification of products for exports.

1.2.3. Opportunities

The current global and domestic contexts provide Cambodia with the following opportunities.

1. In the context of global economic recovery, which is expected to be better than the previous years, especially with its major trading partners, Cambodia is expected to maintain a concrete growth momentum in the medium term reflected through flourishing business activities, continued growth in FDI, continued increase in domestic demand and improvement in international trade.

2. The shift of economic center of gravity to Asia, especially East Asia, continues to be the “**golden opportunity**” for Cambodia to develop and modernize its industries, productions and services along with other regional countries as Cambodia is located at the center of a region enjoying vibrant economic growth and might become an important part of the production chains in East Asia.
3. Fierce competition between trade blocs in Asia-Pacific such as Regional Comprehensive Economic Partnership, Trans-Pacific Partnership as well as other cooperation initiatives will result in massive trade liberalization of goods, services, and investment in the region. This trend will give Cambodia, as an ASEAN member, the opportunities to absorb investment and expand its export markets through promotion of its industry and trade linkages, physical and institutional connectivity along with the integration into regional and inter-regional production and supply chains.
4. Cambodia has vast potential for further financial sector development, including deepening of financial intermediary operations, promotion of insurance industry and development of securities market.
5. Demographic dividend and low dependency ratio along with the increase in the number of people in the middle class will create a favorable condition for Cambodia to achieve high economic growth for the next three decades.
6. Technological advancement in the current stage of industrial revolution 4.0 will result in the creation of new kinds of jobs and businesses. Digital economy, which is advancing very quickly, will provide a great opportunity for Cambodia to improve its economic structure, thanks to the high rates of telephone and internet users.

1.3. The Need to Further Implement the Rectangular Strategy

Based on the experience of implementing the previous three phases of the Rectangular Strategy, the Royal Government is able to assess the strength, weakness, challenges as well as opportunities of the strategy. The strength of the Rectangular Strategy lies in its provision of intertwined, comprehensive consistent policy framework which covers major sectors for all ministries-institutions to participate in its implementation. This is a strong foundation for allocating resources towards policy priorities and a great framework for cooperating with related development partners, private sector and civil society included. However, the weakness lies in the implementation effectiveness, which is primarily related to institutional capacity, and the effectiveness of inter-institutional-ministerial coordination in laying out and implementing concrete policy measures. Moreover, there are still gaps in daily activities that have

not been properly aligned with the objectives and policy of the Royal Government as well as ministries-institutions.

In this sense, the need to further implement the **Rectangular Strategy** Phase IV is reflected in the following aspects:

1. The need to further strengthen and expand Royal Government's achievements in the Fifth Legislature as well as to complete the remaining tasks within the previous three phases of the **Rectangular Strategy** through strengthening peace, political stability, security and social order; promoting state of law, human rights and dignity, liberal multi-party democracy; and implementing concrete measures to enhance people's livelihoods and welfare, especially solving the issues of "**Efficiency**" in governance and social justice, as well as improvement in public service quality.
2. The need to seek new growth sources to ensure high and sustainable economic growth by taking full advantage of the regional opportunities, creating value added in the existing economic pillars and their related sub-sectors, encouraging investment in agriculture, ensuring readiness to grab new technologies in the era of digital economy as well as to grab opportunities and to overcome potential challenges in the context of industrial revolution 4.0, and enhancing Cambodia's competitiveness in response to new concerns and demand from the people in new development phase and our goal of becoming an upper middle-income country by 2030 and a high-income country by 2050.

On this basis, the Royal Government has determined "**4 Strategic Goals**" and "**4 Priority Areas**" to underline its commitment to further implementing the "**Rectangular Strategy**" Phase 4.

The 4 Strategic Goals include:

1. Ensuring sustainable economic growth of around 7% per annum which is resilient to crises through diversifying into new growth sources to widen the growth base and enhance competitiveness while maintaining the macro-economic stability through containing the inflation, ensuring the stable exchange rate for Riel, increasing the international reserve on regular basis and managing public debt vigilantly.
2. Creating more jobs, in terms of both quality and quantity aspects, for the citizens of Cambodia, especially for the youth through skill training, provision of job market information, improvement in working condition and promotion of business and investment inside and outside the country.

3. Achieving the poverty reduction target of below 10%, preventing the return of poverty by focusing on enhancing market participation², implementing social protection policy, lowering burden of daily life along with the provision of quality public services, and reducing social gap.
4. Further strengthening the capacity and governance of public institutions, at both national and sub-national levels, to ensure effectiveness and efficiency of public services delivery aimed at serving the people better as well as improving business and investment environment.

The 4 Priority Areas include:

In the past Legislatures, the Royal Government identified four priority areas, viz. **Road, Water, Electricity** and **People** to set the agenda for development while priority order of these four priority areas have been changed according to development phase. In the first two Legislatures, the **Rectangular Strategy** gave the top priority to **Road**, followed by **Water, Electricity** and **People**. In the **Rectangular Strategy** – Phase 3, **People** became the top priority, followed by **Road, Electricity** and **Water**. For this 6th Legislature, the **Rectangular Strategy** – **Phase 4** will continue to focus on the same “**4 Priority Areas**”, but gives the top priority to **People**. In this sense, the 4 “**Strategic Rectangles**” of the **Rectangular Strategy** will be revised to reflect the “**4 Priority Areas**” and other tasks that respond to Cambodia’s new phase of development as follows:

Rectangle 1 - Human resource development: 1). Improving the quality of education, science and technology; 2). Vocational training; 3). Improving public healthcare and nutrition; and 4). Strengthening gender equality and social protection.

Rectangle 2 - Economic Diversifications: 1). Improving logistics system and enhancing transport, energy and digital connectivity; 2). Developing key and new sources of economic growth; 3). Readiness for digital economy and industrial revolution 4.0; and 4). Promoting financial and banking sector development.

Rectangle 3 – Promotion of private sector development and employment: 1). Job market development; 2). Promotion of SME and entrepreneurship; 3). Public-private partnership; and 4). Enhanced competitiveness.

Rectangle 4 – Inclusive and sustainable development: 1). Promotion of agricultural and rural development; 2). Strengthening sustainable management of natural and cultural resources; 3).

² Poverty reduction can be achieved through implementing social protection mechanism and preventing the return of poverty by promoting people’s participation in and gaining benefits from the market without relying on support from the government.

Strengthening management of urbanization; and 4). Ensuring environment sustainability and readiness for climate change.

Part II



2.1. Structure of Rectangular Strategy- Phase 4

Successful implementation of the **Rectangular Strategies** - Phases 1, 2, and 3 attests to the ownership and competency of the Royal Government in managing the country. In the current context, based on the requirements as identified above, Cambodia has been preparing itself rigorously and comprehensively to capitalize on opportunities provided and its potentials to address challenges in the next stage of national development.

As mentioned earlier, the “**Rectangular Strategy - Phase 4**” maintains its original structure. At the same time, the Royal Government has changed the sequence of its priority areas and sides of the strategy while adding some new priorities as well as refining and sharpening measures in order to 1). respond to Cambodia’s specific needs and emerging context as described earlier and as stated in the “**Political Platform of the Royal Government of the Sixth Legislature**”, and 2). promote the development through strengthening links and interactions between the four themes of the strategy, namely **Growth, Employment, Equity and Efficiency**, which is an equation system for reflecting the Royal Government’s determination to enhance people’s welfare.

On this basis, the “**Rectangular Strategy- Phase 4**” is organized as follows: 1). Core of the strategy - accelerating the governance reform; 2). Overarching environment for the implementation of the strategy; 3). Four strategic rectangles; and 4). Strategic sides of the respective rectangles.

2.2. Core and Overarching Environment of the Rectangular Strategy- Phase 4

2.2.1. Acceleration of Governance Reform

The strategic objective of the governance is the modernization of government institutions and inclusive, equitable and just development through exercising political, economic, and administrative power in governing and managing the national affairs, especially in ensuring sustainable role and function of the public administration by focusing on People-Centric interest and the Nation-State Building.

During the implementation of the previous three phases of the Rectangular Strategy, the Royal Government has made fundamental progress in modernizing its governance system through corruption fighting, legal and judicial reform, public administration reform, decentralization and de-concentration reform, public financial management reform, and armed forces reform.

At the same time, the Royal Government faces some challenges related to role overlap; recruitment and incentivization of civil servants; accountability system including public service monitoring and evaluation mechanisms; circulation of information, data and code of conduct; professional and technical competency of civil servants; the gap between policies and their implementation; and strengthening of law enforcement particularly the provision of judicial-legal service and effective armed forces reform.

On this basis, in order to ensure the legitimacy and public confidence through building state institutions efficiently, productively, responsively, accountably and transparently, the Royal Government of the Sixth Legislature will focus on: 1). Institutional reform and capacity building; 2). Enhancement of cleanliness and integrity in the public administration; 3). Strengthening of work efficiency; and 4). Strengthening of private sector governance.

