



Royal Government of Cambodia

ព្រះរាជាណាចក្រកម្ពុជា



«Rectangular Strategy»

for

**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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Phnom Penh, September 2018

INTRODUCTION



The Royal Government of Cambodia (RGC) has successfully implemented the **Rectangular Strategy for Growth, Employment, Equity and Efficiency** for the last three phases, reshaping a new image of Cambodia with great pride. Reflecting back to the past 20 years in particular, Cambodia has transformed itself from a recipient country of the UN Blue Berets deployment to become an active contributing country in UN Peacekeeping Operations in some hotspot countries of the world. Previously well-known for its Killing Fields, its insecurity and dangerous land mines, Cambodia now enjoys full peace and becomes a popular tourist destination in Southeast Asia, welcoming millions of tourists every year. Branded in the past for armed power struggle and government change, Cambodia is now a country firmly respecting liberal multi-party democratic principles with regular free and fair elections held to enable its citizens to choose the country's leadership; a state enjoying full sovereignty, independence and territorial integrity, and governed by the rule of law. Once, politically and economically isolated, Cambodia is now fully integrated in regional and global groupings and architectures, and playing an active role in all regional and international affairs on equal footing and equal rights as other nations. Some time ago, perceived as an economically underdeveloped country mired in poverty and food insecurity, Cambodia is now a food exporting country and a great performer in terms of poverty reduction and improved social indicators. It is recognized as one of the fastest growing economies in the world, which recently has successfully graduated from its status as a low-income country to a lower middle-income country.

Overall, the Rectangular Strategy, from the outstanding performance of its last three consecutive phases, has fulfilled admirably its function as Cambodia's socio-economic development agenda. Its implementation has led to profound

structural economic transformation by way of sustainable growth, job creation, enhanced social equity, strengthened effective governance of state institutions and improved living conditions of Cambodians, both in term of material improvements and psychological satisfaction.

Over the medium term, Cambodia's socio-economic development will effectuate a “**New Transformation**” that would enable it to attain an upper-middle income country status. For that to happen, it would require the following: further strengthening of public institutions — their organizational structures, their sets of rules and regulations, their human resources, their financial means and resources, all of which are conditioning the work principles and attitude, be it in the political, economic or social spheres, within the legitimate framework of democratic process and rule of law that are conducive to sustaining development and high economic growth; promoting socio-economic structural changes — creating quality jobs for the youth, responding effectively to the expectations of the people, especially addressing their increasing needs with regards to access to quality key 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 a balanced and reduced development gap between urban and rural areas; maintaining a flexible and vigilant attitude and responses vis-à-vis regional and global developments; maximizing the benefits from technological breakthrough and digitalization, especially in the context of the Fourth Industrial Revolution; and lastly, improving the effectiveness of the environmental protection and conservation of our natural resources, ecosystem, biodiversity, forest and wildlife sanctuaries as well as adaptation to climate change.

Building on the exceptional achievements of the combined three phases of the Rectangular Strategy, as well as taking into account of Cambodia's needs for further development as outlined earlier,

the RGC had put forward an ambitious “**Political Platform**”, which has received an overwhelming show of support from the people as reflected by the recent free, fair and just election with its very high voter turnout rate of 83.03%. The “**Political Platform of the Royal Government of the Sixth Legislature of the National Assembly**”, which sets out clearly the strategic goals, prioritized policies, sectoral development policies as well as specific measures to be implemented from 2019 onwards, serves as a guide for the RGC, during its sixth mandate, to deliver the services to the nation and the people.

Hence, the “**Rectangular Strategy - Phase IV**” will be used as a powerful policy instrument of the RGC to take stock of the efforts for the last 20 years to transform, rehabilitate and develop a civil war torn Cambodia into a truly peaceful country. Moreover, 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 demands of the people and laying the foundations for our journey toward achieving the goals of **Cambodia Vision 2030 and 2050**. In this context, the RGC firmly believes that the Rectangular Strategy, particularly its goals for **Growth, Employment, Equity and Efficiency** are still necessary and relevant during the term of its sixth mandate (2018-2023) whereby past achievements will be further strengthened with renewed focus on ensuring “**Efficiency**” through the implementation of the analogical approach of “**self-reflection, showering, dirt scrubbing, treatment and surgery**”. As such, the existing structure of the Rectangular Strategy - Phase IV will be maintained though its scope is expanded and the four strategic rectangles sides are refined and reprioritized with improved policies and implementation mechanisms.

In sum, the “Political Platform of the Royal Government of the Sixth Legislature of the National Assembly” combined with the “Rectangular Strategy-Phase IV” will serve as a comprehensive

policy framework for formulating the “**National Strategic Development Plan (2019-2023)**”, which will clearly define implementation indicators and timeframe consistent with the RGC’s sectoral policies. Above all, the Rectangular Strategy-Phase IV will act as a clear blueprint to guide the activities of all development stakeholders 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 IV 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 blessings of the revered His Majesty The King of Cambodia.

¹ *The Stakeholder System coordination works well when all ministries/institutions perform their respective duties in an accountable manner and refrain from pointing fingers at each other, but rather coordinate and collaborate with each other to accomplish the mission and policy objectives of the Royal Government in order to effectively respond to the concerns or demands of the people.*

PART I

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

Cambodia has achieved tremendous major achievements, be it political, security, social order or socio-economic development, despite having to face the domestic political challenges, the uncertainties of the global economy, the threats to its national sovereignty and territorial integrity, the frequent natural disasters, and the constant need to respond to new aspirations of the people from all walks of life. In its steadfast implementation of the “**Rectangular Strategy-Phase III**” during the Fifth Legislature of the National Assembly, the RGC has achieved the following key outcomes:

1. Full peace, territorial integrity and political stability have been maintained and strengthened along with the firm observance of the principles of the rule of law and democracy, the successful prevention of the “color revolution” aimed at toppling the legitimate government and the prevention of recurrent internal division and wars. At the same time, security and social order have been strengthened through effective crackdown on all kinds of criminal activities, including illegal drugs and human trafficking, which has helped create a favorable environment for national development, attract investment and ensure safety for its population.

2. High economic growth of around 7% per annum has enabled Cambodia to graduate into a lower- middle income country status; to diversify the base for economic growth, to reduce its poverty rate below 10%, and to diminish the population income gap through redistributive measures of the fruits of economic growth to people from all walks of life, especially by implementing the RGC’s policies, such as: increasing the salary of civil servants and members of armed forces; raising the minimum wage for workers and employees and improving their welfare by way of reduced

electricity and water rates, expanded coverage of the National Social Security Fund and Equity Fund, free public transport services, and a reinforced conflict resolution mechanism.

3. Remarkable progress made in governance reform, including the implementation of the Public Administration Reform, the Public Financial Management Reform Program, the Sub-National Democratic Development Reform Program, the Anti-Corruption drive, Legal and Judicial Reforms, and the Armed Forces Reform. Moreover, the RGC has introduced specific measures, such as: increasing the monthly salary of civil servants and members of the armed forces to more than 1 million riels in 2018; timely payment of salary on the fourth week of each month; and improving the quality and effectiveness of public services, both at national and sub-national levels.

4. Notable results were achieved in managing public finance. In between 2013 to 2018, current revenues have increased more than twofold, from USD2,264 million to USD4,560 million. Similarly, the total expenditures have been upped nearly twofold. The budget for the Ministry of Education, Youth and Sport has been increased by more than threefold, while the budget for the Ministry of Health was increased by nearly 2.5 times, and the budget for the Ministry of Agriculture, Forestry, and Fisheries was increased by nearly threefold. Locally financed direct investments were increased by nearly 2.5 times. Moreover, the national budget system has been improved through better and more effective budget management, both at the allocation and operation levels.

5. Key targets of social indicators were achieved in education and health sectors. The public health situation has been improved through noticeable 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 the burden of medical expenses on the poor. The educational reform has created a new environment and there is hope for improved supply of

quality human resource and skills into the job market by way of establishing new-generation schools, strengthening of the teaching quality, improving the management of schools, updating school curriculum and the gradual promotion of a good study environment.

6. Active participation in regional and international affairs on equal footing and with equal rights as other nations on both political and economic fronts. Regarding trade, Cambodia exported goods to 147 countries and imported goods from 135 countries equating respectively to 60% and 65% of its 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 enhanced through its successful coordinatorship as head of the LDC Group within the WTO framework, its election as vice-president of the 73rd United Nations General Assembly and its membership of the United Nations Economic and Social Council (ECOSOC). Within the regional cooperation framework, Cambodia has contributed positively in the ASEAN affairs and engaged in various bilateral cooperation, including double taxation agreements. Cambodia is also active in other multilateral and regional initiatives, including the “**Belt and Road**” initiative.