1) Institutional Reform and Capacity Building

In the sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Rationalizing the roles and duties, management structure, and inter-institutional coordination by focusing on strengthening ownership, responsibility and clear division of accountability of each ministry-institution, especially through the firm enforcement of the Law on the Organization and Function of the Council of Minister.
2. Strengthening leadership, sense of ownership and responsibility and internal unity of the institutions, formulation and strict implementation of the code of conduct, and selection of quality people with high qualification for the management position in the public sector,
3. Promoting meritocracy in the recruitment, appointment and promotion process along with the provision of incentives and other benefits to civil servants and public institutions, especially the implementation of performance-based system in the public sector.
4. Strengthening management capacity of the public sector through putting in place legal and regulatory framework, work infrastructure, human capital development framework which focus on skills and talent, and the use of information technology to improve the management of civil servants' information and data.

2) Strengthening of Cleanliness in the Public Administration

In the Sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Strengthening the education on, prevention of, obstruction of and crackdown on corruption based on the **National Anti-Corruption Strategy and Action Plan** under the framework of “**Not Daring, Unable and Unwilling**” to commit corruption.

2. Strengthening and expanding public disclosure of updated information on public services, legal documents and national policy documents.
3. Encouraging people's participation in the process of development as well as formulation and implementation of various policies.
4. Promoting the implementation of mechanisms for receiving feedback and handling complaints from public service users along with accessing the possibility of using IT system to support the implementation.
5. Strengthening the effectiveness of inspection and audit mechanism in the public sector.
6. Strengthening the effectiveness of the preparation and implementation of work ethics as well as the principle of function incompatibility and conflict of interest for public officials.

3) Strengthening of Work Effectiveness

In the sixth Legislation of the National Assembly, the Royal Government of Cambodia will focus on:

1. Increasing the salaries of civil servants and members of armed forces every year together with pensions of retirees and veterans by disbursing through the banking system on biweekly basis.
2. Delegating power, transferring functions, resources and techniques to all levels of administrative entities under line ministries-institutions, public establishments, sub-national administration to achieve a reasonable level of autonomy in terms of decision-making, supervision and management of human and financial resources; while clearly defining accountability and responsibility of public entities and public officials.
3. Encouraging unified administration at khan-district, provincial and capital levels to consider and implement innovation solutions to ensure effective functioning and resource utilization.
4. Putting in place the performance-based management system by using Key Performance Indicators (KPIs), particularly for officials at supervision and management levels.
5. Putting in place monitoring and evaluation mechanism to help improve performance, implementation measures, strategic directions and inter-ministerial coordination for the preparation and implementation of government policies.
6. Strengthening information sharing mechanism at all levels of public administration to enhance management effectiveness and respond to the demand of public service users in this rapidly changing national and international context.
7. Enhancing judicial service by improving work effectiveness of enforcement officials, strengthening public confidence in the judicial system, and fighting all kinds of abuse and violation in the society through: 1). strengthening law enforcement, 2). strengthening cleanliness and profession ethics of enforcement officials, 3). strengthening work discipline

mechanism and modernization of justice administration, 4). stepping up the provision of legal service, and 5). strengthening and improving conflict resolution mechanism which effectively respond to actual circumstances in the society.

8. Further reforming the armed forces through: 1). strengthening of oversight, management and network, 2). development of human resource and enhancement of armed forces' capacity through better training, utilization of technology and building succeeding forces, 3). strengthening the capacity to maintain security, encouraging personnel and their families to relocate to areas along the borders, fighting terrorism to ensure peace and development along border areas and national safety without terrorism threat, 4). strengthening international cooperation, especially within the UN peacekeeping framework, and 5). creating supportive environment for infrastructure development, environment and natural resource protection, interventions during national disasters, humanitarian operations and participation in agriculture harvesting

4) Strengthening of Private Sector Governance

In the sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Carrying out studies and development of policy framework to enhance corporate governance to ensure proper management and good practice in the private sector.
2. Carrying out studies and preparation of the policy framework to augment Corporate Social and Environmental Responsibility to step up private sector's participation in addressing social issues and enhancing environmental protection, value of the social morality and national culture, together with enhanced protection of consumer rights and safety by pushing for the development and enactment of Consumer Protection Law.
3. Continued implementation of the public-private dialogue mechanism at both policy and technical levels, national and sub-national levels, to promote policy dialogues and jointly address challenges by enhancing the role of Chamber of Commerce.
4. Pushing for and encouraging private sector's reinvestment to enhance human capital development and innovation.

2.2.2 Overarching Environment for Implementing the Strategy

A favorable overarching environment is the foundation for the successful implementation of policy priorities identified under the four “**Strategic Rectangles**”, to ensure achievement of development goals. Overall, Cambodia has to further strengthen peace, political stability, security, safety and public order to create enabling environment and opportunity for continued development progress. Since Cambodia's approach is to rely on the private sector to drive economic growth, therefore, ensuring favorable environment for business, investment and development is essential for attracting domestic

and foreign investments as well as for the private sector growth. In the development cooperation framework, Cambodia needs to strengthen ownership, partnership and cooperation mechanisms in order to pool financial, technical and knowledge resources to underpin national development. To date, Cambodia achieves a great development success through open economy. This approach will continue to determine Cambodia's progress, which requires us to strengthen the capacity to integrate into the regional and global economy.

1) Peace, Political, and Public Order

Further securing peace, political stability, and public order is imperative. Maintaining peace requires the attention to taking firm measures to prevent any attempt to topple the legitimate government by any means, especially through color revolution. Strengthened political stability has been implemented through ensuring continued functioning of public institutions, strengthened roles of political institutions, and the continued implementation of democracy mechanism for selecting the country's leaders through the conduct of regular elections according to the law. Public order has been enhanced through ensuring firm enforcement of laws, people's safety, and fight against drug use and trafficking. During the Fifth Legislature of the National Assembly, the Royal Government successfully defended the national sovereignty and territorial integrity through easing tension at border areas and peacefully resolving border issues with neighboring countries; prevention successfully color revolution movement; strengthening political stability, rule of law, and liberal multiparty democracy; promoting the respect for human rights and dignity; holding free, fair and just elections at national and sub-national levels; and strengthening laws enforcement as well as security and public order through the effective implementation of **"Safe Village-Commune"** policy along with fruitful prevention and suppression of all kinds of criminal activities, including the fight against terrorism and its financing, illegal drugs, human trafficking, as well as transnational crimes.

Along with above achievements and success, Cambodia is still facing a number of challenges such as the continued attempt to interfere in Cambodia's internal affairs by foreign states and the continued will to topple the legitimate government through color revolution; continued strengthening of the "rule of law" environment and functioning of the public institutions; further maintaining peace and cooperation along the border, prevention and suppression of all kinds of criminal activities, including illegal drug use and trafficking, human trafficking and exploitation, illegal immigration, traffic accidents and cyber-crimes.

The Royal Government of the sixth Legislature of the National Assembly will focus on:

1. Securing national sovereignty and territorial integrity by not allowing foreign interference in Cambodian internal affairs; firmly preventing and cracking down on activities related to color revolutions or incitements that lead to political instability and social unrest.

2. Further strengthening the rule of law, democracy, peace culture, social morality, respect for human rights and dignity as well as the environment and normalcy of public institutions' functioning.
3. Further solving both land and maritime boundary disputes with neighboring countries based on the international law foundation, while continuing to prepare and implement border development strategy to achieve the border of peace, friendship and cooperation while not allowing the use of Cambodian territory for activities against the neighboring countries.
4. Preventing and suppressing all kinds of criminal activities including terrorism and its financing, money laundering, illegal drug trafficking and abuse, human trafficking and sexual exploitation, transnational crimes, along with the continued implementation of the “**Safe Village-Commune**” policy.
5. Further improving traffic safety and public order as well as eliminating illegal checkpoints and trucks that do not meet the required technical standards that cause damage to the infrastructure and traffic accidents.
6. Strengthening the enforcement of the law on nationality and the law on immigration by preventing illegal migrant inflow through airports, land and maritime borders, while searching for illegal immigrants residing in Cambodia to deport them to their home countries.
7. Strengthening law enforcement and capacity building to deal with cybercrimes.

2) Favorable Environment for Business, Investment and Development

Favorable environments for business, investment and development includes, among others, macro-economic stability, ease of starting new businesses and fair competition. In the implementation of the last three phases of the **Rectangular Strategy**, Cambodia achieved decent growth and macro-economic stability while business environment has been greatly improved and the foundation for fair competition has been laid. In the phase 4, the Royal Government will further improve this environment by focusing on vigilant macro-economic management, reduction of the cost and time for establishing new businesses according to the types and locations, and strengthening of trade facilitation.

In the previous Legislatures, the Royal Government successfully maintained macro-economic stability by achieving average economic growth of 7% per annum which helps transform Cambodia into a lower middle-income country in 2016. Inflation has been contained within manageable range, while Riel's exchange has remained stable around 4,050-USD. At the same time, total approved investment capital between 2013-2017 reached USD 23.3 billion, reflecting high investors' confidence in Cambodian investment environment. In the medium term, challenges such as high oil price, trade war, interest rate hike and slowdown in developed countries can affect our macroeconomic stability. Overall, businesses

have to deal with lengthy, complicated, repetitive, uncertain and unpredictable procedures that continue to be a challenge for business environment in Cambodia.

In this sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Further implementing macroeconomic policy by combining public finance policy, monetary policy and structural reform in a proactive but vigilant manner to ensure growth stability, low inflation, exchange rate stability and investment promotion.
2. Preparing mechanism to deal with economic crises and risks which could occur in the financial sector, banking and non-banking sector as well as real estate and other sectors.
3. Pushing for the amendment of the law on investment, and the effective enforcement of this law as well as the law on special economic zones.
4. Promoting comprehensive and in-depth reform of the taxation system, including the formulation of the new tax law based on the principle of enhancing the effectiveness of revenue collection, ensuring transparent, accountable, equal and fair competition environment, encouraging economic, business and investment activities as well as ensuring social equity.
5. Preparing and implementing mechanisms to facilitate new business start-up by cutting time for registration, license application and other relevant procedure as well as reforming the public service for business.
6. Further trade facilitation by completing the preparation of the National Single Window, minimizing cross-border control mechanism and cutting unnecessary procedures that hinder trade.

3) Strengthening Ownership and Partnership in Development and International Cooperation

Despite the drastic improvement in Cambodia's own financial ability to promote the country's development, international technical assistance and development financing continues is still important, especially for big and complicated projects. In this regard, Cambodia must strengthen its ownership in the policy dialogue partnership, including official development partners, private sector and non-governmental organizations, in its pursuit of sustainable and comprehensive socio-economic development.

In the fifth Legislature, the Royal Government implemented “**Development Cooperation and Partnership Strategy 2014-2018**” by identifying a number of principles and instruments as the basis for the expansion of effective development partnership while enhancing cooperation with various international institutions and 158 friend countries, in which Cambodia has a total of 38 embassies and permanent diplomatic missions. At ASEAN and ASEAN dialogue partner levels, Cambodia has worked

actively with all ASEAN member states to achieve the ASEAN's goal of a rule-based, people-oriented and people-centred ASEAN. Since 2008, Cambodia has mobilized around USD 1 billion of development cooperation financing per annum. In addition, the Royal Government has put in place the **“Law on Association and Non-governmental Organizations”** to create harmonized partnership atmosphere.

Medium-term challenges, among others, include the drop in grants which are replaced by the concessional loans, strengthening of management capacity and effectiveness of development financing, enhancement of international cooperation as well as Cambodia's involvement in the United Nation, ASEAN, and other international organizations in order to create economic opportunities and promote national prestige.

In this sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Continuing to strengthen the inclusive partnership with all development stakeholders in order to mobilize the financing resource from all sources to underpin the attainment of sustainable development goals by 2030 based on the Royal Government's ownership and leadership.
2. Formulating and implementing “Development Cooperation and Partnership Strategy 2019-2023” in order to strengthen the ownership of the Royal Government, enhance effectiveness, efficiency and sustainability of the public financial management, develop social accountability mechanism while strengthening the institutional capacity and human resource in the context that Cambodia has achieved its ambitious goal to become a lower middle-income country and is preparing itself to graduate from the least developed country status.
3. Continue to participate actively in regional and global affairs in order to increase development opportunities, particularly to boost confidence in security, safety, and investment environment of Cambodia, as well as to ensure the prestige of Cambodia.
4. Continuing to implement all commitments agreed by Cambodia in the International Forum on Development Effectiveness along with strengthened implementation of existing consultation mechanism to discuss various topics related to national development.
5. Further strengthening partnership with non-governmental organizations through enforcing the law on associations and non-governmental organizations in order to promote efficiency, transparency, and accountability of the cooperation.
6. Continuing to strengthen international cooperation and creating new mechanisms to further attract investment, from both private sector and official development institutions, as well as developing commerce sector and promoting industrial and agriculture diversification into high value-added activities.

4) Strengthening Cambodia’s Capacity to further promote its Integration into Regional and Global Economy

Integration into the regional and global economy is an important strategy for promoting economic development. In the fifth Legislature of the National Assembly, major achievements of the Royal Government include its participation as a member of “**ASEAN Economic Community**”, which is a free trade area with a total population of 622 million and a signatory of Free Trade Agreements between ASEAN and partner countries or regions; enhanced physical and non-physical infrastructure connectivity with countries in the region; steady improvement in regulatory and institutional frameworks as well as market diversification, etc. Cambodia has participated in the “**One Belt-One Road**” initiative which has great potential for the development of the industry sector, SMEs, tourism sector, financial and banking sector and other service sectors. Meanwhile, in both bilateral and ASEAN frameworks, Cambodia has strengthened its trade and business relations through participation in business forums, exhibitions and networking. These efforts have contributed to the growth of economic, trade and investment activities which generated jobs for thousands of people.

Recent geo-politic developments attest to the weak and uncertain role of the World Trade Organization and result in less attention to ASEAN’s centrality in establishing free trade areas with major markets outside the region. Moreover, Cambodia’s eventual graduation from Least Developed Country status will result in the loss of favorable trade treatment as well as other benefits in the implementation of agreements and other obligations agreed by Cambodia. However, business framework under WTO and ASEAN is still crucial for Cambodia. Nevertheless, moving forward, Cambodia not only strives to maintain its existing export markets, but open new markets to expand the export base by relying on permanent FTAs (rather than bilateral favorable treatment which can be lost easily) to expand the economic dimension and provide impetus for sustainable growth.

In the sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Continuing to fulfil remaining obligations under WTO, ASEAN Economic Community and bilateral frameworks especially physical and soft infrastructure connectivity, and improvement in regulatory framework as well as institutional and human capacity to fully capitalize on integration and enhance trade and investment flows in the region and the world.
2. Promoting the establishment of bilateral free trade areas with major partner countries and the establishment of multilateral free trade areas with major regions such as Eurasia, European Union, as well as Regional Comprehensive Economic Partnership (RCEP) and other free trade agreements.

3. Further strengthening business networking by organizing forums, business visits or trade fairs aimed at promoting business partnership and clear understanding of market demand as well as export market diversification.
4. Further participating actively in international, regional and bilateral economic cooperation and integration initiatives.
5. Promoting cooperation and coordination between the Royal Government's ministries-institutions and related development stakeholders to strengthen the national capacity and system to improve service delivery and competitiveness of Cambodia.
6. Continuing to build capacity for monitoring business trends in all sectors.

2.3. The Four Strategic Rectangles

Rectangle 1-Humand Resource Development

Human resource development is considered the priority of the **Rectangular Strategy** in every stage, and in particular, has become the first priority in the stage 3 and stage 4, aimed at improving education, vocational skills, competence, entrepreneurship, creativity, innovation, virtue, morality, patriotism and sense of responsibility, health and physical fitness, women's roles and social protection. With this regard, human resource development in the 6th Legislature of the National Assembly will continue to focus on: 1). strengthening of the quality of education, science, and technology sectors; 2). vocational training; 3). enhancement of public health service and nutrition; and 4). strengthening of gender equity and social protection.

Side 1. Strengthening of the Quality of Education, Science and Technology

The strategic goals of the Royal Government is to develop a “**quality, equitable and inclusive education system**” by focusing on science and technology, labour market orientation, and physical education to support the national socio-economic development. As a result, some important achievements made by the Royal Government include the high enrollment rate in primary schools, enhancement of the quality and values of education, modernization of the education system including the integration of the STEM³ into the curriculum and main textbooks, creation of a good study environment and new generation schools, strengthening of the education sector inspection and higher education reforms, as well as the preparation and implementation of the master plan for technical education in the general and technical education high schools, especially in electricity, electronics, mechanics, animal raising and agronomy.

³ Science, Technology, Engineering, and Mathematics

Along with these achievements, Cambodia still faces some challenges such as the learning outcomes at all levels are below expected level, dropout rate at the secondary schools remains high, inadequate school governance, coverage of the vocational education and private sector's participation in this sector are still limited, education cannot fully responds to the labour markets demand and livelihoods, quality of higher education does not meet the market demand and regional standards, as well as limited efficiency in the management and governance of the higher education institutions. In addition, the sport sector needs further strengthening, including the physical education and preparedness to host the SEA Games in 2023.

In this sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Further increasing the salaries and other bonuses of teachers and education staff based on their performance, enhancing the management capacity of school principals by linking the performance with school budget, enhancing teachers' qualifications, teaching ability and career path by increasing teacher training and pedagogy to at least at the bachelor degrees, deploying high quality teachers to the areas short of teachers and creating mechanisms to help weak students with concrete incentives, research and development of new teaching and learning methods; further reforming examination and regular assessment of learning outcome; increasing investment in learning materials, experimental equipment and teaching facilities, especially expanding the coverage of new generation schools and enhancing the involvements from the communities and parents.
2. Continuing to invest in the construction of primary schools at village level and the secondary schools at commune level based on actual socio-economic situation; continuing to provide scholarships and essential support to the poor students, students in difficult areas and students with disabilities; organizing nationwide campaign to raise awareness on the importance of basic education; increasing investment in early childhood development and establishment of kindergarten classes, as well as promoting the development of information technology system to monitor student performance aimed at timely intervention and prevention of school dropout.
3. Strengthening comprehensive inspection of school management to ensure the complete teaching in accordance with the curriculum and to improve the school governance by organizing mechanisms for regular involvement from stakeholders and creating feedback boxes; preparing schools' monitoring system as well as effective and timely response system form the national level. At the same time, reviewing and strengthening the role of the quality control mechanisms in general education institutions will also receive the Royal Government's attention.