7. Cambodia has become a popular tourist destination with some 5.6 million international tourist arrivals from 110 countries in 2017. This increase of inbound tourism can be attributed to Cambodia’s integration efforts, a well-connected nationwide infrastructure, a stable electricity supply, an improved security environment for tourists as well as a diversification of tourist markets and products.

8. Cambodia is one of the 10 biggest rice exporting countries with an export of around 635,000 tons of milled rice in 2017, representing nearly a twofold increase as compared to 2013. Moreover, Cambodia’s total export of agricultural produce increased from 3.66 million tons in 2013 to 5.14 million tons in

2017. In sum, the agriculture sector has recorded positive growth in spite of the low prices of agricultural products in international markets, a shrinking labor force in agriculture and increased vulnerability to natural disasters, etc.

1.2. Megatrends, Challenges and Opportunities of Cambodia

1.2.1. Megatrends

Going forward, Cambodia is expected to face key internal and external megatrends which in terms of both challenges and opportunities will condition the context and directions of its development. As such, Cambodia is compelled to reassess its development model or paradigm over the medium to long terms. These followings are some of the identified megatrends:

1. The world is moving toward a new multipolar framework due to changing forces and adjustment in global power balance. This will lead to the restructuring of global political and economic architecture, which could be bipolar or unipolar, affecting in the process the governing rules and institutions. Likewise, new regional initiatives and architectures could be initiated by new poles of power.

2. The global economy, previously led by the United States and Europe, is now driven by Asia, namely China and India. At the same time, the reshaping of the global economy is increasingly tilted toward a higher concentration in urban areas, which are expected to host nearly half of the world population by 2050.

3. Current scientific and technological advancement, aptly coined as the “Fourth Industrial Revolution”, will dominate all aspects of socio-economic development that will trigger the emergence of new challenges and opportunities for the entire globe. Technological development will accelerate and deepen the automation, which can replace human power and intelligence, and will redefine the economic structure, production factors, human behavior and consumption.

4. Climate change and the loss of biodiversity will lead to global warming and increased unpredictability and magnitude of natural phenomena, such as drought, heatwave, flood, etc.

1.2.2. Challenges

In the medium term, Cambodia will be on its path to become an upper-middle income country and will undergo profound economic structural transformation and demographic change. In this context, Cambodia will face a number of challenges as follow:

1. The state of regional and global economies will remain uncertain due to the ongoing “**trade war**” caused by a protectionist policy, the normalization of monetary policy by developed economies, a rapid credit growth in China, an increase in oil prices, and other issues arising from global geopolitics, terrorism and security. These situations can have adverse effects on the Cambodian economy that is dependent on international trade to accelerate the country’s development.

2. Peace, political stability and social order still remain fragile due to both internal and external factors.

3. To respond to new demands for socio-economic development, there is a need to develop quality, competent and productive human resources which is a key factor underpinning the country’s present and long term economic growth and competitiveness. Although the targeted coverage of primary education has been successfully achieved, other challenges remain in term of learning outcomes, completion of high school as a foundation for skills attainment, improved quality of higher education to fully capitalize on the current technological advancement and industrial innovations.

4. Diversification and value creation in the industry and service sectors remain a challenge due to growing wage pressure, tensions in industrial relations, high transport costs, inefficient logistic system, electricity rates relatively high as compared to neighboring countries, informal fees, and complicated business environment.

5. Promoting diversification and productivity in agriculture is another uphill task that needs to be addressed urgently, pace and scale wise. The sector continues to play an important role in the national economy, particularly in term of its contribution to poverty reduction, improving livelihoods of people and job creation. Besides, agriculture can act as a backstop to prevent people from falling back into poverty, reduce income gaps among people as well as development gaps between urban and rural areas. As such, investment in agriculture will contribute to ensuring food security in the long term inasmuch as maintaining food prices at low level to ensure positive effect on real wages.

6. The provisions of public and judicial services have yet to earn enough trust from the public. Similarly insufficient institutional building and regulatory framework and law enforcement capacity are still deemed below the RGC's expectations. Likewise, organizational restructuring like the transfer of functions and resources to sub-national administration has not fully responded to the needs of democratic development at the sub-national level.

7. The quality of healthcare services still remains to be desired in spite of remarkable improvement in public healthcare services. While the livelihood and living conditions of people have changed, health policies need to be comprehensively reviewed, be it in the supply, service delivery, service quality, financing, and coverage.

8. Challenges in the financial sector encompass high interest rate, low domestic savings, and rising household debts. While the banking and finance sector has experienced a noteworthy progress, credit growth and interest rate still remain high though witnessing a gradual decline. In addition, Cambodia's low domestic savings has led to more reliance on external sources of capital for investment. As the country is progressively losing its access to concessional loans, it is expected that domestic savings will be the main source of capital, both for public and private investments.

9. Although the environment and natural resources management has witnessed some improvement, important efforts and initiatives to ensure sustainable development are needed in such areas as: strengthening the mineral resources management; implementing the land reform and the forestry and fisheries sector reform, including fisheries conservation; improving the management of water resources, including the ecosystems of the Tonle Sap Lake and the Mekong River. Furthermore, climate change has also been credited for causing adverse effects on the country's ecosystem and its socio-economic development.

10. Cambodia is expected to graduate from its Least Developed Country (LDC) status, which may lead to the reduction or a total loss of preferential treatment from key development partners. As such, Cambodia needs to maximize on its existing opportunities in order to secure new favorable markets as well as to enhance its competitiveness to further promote export diversification for its products.

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 forecasted to be better than the previous years, Cambodia is expected to maintain a concrete growth momentum in the medium term through increased business activities with its major trading partners, continued growth in FDI inflows, a steady increase in domestic demand and improvement in international trade.

2. The shift of economic center of gravity to Asia, especially East Asia, continues to provide the “**golden opportunity**” for Cambodia to develop and modernize its industries, productions and services along with other regional countries. As a matter of fact, Cambodia is located at the center of an economically vibrant region and it could become an important part of the production chains in East Asia.

3. Fierce competition between trade blocs in Asia-Pacific such as the Regional Comprehensive Economic Partnership (RCEP), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and other cooperation initiatives will result in massive trade liberalization of goods, services, and investment in the region. This trend will offer Cambodia, as an ASEAN member, the opportunities to absorb investment and expand its export markets through the promotion of its industrial and trade linkages, the physical and institutional connectivity and the integration into regional and inter-regional production and supply chains.

4. Cambodia has vast potentials for expanding further the financial sector, including the deepening of financial intermediary operations, the promotion of the insurance industry and the development of the securities market.

5. Demographic dividend, low dependency ratio along with the growing 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 types 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 penetration of mobile telephone and internet users.

1.3. The Need to Further Implement the Rectangular Strategy

Based on the experiences of implementing the previous three phases of the Rectangular Strategy, the RGC is able to assess the strengths and weaknesses as well as the challenges and opportunities of the strategy. The strengths of the Rectangular Strategy reside in its provision of an intertwined, comprehensive and consistent policy framework that encompasses the major sectors where all ministries/institutions can participate in its

implementation. This, in itself, provides a strong foundation both for resources allocation towards supporting policy priorities and a solid cooperation framework for relevant development partners, private sector and civil society. However, its weaknesses lie in its implementation, which are primarily related to weak institutional capacity and inadequate inter-institutional/ministerial coordination in designing and implementing concrete policy measures. Likewise, there are still gaps in day-to-day activities that have not been properly aligned with the objectives and policies of the RGC and those of ministries/institutions.

In this regards, the necessity to further implement Phase IV of the Rectangular Strategy is reflected in the following key aspects:

1. The need to further strengthen and expand the RGC's efforts achieved during its fifth mandate inasmuch as to complete the remaining tasks carried over from the previous three phases of the Rectangular Strategy such as: strengthening peace, political stability, security and social order; promoting the rule of law, human rights and dignity, and a liberal multi-party democracy; and implementing concrete measures to enhance people's livelihood and welfare, by way of tackling the issue of **"Efficiency"** in governance, improving social justice and enhancing the quality of public services.

2. The need to seek new sources of growth to ensure high and sustainable economic growth by way of: taking full advantage of regional opportunities; creating values addition in the existing economic pillars and their related sub-sectors; encouraging investment in agriculture; ensuring readiness to catch up and harness opportunities arising from new technologies in the era of digital economy; overcoming potential challenges in the context of industrial revolution 4.0; and responding to people's emerging concerns and demands by enhancing Cambodia's competitiveness as the country evolves toward a new development stage needed to achieve the goal of becoming an upper- middle income country by 2030 and a high-income country by 2050.

On this basis, the RGC has adopted “**Four Strategic Goals**” and “**Four Priority Areas**” to underline its commitment to advance the implementation of Phase 4 of the Rectangular Strategy.

The **Four Strategic Goals** encompass the following:

1. Ensuring sustainable and resilient economic growth of around 7% per annum by way of promoting a broad based and competitive economic diversification into new sources of growth while ensuring macro-economic stability underpinned with low inflation, a stable exchange rate, a steady increase of international reserves and prudent management of public debts.

2. Creating more jobs, both qualitatively and quantitatively, for its citizens, especially the youth through skills training, provision of job market information, improvement in working conditions and business and investment promotion inside and outside the country.

3. Achieving the poverty reduction target of below 10% so as to prevent the relapsing into poverty by focusing on enhancing market participation, implementing social protection policy, lowering burden of daily life along with the provisions of quality public services, and reducing social disparity.

4. Further strengthening the capacity and governance of public institutions, both at national and sub-national levels, to ensure an effective and efficient delivery of public services aimed at better serving the people, and improving business and investment environment.

The **Four Priority Areas** include the following:

In its previous mandates, the RGC has identified four priority areas, namely **Road, Water, Electricity** and **People** to set the agenda for development while the order of these four priority areas have been changed according to the development stage of the country. In the first two phases, the Rectangular Strategy assigned the top priority to **Road**, followed by Water, Electricity

and People. In the Phase 3 of the Rectangular Strategy, **People** moved up to become the top priority, followed by **Road**, **Electricity** and **Water**. For this 6th mandate of the RGC, Phase 4 of the Rectangular Strategy will continue to focus on the same “**Four Priority Areas**”, with **People** still retaining the top spot. Fundamentally, the following “**Four Strategic Rectangles**” of the Rectangular Strategy will be revised to reflect the “**Four Priority Areas**” and other supporting tasks that correspond to Cambodia’s new phase of development, namely:

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 Diversification: 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 SMEs 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) Strengthening management of urbanization; and 4) Ensuring environmental sustainability and readiness for climate change.

PART II

2.1. Structure of Rectangular Strategy- Phase 4

The successful implementation of the first 3 Phases of the Rectangular Strategy can be attributed to the ownership and competency of the RGC in its governance of the country. In the current context, and based on the requirements as previously identified, Cambodia has been painstakingly preparing itself to capitalize, in a most comprehensive manner, on its inherent potentials and other prevailing opportunities to face up to the challenges awaiting ahead in the next stage of its national development.

As previously described, the Rectangular Strategy - Phase 4 still retains its original structure although the sequence of its priority areas and sides of the strategy have been supplemented with new priorities and more refined and focused measures in order to achieve the following: 1) respond to Cambodia's specific needs and emerging trends 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 in fact a formula reflecting the RGC's commitment to enhance people's welfare.

Built upon this premises, 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 the Governance Reform

The strategic objective of the governance reform is the modernization of state institutions that are inclusive, equitable and

just and this could be achieved by way of exercising political, economic, and administrative power to govern and manage all national affairs, all the while ensuring the continuity of the roles and functions of the public administration that are in line with the *People-Centric Interest* and *Nation-State Building* concepts.

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

That notwithstanding, the RGC still faces a variety of institutional challenges, such as: overlapping functions and authority; recruitment and incentives for civil servants; public service accountability, monitoring and evaluation; information and data sharing and code of conduct; professional and technical competency of civil servants; gaps between policies and implementation; law enforcement strengthening, particularly in the provisions of judicial/legal services; and reduced effectiveness of the armed forces reform.

As such, in order to ensure the legitimacy and public confidence in state institutions that are efficient, productive, responsive, accountable and transparent, the RGC will focus during its 6th mandate on the following: 1) Institutional reform and capacity building; 2) Enhancement of accountability and integrity in the public administration; 3) Strengthening of work efficiency; and 4) Strengthening of private sector governance.

1) Institutional Reform and Capacity Building

Under this component, the RGC will focus on the following:

1. Rationalizing the roles and duties, management structure, and inter-institutional coordination of state institutions by focusing on strengthening ownership and ensuring a clear division of responsibility for each ministry/institution, especially through

strict enforcement of the Law on the Organization and Functioning of the Office of the Council of Ministers.

2. Strengthening leadership by way of inculcating a sense of ownership, responsibility and internal unity within institutions; formulating and strictly implementing a code of conduct; and applying a merit-based selection process of qualified people for management positions in the public sector.

3. Promoting meritocracy in the recruitment, appointment and promotion process combined with the provision of incentives and other benefits to civil servants in public institutions, especially through the implementation of the performance-based system in the public sector.

4. Strengthening management capacity of the public sector by way of establishing a sound legal and regulatory framework, a human capital development framework focusing on skills and talent retention, and an adequate work infrastructure utilizing appropriate information technology to improve the management of information and data pertaining to the civil service.

5. Continuing to reform the armed forces with the following measures: 1) strengthening of oversight, management and networking; 2) improving human resource development and enhancing armed forces' capabilities through better skills training, more utilization of technology and building up of a next generation of fighting forces; 3) reinforcing the capacity to maintain security, encouraging armed forces personnel and their families to resettle in areas along the borders, combatting and removing terrorism threat so as to ensure peace, national safety and development; 4) strengthening international cooperation, especially within the UN peacekeeping framework; and 5) creating a supportive environment for infrastructure development, environmental and natural resource protection, and building better capacity for interventions during national disasters, humanitarian operations and support during crop harvesting seasons.

2) Strengthening Accountability and Integrity in the Public Administration

The RGC will focus on the following:

1. Strengthening the educational awareness on the prevention, the obstruction, and the crackdown on corruption activities in line with the **National Anti-Corruption Strategy** and its **Action Plan** under the slogan of “Not Daring, Unable and Unwilling” to commit corruption.
2. Strengthening and expanding public dissemination of updated information related to public services, legal instruments and national policy documents.
3. Encouraging people's participation in the formulation and implementation process of various policies.
4. Enhancing the implementation mechanism for receiving feedback and handling complaints from public service users together with the assessment on the possible usage of automation system to support it.
5. Strengthening the effectiveness of public sector inspection and audit mechanism.
6. Improving the effectiveness of the preparation and implementation of work ethics, including the respect of the principles of functional incompatibility and conflict of interest for public officials.

3) Strengthening of Work Effectiveness

The RGC will focus on the following:

1. Increasing the salaries of civil servants and members of armed forces annually, and raising the pension amount for retirees and veterans with disbursement through the banking system on a biweekly basis.
2. Delegating power by way of transfer of functions, resources and practices to all levels of administrative entities under line

ministries/institutions, public establishments, and sub-national administration to a reasonable level of autonomy in terms of decision-making, supervision and management of human and financial resources all the while defining clear accountability and responsibility for public entities and their public officials.

3. Urging an integrated administrative functioning at khan/district, provincial and capital levels to explore and implement innovative solutions so as to ensure effective execution and resource utilization of their organizations.

4. Putting in place a performance-based management system by using Key Performance Indicators (KPIs), particularly for officials at supervisory and management levels.

5. Establishing a monitoring and evaluation mechanism to improve performance of implementation measures as well as to ensure that proper strategic directions and adequate inter-ministerial coordination are in place in the preparation and the carrying out of government policies.

6. Strengthening information sharing mechanism at all levels of public administration to enhance management effectiveness and to respond to the demand of public service users in this rapidly changing national and international context.

7. Enhancing judicial services by improving work effectiveness of enforcement officials, strengthening public confidence in the judicial system, and combatting all kinds of abuses and violations in the society through: 1) strengthening law enforcement; 2) reinforcing the accountability and professional ethics of enforcement officials; 3) solidifying the work discipline mechanism and modernizing the justice administration; 4) upgrading the provisions of legal services; and 5) bolstering and improving the conflict resolution mechanism to enable an effective response to actual circumstances in the society.

4) Strengthening of Private Sector Governance

The RGC will focus on the following measures:

1. Initiating studies to assist in the formulation of a policy framework aimed at enhancing corporate governance and good practices in the private sector.
2. Undertaking studies aimed at supporting the preparation of a policy framework to promote the Corporate Social and Environmental Responsibility of private sector in term of addressing social and environmental protection issues, inculcating social morality in national culture, enhancing consumer rights protection and consumer safety with the enactment of a Law on Consumer Protection.
3. Continuing the practices of promoting policy dialogues through the public-private dialogue mechanism, both at the policy, technical, national and sub-national levels, through a joint engagement with the Chamber of Commerce.
4. Encouraging the private sector to reinvest in human capital development and innovation.

2.2.2. Overarching Environment for Implementing the Strategy

To ensure that the development goals are met, a wide-ranging conducive environment is needed to provide the foundational pillar for supporting the implementation of policy priorities identified under the four “**Strategic Rectangles**”. By and large, Cambodia has to further consolidate peace, political stability, security, safety and public order to create an enabling environment favorable for continued development and progress. Since Cambodia’s approach is to rely on the private sector to drive economic growth, ensuring a favorable environment for business, investment and development is therefore an essential condition to attract domestic and foreign investments as well as to stimulate private sector driven growth. In the context of the development cooperation framework, there is an imperative for Cambodia to strengthen ownership, partnership and cooperation mechanism in order to pool financial, technical and knowledge resources that

underpin national development. Cambodia has thus far achieved an impressive development success story through its open economy policy and it is expected that this approach will continue to shape Cambodia's future prospects, which are to a great extent linked the country's enhanced capacity to integrate into the regional and global economy.