4. Updating and pushing for the implementation of the master plan for technical education at upper secondary schools aiming to enhance career orientation and expand technical education coverage nationwide in accordance with the concept of “**One province has at least one general education and technical high school in the medium term and one district has at least one general education and technical high school in the long term**”, as well as promoting participation from the private sectors especially through the public-private partnership (PPP) mechanism.
5. Increasing education’s response to labor market demand and livelihoods in accordance with the concept of “**One youth has at least one skill in life**” by designing programs to incite entrepreneurship and foreign language learning, strengthening the STEM by establishing education and science center, continuing to promote the life skills program, especially leadership program for youth, ethics and morality, participation in social, environmental and developmental works along with establishment of children and youth councils at all schools.
6. Preparing a comprehensive curriculum framework including the STEM and key social science for higher education in accordance with the national qualification framework, regional and international standards; strengthening higher education quality accreditation mechanism; increasing the number of professors holding doctorate at the higher education level; increase investment in higher education and establishing the national policy framework to develop scholarship and loan funds for higher education students; enhancing capacity building and resources to support learning, teaching and research; establishing research funds and incentivizing achievement contest along with the establishment of the national policy framework for the governance and management of higher education.
7. Preparing for the 2023 SEA Games by continuing to develop key sport infrastructures, prioritizing sport types, training coaches and high sport technics, enhancing training of succeeding players and encouraging the movement of “**one youth can play at least one sport in life**” and enhancing sport health science to support the **SEA Games competition** process.

Side 2. Technical Training

The Royal Government’s strategic goal is to ensure “**each youth specializes in at least one skill in life**” to elevate the socio-economic development to a higher level. Technical training has been conducted in two dimensions, i.e. human resources within the educational system, and human resources outside the education system or within the labour market. With the above goal, the Royal Government has made some major achievements such as the implementation of the National Policy Framework on Technical and Vocational Training 2017-2025, the Cambodia Qualification Framework,

National Competency Standards and Competency-based Curriculum, framework for accrediting students from technical and vocational training moving to higher education institutions; establishment of the model centers for technical training in many places and the national day of technical and vocational training.

Along with the above achievements, Cambodia also faces some major challenges, such as the insufficient technical training at both intermediate and advanced levels; limited capacity improvement for productivity enhancement; skills, curriculum, conscience, professionalism and quality cannot fully respond to the market demand; and the private sector involvement in the technical and vocation trainings remains limited.

In the sixth Legislature of the National Assembly, the Royal Government of Cambodia will focus on:

1. Continuing to implement the “**National Policy Framework on Education, Technical and Vocational Training 2017-2025**” aiming to enhance technical skills training, especially at intermediate and advanced levels by covering multi-skill courses in response to the demand of the labour market, industry sector and new business start-ups.
2. Enhancing training cooperation between schools and enterprises to improve the technical competency and productivity of the employed labor force, flexibility of course management that respond to new technological developments; and pushing for the establishment of “**National Fund for Skills Development**”.
3. Further enhancing technical training centers’ responsiveness to the actual demand of each sector, especially in support of industrial development, through cooperation between the state, private sector and non-governmental organizations, along with enhanced cooperation between training institutions and enterprises on technical training to improve the quality and responsiveness to new developments.
4. Rationalizing and developing the technical and vocational training institutions to supply various skills responding to the demand of both labour market and business start-ups in cooperation with the private sector.
5. Providing vocational orientation at secondary and high school levels within the general education system and further raising awareness on the importance and necessity of technical and vocational skills for building the future of youth, their families and the country.

Side 3. Enhancement of Public Health and Nutrition

The Royal Government's strategic goal is to enhance public health and nutrition of the people to support sustainable human resource development, economic growth, and social development. As a result, the Royal Government achieved the millennium development goals to reduce the mortality rate of mothers, infants and children, reduction in illness and death caused by infectious diseases, such as AIDS, malaria, and tuberculosis and get rid of measles in 2016. At the same time, life expectancy increased from 56.7 years in 1998 to 70.6 years in 2018. Out-of-pocket expenses on health care, especially for the poor and vulnerable have been drastically reduced because of the expansion of social protection such as Health Equity Fund for the poor and Social Security for health care, now covers more than three million people. This progress result in the reduction of households unable to pay for their medical expense from 8.8% in 2009 to 3.7% in 2016 and of households falling into poverty because of the medical expense from 5.7% to 1.6% during the same period.

In spite of the above achievements, Cambodia still faces some challenges, such as insufficient primary health care services; quality of healthcare and treatment is still limited; number of medical doctors and health officials in each specialized field is below the required standard; health insurance system does not cover every citizen; limited awareness on medicine, cigarettes, alcohol, hygiene and food safety; the mortality of mothers, infants, children as well as malnutrition of women, infants and children among the poor families in rural areas remain the challenges.

With this regard, in the sixth Legislature of the National Assembly, the Royal Government of Cambodia will focus on:

1. Further implementing and updating “**Health Strategic Plan 2016-2020**” to enhance the quality, effectiveness and equity of health services.
2. Pushing for universal health coverage⁴ in Cambodia by expanding the coverage of health equity fund, continuing to implement national social security on healthcare for civil servants, retirees and veterans, and healthcare scheme for workers-employees under the labor law, and organizing healthcare scheme for self-employed individuals.
3. Uplifting the quality, safety, and effectiveness of health services, especially the essential and emergency services through increasing investment in healthcare infrastructure and medical technology; putting in place quality accreditation system at healthcare establishments, improving the capacity to manage regulatory inspection at both public and private health establishments.; preparing and strengthening the enforcement of laws, regulations, and medical professional ethics especially the responsibility and changing the attitude of health service

⁴ The term universal health coverage is officially used in “National Social Protection Policy Framework 2016-2025”

providers to comply with medical ethics; enhancing health research development including research on communicable and non-communicable diseases; and further strengthening systems for investigating, monitoring and responding to diseases in accordance with the international health regulatory requirements.

4. Preparing and implementing the human resource development strategy for health sector in an effective and efficient manner to improve the competency and skills by uplifting the quality of training, both basic training before starting the career and refresher training after starting the career; preparing and strengthening health education quality accreditation mechanism; developing database for managing human resources and redistributing competent health officials in equitable manner; and strengthening incentivization mechanism especially for health officials based in rural areas.
5. Strengthening the enforcement of laws and regulations related to the control and inspection of medical product quality, the use of medicines without doctor prescription, the use of chemical products in food, and the use of alcohol and tobacco.
6. Promoting the implementation of measures to prevent and reduce communicable diseases by cooperating with the community and stakeholders to raise awareness on hygiene, food safety, healthcare, effects of chemical products, alcohol and tobacco, and impact of climate change on human health.
7. Implementing allowance scheme for pregnant women and children under 2 of the poor families, implementing interventions to enhance nutrition, and putting in place multi-sectoral mechanism with participation from the community and sub-national administration governing areas of insufficient nutrition.

Side 4. Improving Gender Equity and Social Protection

The Royal Government's strategic goal is to strengthen gender equity and social protection to enhance social-economic situation and strengthen women's role in the society who are the backbone of the economy and society. As a result, the Royal Government has achieved some great results such as mainstreaming gender equity in policy framework and national development plan, reducing gender gap in education, vocational training and civil service; widening women entrepreneurship initiative, reducing domestic violence and sexual abuse against women and children, uplifting social morality, women dignity and Cambodian family, and improving legal service for women and children. With regard to the social protection, the Royal Government has put in place and implemented the "Social Protection Policy Framework 2016-2025" which is comprehensive and respond to actual level of

national development along with the reestablishment of its management institutions. In particular, the Royal Government is implementing the food reserve program, school feeding program, scholarship program, cash support to pregnant women and children of the poor families which are part of social assistance system; and has put in place health equity fund, national social security on healthcare and occupational risks for workers-employees under the labor law, healthcare insurance scheme for civil servants, retirees and veterans, and Persons with Disabilities Foundation.

With above mentions results, Cambodia still face some challenges such as discrimination against women; work and family burden is still a barrier for women to involve in education, economic, social and political sector; trafficking of and violence against women and children, especially for migrated women, still happen; the coverage of national social assistance program and social security scheme is still limited; the management of social protection program and scheme is yet to process of social protection program is still fragmented.

In this sixth Legislature, the Royal Government will focus on:

1. Further promoting women's role in the society through enhancing their capacity and the proportion of women within the leadership roles at both national and sub-national levels, in ministries-institutions both in political and technical positions.
2. Updating and implementing **Neary Rattanak Strategic Plan** by continuing to mainstreaming gender in the development policies and plans in all sectors and at all levels; further promoting women's entrepreneurship through expanded education, technical and vocational training for women; uplifting social morality, the values of women and Cambodian family through investing in gender equity along with strengthened partnership between stakeholders prevent trafficking of and violence against women-children.
3. Pushing for the implementation of **National Social Protection Policy Framework 2016-2025** especially by putting in place the occupational risk scheme for civil servants and pension scheme for workers-employees covered by labor law, reforming the pension scheme for civil servants, integrating the social security operators into the social protection governance framework, along with the implementation of National Population Policy 2016-2030 and National Policy on Ageing 2017-2030.
4. Preparing the legal framework and supporting infrastructure in order to implement the new social assistance programs and widen the coverage of existing programs to provide better support to the poor and vulnerable group and to put in place new social security schemes while expanding the coverage of existing ones to provide social protection service to every citizen.