1) Peace, Political Stability, and Public Order

Consolidating peace, political stability and public order is an imperative for the RGC. Maintaining peace requires taking firm and swift measures to prevent any attempt to topple the legitimate government by any means, especially through a color revolution. Political stability needs to be strengthened further through a smooth functioning and enhanced roles of public institutions, and through the discharge of democratic process whereby regular elections are held to enable the people to chose freely their country's leaders. Public order has to be enhanced through stricter enforcement of laws, adequate provision of safety for people, and effective deployment of efforts to combat drug uses and trafficking.

During its fifth mandate, the RGC has admirably defended the national sovereignty and territorial integrity by ways of the following: easing tension in border areas and resolving peacefully border issues with neighboring countries; successfully averting a 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 law enforcement, security and public order by implementing the **“Safe Village/Commune”** policy and taking other preventive measures to suppress all kinds of criminal activities, including combatting terrorism and its financing, illegal drugs and human trafficking and other transnational crimes.

Despite these achievements, Cambodia continues to face a myriad of challenges such as: relentless attempts by foreign actors to

interfere in the country's internal affairs with the aim at toppling its legitimate government through a color revolution; the need to strengthen the "rule of law" and a more efficient functioning of public institutions; managing border issues so as to transform them into areas of peace and cooperation; ongoing pressure to tackle all kinds of criminal activities, including illegal drug use and trafficking, human trafficking and sexual exploitation, illegal immigration, traffic accidents and cyber-crimes.

During its sixth mandate, the RGC will focus on the following measures:

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

2. Reinforcing the rule of law, democracy, peace culture, social morality, respect for human rights and dignity and ensuring a conducive environment for the normal functioning of public institutions.

3. Continuing efforts to tackle the following: resolving both land and maritime boundary disputes with neighboring countries based on the foundation of international law; formulating and deploying a border development strategy to achieve peace and develop friendship and cooperation with neighboring countries; and preventing the use of the Cambodian territories for activities against neighboring countries.

4. Undertaking preventive measures and other actions to suppress all kinds of criminal activities, including terrorism and its financing, money laundering, illegal drug trafficking and drug use, human trafficking and sexual exploitation, and other transnational crimes, as well as continuing carrying out the **"Safe Village/Commune"** policy.

5. Taking additional measures to improve traffic safety and public order; eliminating illegal checkpoints; and enforcing transport safety regulations so as to penalize non-roadworthiness trucks that damage road infrastructure and cause traffic accidents.

6. Strengthening the enforcement of the Law on Nationality and the Law on Immigration by preventing the entry of illegal migrants through airports, land and maritime borders, and pursuing the search, arrest, and deportation for illegal immigrants back to their home countries.

7. Building the capacity of law enforcement to deal with cybercrimes.

2) Favorable Environment for Business, Investment and Development

An environment conducive 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 has achieved a substantial growth rate and maintained a sound macro-economic stability while the business environment has been gradually improved and the foundation for fair competition has been laid out. In phase 4 of the Rectangular Strategy, the RGC will strive to upgrade this environment by placing more emphasis on prudent macro-economic management, reduction of cost and time for establishing new businesses according to the types and locations, and improving trade facilitation.

In the previous mandates, the RGC has secured macro-economic stability with an average economic growth of 7% per annum that helped propelled Cambodia to attain a lower middle-income country status in 2016. Inflation has been contained within a manageable range, while the Riel's exchange has remained stable around R4,050/USD. Total approved investment capital for the period 2013-2017 reached USD23.3 billion, reflecting high

investors' confidence in the country's investment environment. In the medium term, challenges such as high oil prices, trade war, interest rate hikes and slowdown in developed countries could affect the nation's macro-economic stability. By and large, businesses have to deal with lengthy, complicated, repetitive, uncertain and unpredictable procedures that continue to hamper the business environment in the country.

During its sixth mandate, the RGC will focus on the following measures:

1. Continuing the implementation of prudent macro-economic policy by adopting a mix of public finance policy, monetary policy and structural reform in a proactive yet cautious manner so as to ensure a steady growth, a stable exchange rate, low inflation, and an environment conducive to investment.
2. Developing a mechanism to deal with economic crises and risks which could affect the financial, banking and non-banking sectors as well as the real estate and other related sectors.
3. Accelerating the amendment process of the Law on Investment and its effective enforcement as well as the enactment of the Law on Special Economic Zones.
4. Promoting a comprehensive and in-depth reform of the taxation system, including the formulation of a new tax law based on the following principles: enhancing the effectiveness of revenue collection; ensuring a transparent, accountable, equal and fair competition environment; encouraging economic, business and investment activities; and ensuring social equity.
5. Formulating and implementing mechanisms to facilitate new business start-ups by way of reducing registration time, license application and other related procedures, including improvement of public services to serve business people and their operations.
6. Promoting trade facilitation by completing the preparation of the National Single Window, minimizing cross-border control burden and cutting unnecessary procedures that hinder trade.

3) Strengthening Ownership and Partnership in Development and International Cooperation

Despite drastic improvement in Cambodia's own financial ability to promote the country's development, international technical assistance and development financing continue to be important, especially for large scale and sophisticated projects. In this regard, Cambodia must assert its ownership in the partnership policy dialogue with official development partners, private sector and non-governmental organizations so as to be able to pursue its sustainable and comprehensive socio-economic development path.

In its fifth mandate, the RGC has implemented the "Development Cooperation and Partnership Strategy 2014-2018" in which a number of principles and instruments were used as the basis for expanding its development partnership and enhancing cooperation with various international institutions and 158 countries, out of which Cambodia has established 38 embassies and permanent diplomatic missions. At the ASEAN and ASEAN dialogue partner levels, Cambodia has worked diligently 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 USD1 billion of development cooperation financing per annum. Moreover, the RGC has enacted the Law on Association and Non-Governmental Organizations to provide a proper framework conducive to the creation a harmonized partnership atmosphere.

It is expected that in the medium-term, the key challenges, among others, will include: a reduction in grant assistance, which is to be replaced by concessional loans; the strengthening of the management capacity and effectiveness of development financing; the enhancement of international cooperation with the United Nations, ASEAN, and other international organizations in order to enable more economic opportunities and to uplift national prestige.

During its sixth mandate, the RGC will place emphasis on the following measures:

1. Continuing to strengthen the inclusive partnership with all development stakeholders in order to mobilize the financing resources from all sources so that they can underpin the attainment of sustainable development goals by 2030 based on the RGC's ownership and leadership.

2. Formulating and implementing the "Development Cooperation and Partnership Strategy 2019-2023" in order to strengthen the RGC's ownership, enhance the effectiveness, efficiency and sustainability of the public financial management, develop social accountability mechanism while strengthening the institutional capacity and human resource for Cambodia to graduate from the least developed country status and to achieve its ambitious goal of becoming a lower middle-income country.

3. Participating actively in regional and global affairs in order to increase development opportunities, particularly to boost confidence in security, safety, and investment environment in the country, as well as to raise the reputation of Cambodia.

4. Pursuing further the implementation of all commitments made by Cambodia in the International Forum on Development Effectiveness as well as strengthening the existing consultation mechanism related to national development.

5. Advancing the partnership with non-governmental organizations through better enforcement of the Law on Associations and Non-Governmental Organizations in order to promote a more efficient, transparent, and accountable cooperation.

6. Deepening existing international cooperation and exploring new mechanisms to attract investment from private sector and official development institutions in order to stimulate the trade sector and promote industrial and agriculture diversification into higher 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 its fifth mandate, the RGC has made great stride in achieving the following key outcomes: getting Cambodia to realize its membership in the “**ASEAN Economic Community**”, which is a market of 622 million consumers; entering into Free Trade Agreements between ASEAN and partner countries or regions; enhancing physical and non-physical infrastructure connectivity with countries in the region; steadily improving the regulatory and institutional framework supportive of market diversification, etc. Cambodia is an active participant in the Belt and Road Initiative which boasts huge potential for the development of industries, SMEs, and tourism, financial, banking and many service sectors. In the context of bilateral relations and ASEAN, Cambodia has pursued vigorously trade and business relations through numerous engagements in business forums, exhibitions and networking. These efforts have led to increase of economic, trade and investment activities which have generated jobs for thousands of people.

Recent geo-political developments have revealed the uncertainties surrounding the role of the World Trade Organization, the issue of ASEAN's centrality in driving free trade areas with major markets outside the region. Likewise, Cambodia's eventual graduation from the Least Developed Country status will result in the loss of favorable trade preferences as well as other benefits arising from the various commitments made by Cambodia.

That notwithstanding, the WTO and ASEAN are two institutions that matter significantly for Cambodia. Moving forward, Cambodia will strive to nurture its existing export markets, all the while exploring new market openings to expand the export base with more emphasis on FTAs (rather than on unilateral preferential treatment) as a source of impetus for sustainable growth.

During its sixth mandate, the RGC will focus on the following measures:

1. Continuing to deliver on the commitments made under the WTO, ASEAN Economic Community and other bilateral frameworks, especially related to hard and soft infrastructure connectivity; improving the regulatory and institutional framework and enhancing human capacity to capitalize on the trade and investment flows in the region and the world.

2. Promoting the establishment of bilateral free trade arrangements with major partner countries and negotiating accession to multilateral FTAs with major regions such as Eurasia, European Union, the Regional Comprehensive Economic Partnership (RCEP), and other free trade arrangements as such opportunities become available.

3. Expanding business networking opportunities by organizing forums, business visits or trade fairs aimed at better understanding export market demands and at promoting business joint ventures.

4. Participating actively in international, regional and bilateral economic cooperation and integration initiatives.

5. Promoting cooperation and coordination amongst the RGC's ministries/institutions and other development stakeholders to improve the capacity for service delivery and national competitiveness.

6. Continuing to build capacity for monitoring business trends in various economic sectors.

2.3. The Four Strategic Rectangles

Rectangle 1-Human Resource Development

Human resource development is considered as the priority of the Rectangular Strategy since the first phase and became the top priority in phase 3 and 4. It acts as the foundation for improving general education, vocational and competence skills, entrepreneurship, creativity and innovation, and a healthy lifestyle.

It helps empower women as well as shape people's morality, integrity and a sense of patriotism. In this context, during its sixth mandate, the RGC will reshape the focus on human resource development through: 1) strengthening the quality of education, science, and technology; 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 RGC's strategic objective is to develop a **“quality, equitable and inclusive education system”** with focus on science and technology, labour market orientation, and physical education to support national socio-economic development.

The RGC can claim as a result some important achievements, namely: a high enrollment rate in primary schools; enhancement of the quality and values of education; modernization of the education system including the integration of STEM into the curriculum and main textbooks; the establishment of a good learning environment and new generation schools; strengthening of the education sector inspection and higher education reforms; the formulation and implementation of the master plan for general and technical high schools, especially in the field of electricity, electronics, mechanics, animal husbandry and agronomy.

These achievements notwithstanding, Cambodia still has to deal with some challenges, such as: the learning outcomes at all levels are below expectation; high dropout rate at the secondary schools; inadequate school governance; limited coverage of vocational education and private sector participation; inadequate response to the labour market demands; sub-standard quality of higher education vis-à-vis market demands and regional standard; limited efficiency in the management and governance of higher education institutions. Moreover, the sports sector needs further strengthening, in the area of physical education and the preparedness to host the SEA Games in 2023.

During its sixth mandate, the RGC will focus on the following measures:

1. Augmenting the salaries and bonuses for teachers and education staff based on their performance; enhancing the management capacity of school principals by linking their performance with school budgets; enhancing teachers' qualifications, teaching ability and career path by enhancing pedagogical training at least at the level of bachelor degree; deploying more qualified teachers to areas with teacher shortage; creating mechanisms and incentives to support weak students; research and development of new teaching and learning methods; reforming the examination process and assessing regularly the learning outcomes; increasing investment in learning materials, experimental equipment and teaching facilities; 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 secondary schools at commune level according to actual socio-economic situations; extending additional scholarships and essential support to poor students, students in difficult areas and students with disabilities; organizing nationwide campaigns to raise awareness on the importance of basic education; increasing investment in early childhood development and establishment of kindergarten classes; 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 full time teaching as required by the curriculum and to improve the school governance by way of organizing regular stakeholders' involvement and creating feedback boxes; preparing school monitoring system to ensure effective and timely response from the national level. Likewise, the RGC will place more emphasis on reviewing and

strengthening the quality control mechanism in general education institutions.

4. Updating and implementing the master plan for technical education in upper secondary schools with the aim of enhancing career orientation and expanding technical education coverage nationwide in line 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”**; promoting private sector participation in the form of Public-Private Partnership (PPP).

5. Enhancing the educational response to labor market demands and livelihoods in line with the concept of **“One youth has at least one skill in life”** by way of designing programs to stimulate entrepreneurship and foreign language learning; strengthening the STEM by establishing education and science center; promoting life skills programs, especially through youth leadership program; inculcating ethics and morality and engagement in social, environmental and developmental works; and establishing children and youth councils in every school.

6. Preparing a comprehensive curriculum framework including STEM and key social sciences for higher education in line with the national qualification, regional and international standards; strengthening quality accreditation mechanism for higher education; elevating the number of professors holding a doctorate degree in higher education institutions; increasing investment in higher education and establishing national policy framework to develop scholarships and loan funding for higher education students; enhancing capacity building and resources to support learning, teaching and research; establishing research funds and incentivizing achievement contests; formulating the national policy framework for the governance and management of higher education.

7. Preparing for the 2023 SEA Games by continuing to develop key sports infrastructure and prioritizing sport types; training of

coaches and sports technics; enhancing training of new players and encouraging the movement of “**one youth can play at least one sport in life**”; and enhancing sports health science to support the **SEA Games competition** process.

Side 2. Technical Training

The RGC’s strategic goal is to ensure that “**each individual youth specializes in at least one skill in life**” so that they can contribute to the socio-economic development of the country. Technical training covers two dimensions, the first one is on human resources development within the educational system, and the second one is human resources outside the education system or within the labour market. To achieve the above goal, the RGC has made some major achievements, namely: implementing the *National Policy Framework on Technical and Vocational Training 2017-2025*, the *Cambodia Qualification Framework*, the *National Competency Standards* and the *Competency-based Curriculum*; establishing the framework for accrediting students from technical and vocational training to move to higher education institutions; establishing model centers for technical training in various places; and officializing a National Day of Technical and Vocational Training.

The above achievements notwithstanding, Cambodia still has to face some major challenges, such as: insufficient technical training at both intermediate and advanced levels; limited capacity improvement for productivity enhancement; inadequate responses to market demands in term of skills, quality curricula, ethics and professionalism; and limited private sector involvement in the technical and vocation trainings.

During its sixth mandate, the RGC will focus on the following measures:

1. Continuing to implement the *National Policy Framework on Education, Technical and Vocational Training (2017-2025)* which aims at enhancing intermediate and advanced level

technical skills training, by ways of offering multi-skills courses in response to the labour market demands and new business start-ups.

2. Intensifying training cooperation between schools and enterprises by ways of improving the technical competency and productivity of the labor force; adjusting course management in response to new technological developments; and encouraging the setting up of a *National Fund for Skills Development*.

3. Enhancing the responsiveness of technical training centers to the actual demands of specific sector, especially in support of industrial development, by ways of engaging cooperation between the state, private sector and non-governmental organizations; improving technical training cooperation between training institutions and enterprises so as to boost up the quality response to new developments.

4. Channeling the private sector to partner with technical and vocational training institutions to supply skills that correspond with the demands, both of the labour market and business start-ups.

5. Providing vocational orientation at secondary and high school levels within the general education system and raising additional 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 RGC's strategic goal is to enhance public health and nutrition of the people to support sustainable human resource development, economic growth and social development.

The RGC has made remarkable achievements in delivering the Millennium Development Goals in term of reducing the mortality rate of mothers, infants and children; reduction in illness and death caused by infectious diseases, such as AIDS, malaria, and tuberculosis; and eradication of measles in 2016. Likewise, life

expectancy has increased from 56.7 years in 1998 to 70.6 years in 2018. Out-of-pocket expenses on healthcare, especially for the poor and vulnerable have been drastically reduced due to the expansion of social protection such as the Health Equity Fund for the poor and Social Security for Healthcare, which now covers more than three million people. This healthcare advancement has resulted in the reduction of households who are unable to pay for their medical expenses from 8.8% in 2009 to 3.7% in 2016 and preventing households from falling back into poverty because of the medical expenses 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; limited quality of healthcare and treatment; a number of medical doctors and health officials in various specialized fields is below the required standards; the health insurance system is not universal; limited awareness on medicine, cigarettes, alcohol, hygiene and food safety; malnutrition and high mortality of mothers, infants, children among poor families in rural areas.

In this regard, during its sixth mandate, the RGC will focus on the following measures:

1. Implementing and updating the ***Health Strategic Plan 2016-2020*** to enhance the quality, effectiveness and equity of healthcare services.

2. Promoting universal health coverage in Cambodia by expanding the coverage of healthcare equity fund; extending national social security on healthcare for civil servants, retirees and veterans; formulating healthcare schemes for workers/employees and self-employed individuals.