Rectangle 2. Economic Diversification

Economic diversification is necessary for establishing more economic pillars to underpin growth aimed at expanding export or increasing value-added to the existing economic activities to maintain high growth in the medium and long terms. Economic diversification focuses on four inter-related and complementary priorities: 1). improving the logistics system and enhancing transport, energy, and digital connectivity; 2). developing key and new sources of growth; 3). readiness for the digital economy and the Fourth Industrial Revolution; and 4). promoting the development of the financial and banking sector.

Side 1. Improving the Logistics System and Enhancing Transport, Energy, and Digital Connectivity

The Royal Government has striven to improve the infrastructure through enhanced transport connectivity and internal integration, and the expansion of the coverage of energy and digital connectivity. The main goal of this connectivity is to build a vibrant logistics system for linking key economic poles and contribute to enhancing competitiveness and diversification of economic growth base.

Up to late 2017, Cambodia has built a total of 16,292 km of the national and provincial roads, of which 8,526 km are bituminous asphalt and concrete pavements, equivalent to 52.33 % of the total length. In addition, the Royal Government has upgraded other physical infrastructure to support national economic activities through the improvement and development of infrastructures such as rural roads, ports, railways, airway and other urban infrastructure. For logistics, Cambodia's ranking has been remarkably improved from 129th in 2010 to 98th in 2018 in the World Bank's Logistics Performance Index (LPI). For the electricity sector, the Royal Government has reduced the proportion of electricity imported from neighboring countries from 63.1% in 2011 to 18.6% in 2017 of the total electricity consumption, expanded transmission and distribution networks to improve the livelihood of the people in general and, to lower electricity price in industrial zones to support industry and commerce sectors in particular. In the digital sector, the Royal Government has promoted the connectivity of backbone fiber optic cables, which have increased to 37,441 km in 2017 along with two undersea optic cable networks in 2017. Furthermore, the use of information and communications technology (ICT) has risen substantially, reflected through rise in mobile number users from 2.7 million in 2012 to 10 million in 2017.

Nevertheless, Cambodia still faces key challenges in the above sectors, including high logistic cost, relatively weak institutional coordination in the development and maintenance of infrastructure, insufficient infrastructure for rising demands in the new phase of development, and lack of

consideration for enterprise or factory locations in accordance with the master plan of urban planning and land management when planning and constructing infrastructure. For electricity, challenges include high electricity costs, limited reliability of electricity supply and renewable energy sources have not been included in the energy supply system to its full economic potential. The digital sector also faces some challenges related to the efficiency of investment and utilization of infrastructure as well as the coverage and efficiency of backbone fiber optic infrastructure, and undersea fiber optics.

Based on this, the priorities of the Royal Government in the sixth legislature include:

1. Approving and implementing the Master Plan for Multi-modal Transport and Logistics to accelerate integration, connect the main economic poles and develop key economic corridors to be more competitive in the region and the world.
2. Increasing investment budget and mobilizing financing to rehabilitate, build and develop physical infrastructure, including roads, bridges, railways, waterway and airway as well as expressways, to respond in terms of quantity, quality, safety and resiliency aspects to the demand of national development along with the improvement in inter-institutional coordination mechanisms.
3. Further lowering the electricity prices, expanding supply coverage and enhancing electricity reliability through the construction of additional sub-stations near economic poles and areas with high economic potential.
4. Further enhancing digital connectivity through strengthening and expanding fiber optic cable distribution network infrastructure, backbone fiber optic infrastructure, and undersea fiber optic cables, along with the improvement and modernization of mobile telephone network to ensure quality, cost-competitive and nationwide service for all.
5. Strengthening institutional capacity to plan, prepare budget, implement, monitor and evaluate investment projects.

Side 2. Development of Key and New Source of Growth

Cambodia has achieved high economic growth of around 7% per annum during the last two decades but the growth base remains narrow. The current growth pillars. i.e. agriculture, tourism, garment and construction cannot ensure high growth in the long term due to structural change of domestic economy and demography, rising competition and vulnerability to external shocks. In this regard, it is necessary to identify new sources of growth through promoting the development of new economic sectors, creating and increasing value-added in the existing growth pillars.

Based on this, the key priorities for the Royal Government of the sixth Legislature include:

1. Further implementing “**Cambodia Industrial Development Policy 2015-2025**”, especially transforming Sihanoukville Province into a multi-purpose Special Economic Zone (MPSEZ) along with the conduct of mid-term evaluation.
2. Formulating and implementing the garment and footwear sector development strategy to improve competitiveness, create value-added, create supporting industries and develop value chain.
3. Further improving the operation of SEZs to attract more investment and create industrial bases that include agro-processing, assembly, furniture manufacturing, and household appliances as well as souvenir products for tourism sector.
4. Preparing a master plan for tourism sector with focus on diversification of tourism products and destinations, attracting high-spending tourists and encouraging tourism-supporting industries.
5. Promoting development of entertainment service sector, literature, arts, cartoon and movies which are creative industries with high potentials for creating value added and jobs while encouraging the production and consumption of domestic products, especially traditional and GI products.
6. Promoting the developing oil and gas industry, especially the commencement of oil production as soon as possible while strengthening the management of revenues from those resources in an efficient, transparent and accountable manner.

Side 3. Preparing for Digital Economy and the Fourth Industrial Revolution

Global industrial revolution has caused profound transformation of the socio-economic landscape environment due to technological innovations, and is now embarking on the path to a new phase, namely, the fourth industrial revolution. This requires the Royal Government to be ready to seize opportunities and respond to challenges created by new economic sectors, SME development, enhancement of the productivity and efficiency of agriculture sector, improvement of health system, capacity enhancement to deal with natural disasters as well as effective urban management and environmental management. In addition, the Royal Government has to manage the adverse effects caused by the industrial revolution that include changing style of doing businesses and job losses, political and social instability and the cyber-attacks etc.

On this basis, the priorities of the Royal Government of the sixth Legislature focus on:

1. Developing and implementing a long-term digital economy strategic framework while classifying digital sector as a sub-sector in the national accounts.
2. Further updating and implementing the telecommunication and ICT development policy, Master Plan for Information and Communication Technology as well as Law on Telecommunication, and relevant regulations, along with the development and implementation of a long-term ICT strategic framework.
3. Further strengthening and expanding the development of necessary supporting infrastructures, including ICT infrastructure, domestic postal and express delivery infrastructure and logistics and electronic payment infrastructure while assessing the possibility of developing a national internet gateway.
4. Promoting the establishment of a legal framework to support digital development, including the implementation of digital government and information security strategy, E-Commerce law, cybercrime law as well as amendment of laws and related regulations which underpin growth and prevent risks in this sector.
5. Developing education and training program by focusing on the broad use of digital technology and incorporation of the use and awareness of digital technology into the academic curriculum, in line with market demand, along with the establishment of partnership mechanism between businesses and universities and vocational training institutions to create new digital skill development and training programs.
6. Developing entrepreneurship and digital ecosystem which is conducive to the creation of new businesses, promoting the use of digital system in business, and establishing an entrepreneur cooperation mechanism within the Royal Government or partnership with private partnership frameworks.

Side 4. Promoting the Development of Banking and Financial Sector

The strategic goal of the Royal Government is to further develop the financial sector to be more diversified, inclusive and resilient to shocks based on market principles, in line with financial and economic integration in the region to help underpin sustainable growth and enhance livelihoods of the people. To date, the Royal Government's achievements include the development of policies and regulations, especially strengthening control and monitoring mechanism in the financial and banking sector, development of financial infrastructure, providing favorable conditions to people through imposing interest rate ceiling of 18% per annum for loans from MFIs, further development of insurance sector and securities market, which include primary market and equity-finance market, establishment of

derivative market and raising awareness of advantages of listing on the stock market to facilitate SMEs' registration.

However, this sector still face some challenges such as financial tools are not fully diversified, crisis prevention and resolution mechanism including an early-warning system are not yet in place, policy coordination is not good enough, financial literacy of Cambodian people is still limited amid the rapid development of the financial system, domestic saving remains low, interest rate remains high, high dollarization, which limits the effectiveness of monetary policy and development of insurance sector remains limited.

Based on these, the priorities of the Royal Government of the sixth legislature will focus on:

1. Further implementing “**Financial Sector Development Strategy 2016-2025**” as well as further developing payment gateway infrastructure, developing the payment gateway system with the use of financial technologies, coordinating the policy and regulatory framework, strengthening institutional capacity and human resources related to financial and banking sector to be in line with Cambodia economy development as well as response to the needs of Cambodia financial system's regional and international integration.
2. Further ensuring financial stability, especially through strengthening management and monitoring mechanism of financial and banking sector by adopting the risk-based and forward-looking approach, speeding up the establishment of financial stability committee as well as development of crisis prevention and resolution mechanism including early warning system, financing options and deposit protection law.
3. Strengthening roles of banking sector to mobilize domestic financing, conducting studies and preparing policies and mechanisms to expand financial service coverage as well as the principle of financial consumer protection to promote people's living standard and economic development.
4. Further developing securities market through encouraging enterprises and companies to issue securities publicly, enhancing trading mechanism through establishing institutional investors, establishing future market operators, while conducting studies whether to develop digital asset trading management mechanism.
5. Studying and developing government bond market to be the foundation for setting base interest rate setting, mobilize financing for public investment and strengthen monetary policy.