3. Uplifting the quality, safety, and effectiveness of health services, especially for essential and emergency services by way of increasing investment in healthcare infrastructure and medical technology; establishing quality accreditation system at healthcare establishments; improving the capacity to manage regulatory inspection at both public and private health establishments;

strengthening the enforcement of laws and regulations, and compliance with medical professional ethics for health service providers; enhancing health research development, including research on communicable and non-communicable diseases; and strengthening investigation and monitoring systems of diseases in line with international health regulatory requirements.

4. Formulating and implementing the human resource development strategy for healthcare sector in an effective and efficient manner by ways of improving the competency and skills of healthcare professionals through quality basic and refresher training programs; strengthening the quality healthcare education accreditation mechanism; developing database for managing human resources and redistributing competent health officials in equitable manner; and strengthening the incentivization mechanism for health officials in rural areas.

5. Strengthening the enforcement of laws and regulations related to the quality control and inspection of medical products, the use of drugs without doctor prescription, the use of chemical products in food making, and 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 impacts of climate change on human health.

7. Implementing allowance schemes for pregnant women and children under 2 in poor families; introducing interventions to enhance nutrition; and establishing a multi-sectoral mechanism with participation from the community and sub-national administration in areas suffering from insufficient nutrition.

Side 4. Improving Gender Equity and Social Protection

The RGC's strategic goal is to strengthen gender equity and social protection to enhance social-economic situation and strengthen the role of women, who are the backbone of the economy and society.

As a result, the RGC 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 in the 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 services for women and children. With regard to the social protection, the RGC has put in place and implemented the *Social Protection Policy Framework 2016-2025*, which is comprehensive and responsive to actual national development agenda. In particular, the RGC has implemented a food reserve program, a school feeding program, a scholarship program, a cash support to pregnant women and children of the poor families, all of which are part of the social assistance system; and establishing a healthcare equity fund, a national social security on healthcare and occupational risks for workers/employees, a healthcare insurance scheme for civil servants, retirees and veterans, and a **“Persons with Disabilities Foundation”**.

Notwithstanding the above outcomes, Cambodia still face some challenges, such as: discrimination against women; work and family burden is still a barrier for women to be involved in education, economic, social and political activities; trafficking of and violence against women and children, especially for migrated women; a limited coverage of national social assistance program and a social security scheme; a fragmented management scheme of social protection program.

During its sixth mandate, the RGC will focus on the following measures:

1. Further promoting the role of women in society by ways of enhancing their capacity and increasing the proportion of women in leadership positions in ministries and national institutions and in sub-national administration.

2. Updating and implementing the *Neary Rattanak Strategic*

Plan by streamlining gender in the development policies and plans in every sector and at every level; promoting women's entrepreneurship through expanded education, technical and vocational training for women; uplifting social morality, the values of women and Cambodian family by investing in gender equity; and strengthened partnership between stakeholders to prevent trafficking of and violence against women/children.

3. Implementing further the *National Social Protection Policy Framework 2016-2025* by establishing an occupational risk scheme for civil servants and a pension scheme for workers/employees covered under the Labor Law; reforming the pension scheme for civil servants by integrating the social security operators into the social protection governance framework, in line with the implementation of the *National Population Policy 2016-2030* and the *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 groups 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 that underpin export-driven and value-added growth needed 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 new main sources of growth; 3) getting ready 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 RGC has made great stride to improve the hard infrastructure

through enhanced transport connectivity and expansion of energy coverage and digital connectivity. The main goal of this connectivity aspect is to build a vibrant logistics system that links key economic poles so as to contribute to enhancing competitiveness and diversification of the economy.

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 made of bituminous asphalt and concrete pavements, or an equivalent to 52.33 % of the total length. In addition, the RGC has upgraded other physical infrastructure to support national economic activities through the improvement and development of infrastructures such as rural roads, ports, railways, airways 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 RGC 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. It has also expanded transmission and distribution networks with the aim of improving the livelihood of the people in general as well as to support industrial and commercial development in industrial zones. In the digital sector, the RGC 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 as reflected in the rise in mobile phone users from 2.7 million in 2012 to 10 million in 2017.

Nevertheless, Cambodia still has to deal with key impediments, such as: high logistic costs; relatively weak institutional coordination in the development and maintenance of infrastructure; insufficient infrastructure facilities to respond to new development demands; lack of attention to the needs of

enterprises or factory locations in the formulation of the master plan for urban planning and land management. For electricity, challenges include high electricity costs, limited reliability of electricity supply, and renewable energy sources have not been exploited to its full economic potential nor included in the energy supply system. The digital sector still faces some challenges related to the investment efficiency, infrastructure utilization, backbone fiber optic infrastructure coverage and efficiency, and undersea fiber optics.

Based on this, the priorities of the RGC in its sixth mandate include the following:

1. Approving and implementing the ***Master Plan for Multi-modal Transport and Logistics*** to accelerate integration by linking key economic poles and major 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 and expressways, bridges, railways, waterways, and airways to respond to the demand of national development in terms of quantity, quality, safety and sustainability aspects along with the improvement in inter-institutional coordination mechanism.
3. Reducing further the electricity rates, expanding supply coverage and enhancing electricity reliability through the construction of additional sub-stations closer to economic development poles and areas with high economic potentials.
4. Enhancing digital connectivity by ways of 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 Sources of Growth

The RGC's strategic objective is to ensure sustainable economic growth which is inclusive, broad-based, sound and resilient, and competitive.

As a result, Cambodia has achieved high economic growth of around 7% per annum during the last two decades. But the base supporting this economic growth remains narrow. The current growth drivers, such as agriculture, tourism, garment and construction cannot ensure high growth in the long term due to structural changes in the domestic economy and demography, and 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-addition in the existing growth pillars.

Based on this, the key priorities for the RGC during its sixth mandate include:

1. Further implementing the “**Cambodia Industrial Development Policy 2015-2025**”, especially transforming Sihanoukville Province into a multi-purpose Special Economic Zone (MPSEZ), along with the conduct of the Policy's mid-term review.
2. Formulating and implementing the garment and footwear sector development strategy to improve competitiveness, create value-addition, establish supporting industries and develop the industry's value chains.
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 tourists.
4. Preparing a master plan for the tourism sector with a focus on diversification of tourist products and destinations, attracting

high-spending tourists and encouraging tourism-supporting industries.

5. Promoting the development of the entertainment service sector, literature, arts, cartoons and movies, which are the creative industries with high potentials for creating value-addition and jobs, while encouraging the production and consumption of domestic products, both traditional products and those with a Geographical Indications (GI).

6. Promoting the developing oil and gas industry, especially the launching of the first-ever oil production site as soon as possible while strengthening the management of revenues from those resources in an efficient, transparent and accountable manner.

Side 3. Preparation for Digital Economy and Fourth Industrial Revolution

Global industrial revolution has drastically changed the world's socio-economic landscape due to technological innovation which has now taken a new form better known as the Fourth Industrial Revolution. As such, the RGC needs to be ready to seize the opportunities inasmuch as to respond to the challenges arising from emerging new economic sectors such as development of SMEs, productivity and efficiency improvement in agriculture, health system enhancement, capacity upgrading to deal with natural disasters, and effective urban management and environmental management. Likewise, the RGC has to manage the adverse effects caused by the industrial revolution, including the shifting of the ways of doing business, job losses, political and social instability and cyber-attacks, etc.

On this basis, the priorities of the RGC during its sixth mandate include:

1. Developing and implementing a long-term strategic framework for the digital economy, and classifying digital sector as a sub-sector in the national accounts.

2. Further updating and implementing the Telecommunication and ICT Development Policy, the Master Plan for Information and Communication Technology, the Law on Telecommunications, and other 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, electronic payment infrastructure, and 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, the Law on Cybercrime as well as amending laws and related regulations, all of which will underpin the growth and prevent risks in the sector.

5. Developing education and training programs by focusing on the broad use of digital technology and incorporation of the use and awareness of digital technology into academic curriculum, in line with market demands, while forging partnerships between businesses and universities and vocational training institutions to create new digital skills development and training programs.

6. Developing entrepreneurship and digital ecosystem conducive to the creation of new businesses, promoting the use of digital system in business, and establishing an entrepreneur cooperation mechanism within the RGC or some forms of partnership with the private sector.

Side 4. Promoting Development of Banking and Financial Sector

The RGC's strategic objective is to further develop the financial sector to be more diversified, inclusive and resilient to shocks, in line with financial and economic integration in the region and based on market principles that underpin sustainable growth and

livelihood enhancement of the people. To date, the RGC's achievements include the following: development of policies and regulations related to strengthening the control and monitoring mechanism in the financial and banking sector; development of financial infrastructure to provide favorable conditions to people by ways of imposing an interest rate ceiling of 18% per annum for loans from MFIs; further development of the insurance sector and securities market that include primary market and equity-finance market; establishment of derivatives market; and awareness raising of the advantages of listing on the stock market for registered SMEs.

However, this sector still faces some challenges, such as the fact that financial tools are not fully diversified; a crisis prevention and resolution mechanism including an early-warning system is not yet in place; the policy coordination is not yet adequate; the financial literacy of Cambodian people is still limited amid the rapid development of the financial system; domestic savings remain low and interest rate is still high; a high dollarization that limits the effectiveness of monetary policy; and limited development in the insurance sector.

Based on these, during its sixth mandate, the RGC will focus on the priorities:

1. Further implementing the **“Financial Sector Development Strategy 2016-2025”** by undertaking the following: developing the payment gateway infrastructure; promoting the development of payment system using financial technologies (Fintech); coordinating policy and regulatory framework; strengthening institutional capacity and human resources related to financial and banking sector in line with Cambodia's economic progress and in response to the needs of integrating Cambodia's financial system into the region and internationally.

2. Further ensuring financial stability, especially through strengthening the management and supervision mechanisms of the financial and banking sector by adopting a risk-based and forward-

looking approach; speeding up the establishment of financial stability committee as well as developing a crisis prevention and resolution mechanism, including an early warning system, financing options and enacting a Law on Deposit Protection.

3. Strengthening the roles of the banking sector to mobilize domestic financing; conducting studies and preparing policies and mechanisms to expand the financial service coverage and the principles of financial consumer protection to promote people's living standards and economic development.

4. Further developing the securities market by encouraging enterprises and companies to issue public securities; enhancing trading mechanism by establishing institutional investors; establishing future market operators; and exploring the possibility of developing a digital asset trading management mechanism.

5. Exploring the development of a government bond market to serve as the foundation for setting the base interest rate; mobilizing financing for public investment and strengthening monetary policy.

6. Encouraging the development and use of Financial Technology (FinTech) in financial and banking sector aimed at modernizing and increasing the cost-effectiveness and safety of banking operations.

7. Enhancing, analyzing and monitoring the competency and oversight on money laundering activities and terrorist financing.

8. Encouraging a wider use of the Riel by developing a national-level policy aimed at increasing participation from stakeholders; 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 protection.

Rectangle 3. Private Sector and Job Development

Private sector development remains a priority for the RGC in terms of developing a market economy and its key role to play in promoting growth and socio-economic development. In this regard, private sector development will be implemented through a package of comprehensive measures consisting of the following: 1) Job market development; 2) Promotion of SMEs and entrepreneurship; 3) Organization and implementation of Public Private Partnership; and 4) Strengthening competition.

Side 1. Job Market Development

The RGC's strategic objective is to develop a job market capable of generating high income employment, good working conditions and improved wellbeing of workers-employees, both in formal and informal sectors.

As a result, the RGC has achieved significant results in the creation of jobs for people, in particular for the youth, at home and abroad. The number of various factories and enterprises, both inside and outside the system, has increased from 2,400 enterprises employing 440,000 people in 2008 to 580,000 enterprises employing 4 million people in 2017. The number of migrant workers has increased from 50,000 in 2008 to 1.15 million in 2017, bringing around USD 1.7 billion in income per annum. The minimum wage in garment and footwear sectors has increased from USD40 per month in 1997 to USD170 per month in 2018, and if other benefits are included, these wages could range from USD187 to USD198 US dollars per month. Likewise, the union rights, freedom of association, the working conditions and industrial relations between workers-employees and employers and labor disputes settlement have been gradually enhanced.

However, Cambodia still has to tackle certain challenges such as relatively low labor quality and productivity compared to those of other countries in the region; a majority of the labor force still

being in the informal sector; a need to improve the labor database and labor record management system; weak work safety and health management at factories; safety issue in transporting workers to work; insufficient management of factory closure and compensation payment; and limited support services for migrant workers.

During its sixth mandate, the RGC will focus on the following priorities:

1. Further strengthening the “**Job Forum**” mechanism; providing job orientation training and expanding job recruitment and advertisement services; and streamlining labor market information, both inside and outside the country, in order to increase employment opportunities in an equitable manner and reducing migration for high risk jobs.

2. Implementing the Law on Minimum Wage for workers-employees subject to the provisions of the Labor Law by effectively reinforcing the tripartite mechanism; establishing criteria and principles considered in minimum wage negotiation process in line with socio-economic situation and productivity level; biweekly payment of wages and regular annual seniority payment to workers-employees.

3. Strengthening and expanding the implementation of apprenticeship/internship program by making amendments to the Labor Law; institutionalizing apprenticeship/internship system in conjunction with the provision of an incentives system for participating enterprises and establishments.

4. Strengthening the quality and effectiveness of work inspection in compliance with the Labor Law, the Law on Unions, the Law on Social Security, and international labor standards in order to improve workers’ rights, freedom of association, the working conditions, travel to work safety of workers-employees; Strengthening workers-employees data management system in order to manage the issuance of work certificates, payments of seniority bonuses and pensions.

5. Improving the industrial relations by reinforcing the work dispute settlement mechanism, better enforcement and proper interpretation of legal provisions related to the Labor Law, the Law on Unions, the Law on Social Security and other international labor conventions.

6. Strengthening the governance of migrant workers and expanding bilateral and multilateral cooperation to open up job markets in foreign countries; preventing illegal migrant workers; promoting the protection of workers' rights, work safety and dignity; facilitating communication with migrant workers' families; and reintegrating returning migrant workers through skills recognition, transfer of their social security entitlements back to the country; and consultations on job seeking opportunities and the prospect for self-employment.

7. Endeavoring to reduce the cost of electricity and clean water for workers-employees, and students living in rented houses; promoting safe accommodation and transport 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 the minimum wage and providing tax exemption for additional benefits.

Side 2. Promoting Small and Medium Enterprises and Entrepreneurship

Small and medium enterprises (SMEs) plays an important role in enhancing economic growth, job creation, reduction of poverty and migration. The RGC's strategic objective is to further strengthen the development and modernization of SMEs , enhance entrepreneurship and the creation of new enterprises with the aim of promoting domestic products to substitute imports, to establish linkages between SMEs with FDI, and promote export of products with high potentials especially in agriculture, food processing and agro-industry.

As a result, the RGC has been able to achieve the followings: strengthened business environment for the development of SMEs through proper governance, provision of tax incentives, promoting quality standard of products and ensuring macroeconomic stability that leads to significant growth of SMEs. Up to 2017, around 160,000 SMEs engaging in manufacturing and handicraft have registered with the Ministry of Industry and Handicraft employing about one million jobs.

The challenges facing SME development include ineffective, cumbersome and time consuming provisions of public services; weak institutional coordination; limited access to credit and sources of investment; inadequate tax incentives structure; weak entrepreneurship and managerial ability; limited infrastructure support such as national laboratories; inefficient trade facilitation leading to high costs as compared to countries in the region.

During its sixth mandate, the RGC will focus on the following priorities:

1. Finalizing the preparation of the **“SMEs Development Policy”** and promoting subsequently its effective implementation.
2. Strengthening the supporting mechanism to facilitate registration, service coordination, widely and timely dissemination of market information, dissemination and mainstreaming new technologies in an effort to open up markets for Cambodian products.
3. Establishing a **“SMEs Bank”** to provide financing to SMEs and promoting also the development and implementation of other financing arrangements/options including the Collective Investment Scheme.
4. Establishing a **“National Entrepreneurship Fund”** and an **“Entrepreneurship Development Center”** in collaboration with the private sector with the aim of promoting entrepreneurship and efficiency in business.

5. Strengthening and expanding additional investment on supporting infrastructure such as a national laboratory, improved trade facilitation and logistics system and promoting investment in the creation of SMEs clusters.

6. Enhancing productivity for SMEs through stricter compliance with sanitary and phytosanitary requirements, technical standards and products innovation through protection of intellectual property and patents.

Side 3. Arrangement and Implementation of Public Private Partnership

The RGC's strategic objective is to establish and implement to the fullest a public investment management system via a comprehensive and integrated public-private partnership arrangements in line with international best practices.

As a result, Cambodia has achieved noticeable progress 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 an institutional mechanism that enabled the implementing of large investment projects in energy, transport and information technology infrastructure sectors, generally in the form of a **“build-operate-transfer”**.

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

During its sixth mandate, the RGC will focus on the following priority measures:

1. Carrying out the works under the **“Policy paper on the development of public-private partnership mechanism for managing public investment project 2016-2020”** and formulating a long term **“policy to implement public investment**

projects under public-private partnership” that will contribute to creating a favorable environment for encouraging the participation of the private sector and financial institutions.

2. Developing further the legal and regulatory framework with the introduction of a joint operation management procedure and assessing the possibility to launch the necessary supporting financial arrangements in line with Cambodia’s economic development context.

3. Reinforcing institutional and human resource capacity at relevant ministries/institutions on management and implementation of projects under the public-private partnership mechanism.