6. Encouraging the development and use of Financial Technology (FinTech) in financial and banking sector to enhance the modernization, effectiveness, safety and cost-effectiveness of banking operation.
7. Enhancing analyzing and monitoring competency and the oversight of the fight against money laundering and terrorist financing.
8. Further enhancing the scope of the Riel use through developing a national-level policy which increases participation from stakeholders, and raising people's financial literacy aimed at increasing the efficiency and contributing to the economic growth.
9. Further strengthening and expanding new insurance products, especially life insurance and micro insurance by improving the regulatory framework, strengthening insurance operator's capacity and consumer protections.

Rectangular 3. Private Sector and Job Development

The development of private sector remains the priority for the Royal Government in the market economy development approach and plays a key role to in promoting growth and socio-economic development. In this spirit, private sector development will be implemented through a package of comprehensive measures which covers sides: 1). Job market Development 2). Promotion of Small and Medium Enterprises and Entrepreneurship 3). Organization and Implementation of Public Private Partnership and 4). Strengthening Competition.

Side 1. Job Market Development

The strategic goals of the Royal Government are the development of job market, high income, good working condition and attention to the welfare of the workers-employees both inside and outside the system. As a result, the Royal Government has achieved a good result in establishing and developing jobs for the people in particular youth, both inside an outside the country. The number of all types of factories, enterprises and institutions, both inside and outside the system, increased from 2400 enterprises with 440 thousand workers-employees in 2008 to 580,000 enterprises employing 4 million workers-employees in 2017. The number of emigrant workers has increased from 50 thousand in 2008 to 1.15 million in 2017, bringing around USD 1.7 billion in income per annum. Minimum wage in garment and footwear sectors has increased from USD 40 per month in 1997 to USD 170 per month in 2018 and if other benefits are included, workers-employees' wages range from USD 187 to USD 198 US dollars per month. Meanwhile, rights, freedom, working condition and harmony in professional relations between workers-employees and employers and work dispute settlement have been enhanced

In the meantime, Cambodia still face some challenges such as labor quality and productivity is still low if compared to other countries within the region, majority of the labor force is working in the informal system, work record management system has been strengthened, the arrangement of health and work safety management system at the factories, enterprises is limited, the safety of workers-employees transportation is below par, management of factory closure and seniority payment is insufficient and limited support services for migrant workers.

In the sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Further strengthening “**Job Forum**” mechanism; providing work orientation training and expanding job recruitment and advertisement services; as well as streamlining labor market information both inside and outside the country in order to increase employment opportunity in an equitable manner and reduce risky work migration.
2. Implementing the law on minimum wage for workers-employees under the provisions of the Labor Law by effectively reinforcing the tripartite mechanism, criteria and principles considered in minimum wage negotiation process in line with socio-economic situation and productivity level, biweekly disbursement of wage and regular annual seniority payment to workers-employees.
3. Strengthening and expanding the implementation of apprenticeship/internship program by making amendment to the labor law and institutionalizing apprenticeship/internship system in conjunction with incentive system for enterprises and establishments engaged in this activity.
4. Strengthening the quality and effectiveness of work inspection through full implementation of law on labor, law on unions, law on social security, international labor standards in order to ensure rights, freedom, professional organization, working condition, health, and work safety as well as workers-employees transportation safety and benefits, also strengthening workers-employees data management system in order to manage the issuance of work certificate, payment of seniority bonus and pension.
5. Strengthen harmony in professional relations through reinforcing the work dispute settlement mechanism, implementing law on unions and interpreting legal provisions related to law on labor, law on unions, law on social security and international labor convention.
6. Continuing to strengthen the governance of migrants’ work and expanding bilateral and multilateral cooperation to open up offshore legal job market, prevent illegal migrant labors, promote protection of rights, benefit, health and work safety, honor and dignity of workers, facilitate communication with families and integrating returning migrant workers through skill

recognition, transfer of social security into the country and consultation on finding jobs as well as self-employment.

7. Continuing to expand electricity and clean water connection with low price for workers-employees, students living in rented houses, pushing for accommodation and safe transportation arrangements for workers-employees, implementing the 3-month maternity leave with 120% salary, providing free healthcare service and pregnancy examinations at public hospital/health center, providing assistance to female workers who are pregnant or have just delivered babies, and reviewing the tax exemption threshold for minimum wage and providing tax exemption for additional benefits.

Side 2. Promoting Small and Medium Enterprises and Entrepreneurship

Small and medium enterprise plays an important role in enhancing economic growth, job creation, reduction of poverty and migration. The Royal Government's strategic goal is to continue strengthening development and modernization of small and medium enterprises, promoting entrepreneurship and creation of new enterprises substitute imports with domestic production, connecting small and medium enterprises with FDI, and enhancing the export of products with high potential especially in agriculture, food processing and agro-industry sectors.

As a result, the government has strengthened the business environment for the development of small and medium enterprises through strengthening governance, providing tax incentives, promoting quality standard of products and ensuring macroeconomic stability that leads to significant growth of small and medium enterprises. In particular, up to 2017, around 160 thousand small and medium enterprises engaging in manufacturing and handicraft have registered with the Ministry of Industry and Handicraft with the total employment of one million places.

Challenges in developing small and medium enterprises include below par effectiveness of the provision of public service and institutional coordination which are complicated and time consuming, limited access to credit while source of investment capital remain narrow, tax incentive is still not comprehensive, lack of entrepreneurship and ability to manage enterprises operation, infrastructure support such as national laboratories is still limited, trade facilitation is not fully efficient with high cost compared to neighboring countries in the region.

In the sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Finishing the preparation and enhancing implementation of “**Small and Medium Enterprises Development Policy**” effectively.

2. Strengthening the implementation of supporting mechanism to facilitate registration, providing coordinating service, disseminating market information broadly and timely, disseminating and mainstreaming new technology along with effort to open up markets for Cambodian products.
3. Establishing “**Small and Medium Enterprises Bank**” to provide financing to small and medium enterprises as well as enhancing the preparation and implementation of other financing options including mechanism of Collective Investment Scheme.
4. Establishing “**National Entrepreneurship Fund**” and “**Entrepreneurship Development Center**” in collaboration with private sectors aims to promote entrepreneurship and efficiency in business.
5. Strengthening and expanding additional investment on supporting infrastructure such as national laboratory, continued trade facilitation, improving logistics system as well as promotion of investment in the creation of SME cluster.
6. Enhancing the SME productivity through strengthening compliance with sanitary and phytosanitary requirements conditions and standards along with promoting innovation through protection of intellectual property and issuance of patents.

Side 3. Arrangement and Implementation of the Public Private Partnership

The strategic goal of the Royal Government is to establish and fully implementation public investment management program through comprehensive and integrated public-private partnership mechanism in accordance with the international best practices. Cambodia achieved noticeable progresses in promoting private sector participation by adopting the “**policy paper on the development of public-private sector partnership mechanism for managing public investment project 2016-2020**” and establishing institutional mechanism as well as implementing large investment projects in energy, transport and information technology infrastructure sectors, especially in the form of “**build-operate-transfer**”.

Major challenges include the continued use of “**ad hoc mechanism**” in carrying out public-private partnership project, lack of financial project risk assessment, insufficient regulatory framework, limited capacity in initiating, developing, negotiating and managing the projects.

During the sixth mandate of the National Assembly, the Royal Government will focus on:

1. Further implementing the “**policy paper on the development of public-private partnership mechanism for managing public investment project 2016-2020**” and formulating “**the policy on public investment project implementation policy under public-private**

partnership mechanism” in the long run in order to create favorable environment for continuing to enhance and promote the participation from the private sector and financial institutions.

2. Continuing the preparation of legal framework and relevant regulations, implementing joint operation management procedures as well as considering to establish various necessary financial support mechanisms in accordance with Cambodia’s economic development context.
3. Continuing to develop institutional and human resource capacity at relevant ministries/institutions on the management and implementation of projects under the public-private partnership mechanism.
4. Continuing to develop public investment project through public-private partnership mechanism in order to allow participation from private sector financing to help accelerate the development of infrastructure and increase public service delivery with quality aiming at supporting sustainable economic growth as well as easing the reliance on national budget and public debt.

Side 4. Enhancing competition:

The strategic goal of the Royal Government includes the increase of economic efficiency and productivity and enhancement of competitiveness advantage and innovation of the public institutions, business people and citizens. As for the achievement, the global competitiveness index of Cambodia has improved from the 112th ranking among 117 countries in 2005 to 94th ranking among 137 countries between 2017-2018.

However, our competition has faced some challenges including the lack of legal framework in promoting fair and honest competition, processing capacity and value added creation are still limited, lack of skilled labor, and low efficiency of supporting sectors.

The Royal Government of the 6th Mandate will focus on:

1. Promoting the preparation and adoption of Anti-Trust/Competition Law, a framework for promoting the competition, strengthen industry structure, preparing legal implementation mechanism and promotion of competition culture.
2. Reviewing and amending the Bankruptcy Law which encourage risk taking and protect entrepreneurship.
3. Promoting the implementation of Commercial Arbitration mechanism which is capable and credible with satisfied business dispute resolutions.

4. Continuing to promote the establishment and implementation of product, service and management standards as well as along with regular upgrade of those standards to enhance the adoption of new technology and quality.
5. Promoting the preparation and enactment of Consumer Protection Law and preparing implementing mechanism to protect the rights and safety of consumers, promote health, enhancing product and service standards as well as promoting competition.
6. Enhancing fair competition mechanism, particularly through fulfilling custom and tax obligations and implementing public procurement procedure in transparent and proper manner.

Rectangle 4. Inclusive and Sustainable Development

Along with the promotion of high economic growth, the Royal Government also focuses the attention on inclusive and sustainable development, particularly with regard to “**Cambodia Sustainable Development Goals**”. In implementing this work, there are major challenges such as low growth in agricultural sector, limited efficiency of natural resource management, the rapid growth of urbanization while the balance is yet to be achieved, and the need for capacity improvement in order to respond to the impacts from climate change. All of these require the Royal Government to place priority on: 1). promoting agriculture sector and rural development; 2). sustainable management of natural resources and culture; 3). strengthening urbanization management; and 4). ensuring environmental sustainability and readiness to respond to climate change.

Side 1. Promotion of Agriculture Sector and Rural Development

The strategic goal of the Royal Government is to strengthen the role of agriculture sector in generating jobs, ensuring food security, reducing poverty, and developing rural areas. In fact, agriculture sector account for around 41.5% of total employment. Cambodia produces more food than domestic demand and has also produced and exported many kinds of agricultural products, particularly Cambodia exported more than 600 thousand tons of rice in 2017 and Cambodian rice has also gained great reputation on international arena. Moreover, rural areas have achieved remarkable progress through the construction of road infrastructures, irrigation system, electricity connection, access to clean water and sanitation.

Nevertheless, agriculture sector continues to face several challenges including low productivity, low quality of agricultural inputs, technical services are yet to be responsive to demands, development of agricultural products supply chain are not responsive to market demands just yet, livestock farming and aquaculture are still limited, mechanisms facilitating export are not comprehensive and complementary just yet, continued import of agricultural products that can be supplied domestically, sanitary and

phytosanitary system need to be strengthened, lack of mechanism providing agricultural market information linking to growing and cultivation plans, Research and Development (R&D) is still incomprehensive, and agricultural land use is not up to its highest potential yet. Along with these, rural development challenges include the need for improving the quality and maintenance of rural infrastructure, access to clean water, and rural sanitation.

On this basis, in the Sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Promoting the development and implementation of **“Mater Plan for Agriculture Sector Development towards 2030”** and **“Agriculture Sector Strategic Development Plan 2019-2023”**
2. Further promoting the preparation, enactment and enforcement of **“Law on Plants Protection and Sanitary and Phytosanitary”** and **“Law on Contract Farming”**
3. Improving productivity, quality, and diversification through increasing the investment in Research and Development of highly value-added crops, livestock, and aquaculture; promoting Model Farm development; promoting agricultural extension service; strengthening farmer cooperative management; preparing contract farming production mechanism; continuing to reduce the cost and improve quality of agricultural inputs; conducting studies on the establishment of agricultural insurance services; financial products for serving the agricultural production; and promoting the use of digital and smart technology.
4. Upgrading the processing industry through the promotion of private investment in agricultural products with high potential such as rice, cassava, mango, cashew nuts, banana, rubber, vegetables, etc through the preparation of strategy for each type of crops.
5. Further promoting all kinds of vegetable farming to substitute imports and the establishment of vegetable wholesale market with high sanitation and standard.
6. Promoting agricultural commercialization through further strengthening of the Sanitary and Phytosanitary, trade facilitation, additional investment in quality Laboratory for exportation as well as promoting production and consumption of domestic agricultural products.
7. Fostering livestock and aquaculture through continued implementation of **“Law on Animal Health and Production”**, **“Strategic Plan Framework for Livestock Development: 2016 – 2025”**, and **“National Aquaculture Development Strategy 2016-2030”**.

8. Strengthening the management of economic land concessions, continuing to promote the clearance of landmines and unexploded ordnance, and continuing to provide the social concession lands, especially to poor households for family-based farming.
9. Rationalising investment in irrigation systems by increasing attention to enhancing linkage with agricultural production together with regular maintenance and strengthened management of systems.
10. Continuing to promote the rural development to be more vibrant by further investing in rural roads, small-scale irrigation system, expanding the coverage of electricity supply and access to clean water, upgrading sanitation, village and housing arrangement, as well as promoting the livelihood of people through the continued implementation of **“One Village-One Product Movement”** and **“New village Movement”**.

Side 2. The Sustainable Management of Natural Resource and Culture

The strategic goal of the Royal Government is to strike a balance between the development and preservation aimed at promoting the contribution to the development of agriculture, industry and tourism sectors, strengthening the management of mineral resources, ensuring the sustainability of forest and fisheries resources and ecological system along with the protection and development of the national cultural heritage. As a result, forest cover has been maintained at around 60% of the country land area; more than 410,000 hectares of economic land concessions have been withdrawn for implementing the social land concession program, or donation, or reforestation; areas of more than 970,000 hectares have been designated fisheries preservation area after the abolishment of fishing lots; 610 forestry associations and 516 fishing associations have been established; tangible and intangible cultural heritages which include Sambor Prei Kuk Temple, Chapei Dang Veng, Tugging Rituals and Game, and Oral Epic Peom of Reamker Tah krud, has been inscribed on the UNESCO World Heritage List.

Challenges related to this sector include weak governance and management system of mineral resource, and anarchic mineral exploitation; the pressure of land use demand against the need for maintain forest cover, forest clearing and fencing for private ownership, encroachment of flooded forest area and fishing domains; offences related to forest, wildlife and fisheries remain our concern; as well as the development of cultural heritage is not to its full potential.

In this Sixth Legislature of the National Assembly, the Royal Government will focus on:

1. Promoting the implementation of **“National Policy on Mineral Resources 2018-2028”** by strengthening the governance and management of mineral resources and business while

encouraging the contribution of community in order to reduce the negative impact on environment and society and strengthen the national revenue mobilization.

2. Strengthening sand resource and business management mechanism by minimizing the social and environmental impact.
3. Continuing to manage the forest and wildlife resource by maintaining the forest cover more than 60% of the country land area, promoting the forest and wildlife preservation, preventing the forest encroachment and clearing for private ownership purpose, promoting the contribution of community in forest prevention and restoration as well as combatting the forest crime and wildlife trafficking.
4. Continuing to promote the preservation and management of fisheries resource through combatting fisheries crimes, improving the fishing community, and increasing the aquaculture.
5. Further protecting the ecosystem and natural areas by emphasizing on the protection of biodiversity, wet land and costal areas in order to ensure the land quality and sustainable water resource.
6. Continuing to preserve and develop the cultural heritage by encouraging their additional inscription, strengthening the management, research, studies, and compilation as well as generating value from the cultural heritage.

Side 3. Strengthening Urban Planning and Management

The strategic goal of the Royal Government is to promote urban development with good and clean living environment along with enhanced well-being of the people and the socio-economic efficiency. As a result, the Royal Government has adopted and put into implementation the National Policy on Land Management; has set vision for strategic direction of the development of Phnom Penh; has introduced the land use plan for Phnom Penh for 2035; has developed urban plan and is developing Tbong Khmum; has adopted land use plan for Sihanoukville and Battambang; has adopted the National Policy on Housing and Policy on Incentives and Establishment of the National Program for Affordable Housing Development; has built a number of affordable houses in Phnom Penh and Kandal province; has developed information technology (IT) system for the management of property construction data by connecting to Geographical Information System (GIS) of Google Maps; has granted land titles, social land concessions and built houses for families of soldiers and police officers, families of deceased soldiers, veterans with disability who are living in poverty without land/houses currently based along the borders.

At the same time, the Royal Government faces a number of challenges such as the master plan for land use and development direction strategy have not been studied or completed for most cities and provinces; residential settlements are not in good order; illegal uses of curbsides; encroachment of natural lakes, forest, public land remained unaddressed; master plan for urban physical infrastructure development is not comprehensive; urban transport and traffic are not in good order resulting in unnecessary social and economic costs; and absence of clear legal framework for improving and preserving historical constructions in the city.

In the sixth Legislature of the National Assembly, the Royal Government will give priority to:

1. Continuing to enhance land reform and accelerate the development of a master plan and land use plan for land management, urban planning and construction, at both national and sub-national levels, aiming to manage and use land more efficiently.
2. Strengthening the competency to manage urbanization, land use plan for the capital, development of land use plan for municipalities, district-khan, commune-sangkat nationwide; preparing strategic direction for land zoning; and residential management by using technology.
3. Formulating an infrastructure master plan for main cities and urban area to support the development of roads, railways and waterways as well as electricity networks, clean water network, especially sewage and water treatment systems.
4. Promoting construction sector development and arrangement of cities and urban areas, especially Poipet and Bavet, by enhancing the development and enforcement of laws, regulations, technology and construction standards that ensure quality, safety, beauty, efficiency and smart city principles as well as strengthening the implementation of affordable housing program.
5. Further enhancing the beauty and services in cities and major urban areas through managing waste and sanitation; preparing pedestrian sidewalk, parking spaces, public parks; constructing rivers' edge and dam; improving public order and lighting in the city; conserving buildings of historical values; and enhancement of the quality and use of public transport in the city.

Side 4. Ensuring the environmental sustainability and pre-emptive response to the climate change

The Royal Government's strategic goal is to minimize environmental impacts, enhance the capacity to adapt to climate change, and contribute to reducing the global climate change to ensure sustainable development. The key achievements of the Royal Government include strengthening technical and institutional capacities in environmental management; mainstreaming the climate change into various policies, regulations and plans, at both national and sub-national levels; introducing measures to control

water resources and eco-system pollution, as well as improved capacity in the use of technologies, contributing to clean energy production and collaborating with development partners to respond to the climate change.

Key challenges include increase in natural resource utilization, deterioration in environmental quality, be it water, land and air, limited capacity in mainstreaming technology that is resilient to the climate change, as well as the limited cooperation and participation from stakeholders, and the need to ensure water and energy security in the long term.

In the sixth Legislature of the National Assembly, the Royal Government of Cambodia will give priorities to:

1. Continuing to implement the “**National Strategic Plan on Green Growth 2013-2030**”, “**Cambodia Climate Change Strategic Plan 2014-2023**”, “**National Environment Strategy and Action Plan 2016-2023**”, “**National REDD+ Strategy**”; and use social and environmental fund effectively to ensure economic development with low-carbon emission and resilience to climate change.
2. Further strengthening the management of protected areas, biodiversity conservation, natural resource conservation, especially the ecosystems of Tonle Sap lake, Mekong river and the coastline areas.
3. Further strengthening the management of solid waste, waste water, gas and lethal substance by implementing principles of reduction, reuse, recycling and non-use as well as strengthening pollution monitoring and control mechanism and control.
4. Promoting resource efficiency and sustainability by implementing the principle of sustainable consumption and production.
5. Increasing the usage of environmental-friendly and climate-friendly technologies in physical infrastructure and socio-economic development.
6. Continuing to promote the implementation of carbon trading mechanisms and related regulatory frameworks, strengthen the capabilities to develop and implement climate change adaptation and resiliency measures as well as explore the possibility of studying financial resiliency to respond to disasters caused by climate change.
7. Further promoting the development and implementation of integrated water resource management plan in order to expand water supply in response to demand, minimize the risks caused by flood and drought, as well as to ensure long-term water security.

8. Continuing to encourage and increase investment in clean energy and renewable energy, especially solar power while reducing the production of energy from unclean sources to ensure long-term energy security.
9. Continuing to strengthen regulatory framework, research, as well as development of skill and capacity for national and sub-national official in terms of environment, green development, climate change, integrated water resource management, and the usage of natural resources in a sustainable manner.

Conclusion

Over the past 15 years, Cambodia has successfully implemented the Rectangular Strategy, Phase 1, 2, and 3 which have helped elevate Cambodia to a new height of socio-economic development. Through this, some historic achievements made by Cambodia include:

1. Securing peace, political stability, security and social order; as well as promoting the rule of law, human rights and dignity; firmly adhering to multi-party liberal democracy; promoting national prestige in the regional and international stages, firmly defending national sovereignty, unity and territorial integrity; and strengthening strategic partnerships and ensuring national interest in cooperation with international partners.
2. Achieving a decent, sustainable, inclusive and crisis-resilient economic growth of 7%, per annum, on average, over the last decade on the basis of broader growth base, enhanced competitiveness and productivity, and higher domestic consumption while inflation is contained within 5% per annum on average, upgrading Cambodia from low-income country to a lower middle-income country.
3. Reducing poverty incidence by more than one percentage point per annum and the income gap of Cambodia people measured by Gini index, and ensuring remarkable improvement of key indicators in social sector, particularly education, health and gender equality.
4. Increasing the scope, effectiveness and quality of public service as well as enhanced public confidence.

On this basis, the Royal Government of the sixth Legislature introduced **Rectangular Strategy - Phase 4** to respond to two historic missions of the nation, firstly, striving forward with firm belief to fully achieve sustainable development goals; and secondly, creating necessary pre-conditions and

environment conducive for laying the strong foundation to become an upper middle-income country by 2030 and for in-depth transformation of Cambodia into a high-income country by 2050.

With this goal, **Rectangular Strategy-Phase 4** clearly reflects Cambodia socio-economic policy agenda for implementing **Political Platform of the RGC in the Sixth Legislature of the National Assembly** over the next 5 years which focuses on “**4 strategic Goals**” and “**4 Priorities**” as stated above. Therefore, in the next 5 years, **Rectangular Strategy-Phase 4** will guide Cambodia forward in a vibrant and firm manner through new turning points and historic transformation in key aspects as follows:

1. Firm assurance peace, stability and public order across the country; creation of a favorable environment for business, investment and development; strengthening of ownership and partnership in development and international cooperation, especially strengthening of Cambodia’s capacity to integrate herself into regional and global economies by making effective use of opportunities and favorable conditions arising from this process in order to maximize benefits for Cambodia.
2. Deepening of reforms to achieve good governance, particularly public administration reform, public financial management reform, decentralization and de-concentration reform, legal and judicial reform, and armed forces reform. These tasks will be reflected through strengthening public institutions, strengthening judicial institutions and courts, building a clean administration, as well as developing and enhancing the capacity of Cambodia’s national armed forces.
3. Investment in “human capital” and sustaining development with the focus on the development of human resource, labor market and social protection, as well as urbanization and environment. This process will be implemented through strengthening of quality of education and technical skills, enhancement of the effectiveness of public healthcare service delivery, development of labor market, strengthening of gender equality and social protection, response to industrial revolution 4.0, urbanization development, sustainable natural resource management, the assurance of environmental sustainability and preparedness for climate change. Promoting the implementation of these tasks enables Cambodia to build a foundation for fostering sustainable and inclusive socio-economic development and well-being of the people while Cambodia is enjoying development opportunities arising from demographic dividend and technological advancement.
4. Economic diversifications through strengthening physical infrastructure, logistics, and energy; developing key industries by focusing on enhancement of productivity, creativity and

competition; and pushing for the development of SMEs and financial and banking sectors. This process will result in the expansion of economic growth base, change in economic structure and enhanced resilience to shocks on its path to become the country with large and strong industrial base; high value-added creation in the global value chain system and transformation of the agricultural sector into an intensive one with high productivity and commercialized production.

Like the previous legislature, “**the Political Platform of the Royal Government of the 6th Legislature of the National Assembly**” and “**Rectangular Strategy-Phase 4**” will be implemented through “**National Strategic Development Plan 2019-2023**” which will be put forth soon. This strategic plan will identify in detail sectoral measures and action plans and highlight responsibilities of the ministries-institutions both at national and sub-national levels. At the same time, the Ministry of Economy and Finance will prepare “**medium-term revenue mobilization strategy 2019-2023**” that will be the foundation for ensuring effective revenue collection to respond to the spending demand in implementing the **Rectangular Strategy-Phase 4**.

In addition, to ensure the implementation effectiveness and efficiency in an intertwined and comprehensive manner, the Ministry of Economy and Finance must prepare the medium-term macro-economic and public financial frameworks aimed at specifically identifying the resources and financing requirements on 3-year rolling basis. Afterwards, each ministry-institution, at both national and sub-national levels, will develop their own “**strategic budget plan**” to ensure budget linkage with policy priorities outlined in the **Rectangular Strategy** and “National Strategic Development Plan” by clearly and comprehensively identifying policy objectives as well as program structure which will be implemented within the performance-based budgeting in line with “**budget system reform strategy 2018-2025**”. For the next step, “**strategic budget plan**” of the ministries-institutions will be used as the foundation for annual budget allocation consideration in effective and efficient manner in response to the policy priorities of the Royal Government. Therefore, the annual budget is the crucial tool for achieving the goals outlined in the “**Rectangular Strategy-Phase 4**”. In practice, the monitoring, control and evaluation of the **Rectangular Strategy** implementation will be conducted by using the budget implementation mechanism through strengthening the implementation of the program-based budgeting and the “**performance-informed budget**”.

In the cause of **growth, employment, equity and efficiency: to build the foundation for achieving Cambodia Vision in 2050**, the Royal Government will strengthen leadership will, ownership with high responsibility, and strengthen institutional capacity by selecting highly qualified officials with talents and qualifications for the leadership roles in public function to enhance implementation effectiveness and achieve goals as expected. In addition, the Royal Government will rationalize the functions and

responsibilities, institutional management structure, and inter-institutional coordination to respond to the new public needs and demand of the socio-economic development.

Based on what have been achieved to date, Cambodia's great potential, strong will and the talent of the Cambodia people as well as based on the ability to learn, to draw on experience, to align, to adapt to, and to select necessary measures of the Royal Government and Cambodia people as a whole, together with the introduction of this strategy, the Royal Government strongly believes that Cambodia will overcome challenges and obstacles on the path towards progress, prosperity and glory along with successful establishment of the necessary foundation for supporting Cambodia's effort to achieve Cambodia Vision 2050.