4. Expanding the portfolio of public investment projects through the public-private partnership mechanism in order to attract additional private funding to advance the development of infrastructure and increase quality public service delivery aiming at supporting sustainable economic growth and easing the reliance on national budget and public debt.

Side 4. Enhancing Competition

The RGC’s strategic objective is to enhance productivity and economic efficiency and the country’s comparative advantage and innovation, which require constant efforts by all public institutions, business entities or individual citizens. Achievement wise, Cambodia has moved up in the global competitiveness index from the 112th ranking among 117 countries in 2005 to 94th ranking among 137 countries between 2017-2018.

Nevertheless, some challenges remain, including the lack of legal framework in promoting fair and honest competition, a limited processing capacity and value added creation, a lack of skilled labor, and a weak capacity of supporting sectors.

On this basis, during its sixth mandate, the RGC will focus on the following priorities:

1. Drafting and enacting the Anti-Trust/Competition Law; establishing a legal framework for strengthening industry structure and promoting a culture of competition.
2. Reviewing and amending the Insolvency Law to encourage risk taking and protect entrepreneurship.
3. Promoting the use of commercial arbitration as a capable and credible alternative dispute resolutions mechanism.
4. Stimulating the establishment of products, services and management standards and their regular upgrade to enhance quality and the adoption of new technology.
5. Drafting and enacting the Consumer Protection Law including its implementation mechanism to promote health and protect the rights and safety of consumers, enhance product and service standards and propping up more competition.
6. Enhancing fair level playing field, particularly through stricter custom and tax compliance and transparent and proper public procurement procedure.

Rectangle 4. Inclusive and Sustainable Development

Striving along its ambition of high economic growth, the RGC attaches serious attention to inclusive and sustainable development, as reflected particularly in the linkage with the **“Cambodia Sustainable Development Goals”**.

In the pursuit of this work agenda, there remains major challenges that need to be addressed, such as low growth in agriculture; limited efficiency in managing natural resources; and rapid growth in urbanization resulting in imbalanced development and inability to respond to impacts of climate change. As such, the RGC is required to focus its attention 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 RGC's strategic objective is to strengthen the role of agriculture in generating jobs, ensuring food security, reducing poverty, and developing rural economy.

As a result, agriculture has provided around 41.5% of total employment. Cambodia has produced a surplus of food while also producing and exporting many agricultural products. In particular, Cambodia has exported more than 600,000 tons of milled rice in 2017 and the Cambodian rice brand has gained international recognition. Likewise, Cambodia's rural economy has made remarkable progress as reflected in improved road infrastructure, irrigation system, electricity connections, access to clean water and sanitation across the country.

These achievements notwithstanding, the agriculture sector continues to face several challenges including, among others low productivity and low quality of agricultural inputs; technical services and agricultural products supply chain still unresponsive to market demands; limited livestock farming and aquaculture; mechanisms facilitating export are not comprehensive and complementary; continued import of agricultural products that can be supplied domestically; the sanitary and phytosanitary system needs to be strengthened; lack of mechanism providing agricultural market information linking to growing and cultivation plans; R&D is still inadequate; and agricultural land use is not yet exploited up to its highest potential. Likewise, rural development challenges remain with the need for improving the quality and maintenance of rural infrastructure, access to clean water, and rural sanitation.

On this basis, in its sixth mandate, the RGC will focus on the following priorities:

1. Promoting the development and implementation of the “Master Plan for Agriculture Sector Development towards

2030” and the “Agriculture Sector Strategic Development Plan 2019-2023”.

2. Accelerating the process to prepare, enact and enforce the **“Law on Plants Protection and Sanitary and Phytosanitary”** and the **“Law on Contract Farming”**.

3. Improving productivity, quality, and diversification through increasing investments in R&D for high value-added crops, livestock and aquaculture; promoting a Model Farm development; boosting agricultural extension service; strengthening farmer cooperative management; preparing contract farming production mechanism; reducing costs and improving quality of agricultural inputs; conducting studies related to the establishment of agricultural insurance services; developing financial products in support of agricultural production; and promoting the use of digital and smart technology in agriculture.

4. Upgrading processing industry through the promotion of private investment in agricultural products with high potentials such as rice, cassava, mango, cashew nuts, banana, rubber, vegetables, etc and through the formulation of specific strategy for each crop.

5. Further promoting a broad varieties of vegetable farming aiming at substituting imports, and establishing clean and hygienic wholesale vegetable markets.

6. Promoting the commercialization in agriculture through better application of the Sanitary and Phytosanitary system, improved trade facilitation, additional investment in quality laboratory for export and promoting the production and consumption of domestic agricultural products.

7. Fostering livestock and aquaculture through continued implementation of the **“Law on Animal Health and Production”**, the **“Strategic Plan Framework for Livestock Development (2016-2025)”**, and the **“National Aquaculture Development Strategy (2016-2030)”**.

8. Strengthening the management of economic land concessions; continuing the clearing of landmines and unexploded ordinances; and carrying on the works related to the grant of social concession lands to poor households for family-based farming.

9. Prioritization of investment in irrigation systems by focusing on linkages with agricultural production areas together with regular maintenance and reinforced management of these systems.

10. Maintaining the efforts to promote a vibrant rural development with additional investment in rural roads, small-scale irrigation systems, expansion of electricity supply coverage and access to clean water, sanitation upgrading, and improving people's livelihood through the **“One Village-One Product Movement”** and **“New village Movement”**.

Side 2. Sustainable Management of Natural Resource and Culture

The RGC's strategic objective is multifold, ranging from ensuring a balance between development and preservation aimed at contributing to the advancement of the agriculture, industry and tourism sectors, strengthening management of mineral resources, ensuring sustainability of forest and fisheries resources and ecological system, and protecting and developing national cultural heritages.

As a result, the following achievements could be accounted for: the forest cover has been maintained at around 60% of the country's total land area; more than 410,000 hectares of economic land concessions have been withdrawn and reconverted into social land concessions, grants or reforestation activities; areas of more than 970,000 hectares have been designated as fisheries preservation areas after the annulment of fishing lots; 610 forestry associations and 516 fishing associations have been established; several tangible and intangible cultural heritages, including *Sambor Prei Kuk Temple*, *Chapei Dang Veng*, *Tugging Rituals and Game*, and *Oral Epic Peom of Reamker Tah Krud*, have been inscribed on the UNESCO World Heritage List.

Challenges related to this sector still remain and include, among others, weak governance and management system of mineral resources and anarchic mineral exploitation; pressure from trade-off between the demand for land utilization and the need to maintain forest coverage; forest clearing and fencing for private ownership; encroachment of flooded forest areas and fishing domains; offences related to forest, wildlife and fisheries remain a concern; and under-development of cultural heritage.

In its sixth mandate, the RGC will focus on the following priorities:

1. Promoting the implementation of the “**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 to strengthen the national revenue mobilization.

2. Strengthening sand resource and business management mechanism by minimizing the social and environmental impacts.

3. Continuing to manage the forest and wildlife resources by maintaining the forest cover to more than 60% of the country land area; promoting the forest and wildlife preservation; preventing forest encroachments and clearing for private ownership purpose; promoting the engagement of local community in forest restoration and combatting forest crimes 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 land quality and sustainable water resource.

6. Continuing to preserve and develop the cultural heritage by encouraging their additional inscriptions in World Heritage

listings, strengthening the management, research and studies on national assets of value for the cultural heritage.

Side 3. Strengthening Urban Planning and Management

The RGC's strategic objective is to develop livable cities with clean and charming environment, enhance the well-being of people and promote socio-economic efficiency.

As a result, the RGC was able to realize the following achievements: adopted and implemented the National Policy on Land Management; approved a vision for strategic direction of the development of Phnom Penh; introduced the land use plan for Phnom Penh for 2035; developed provincial urban plans and is currently developing one for Tbong Khmum province; adopted land use plan for Sihanoukville and Battambang provinces; adopted the National Policy on Housing and Policy on Incentives; established the National Program for Affordable Housing Development; constructed a number of affordable houses in Phnom Penh and Kandal province; developed IT system for the management of property construction data by connecting to Geographical Information System (GIS) of Google Maps; granted land titles, social land concessions; and constructed houses for families of soldiers and police officers, families of deceased soldiers, veterans with disabilities who are living in poverty without land/houses along the borders.

Notwithstanding these achievements, the RGC has yet to tackle a number of challenges such as the fact that 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; the 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 its Sixth mandate, the RGC will place a high priority on the following:

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, with the aim to manage and use land more efficiently.
2. Strengthening the competency to manage urbanization, land use planning for the capital, development of land use planning 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 areas to support the development of roads, railways and waterways as well as electricity networks, clean water networks, especially sewage and water treatment systems.
4. Promoting the construction sector development and arrangement of cities and urban areas, especially Poipet and Bavet, by enhancing the enforcement of laws and regulations; using technology and construction standards to ensure that quality, safety, aesthetic, efficiency and smart city principles are followed; and strengthening the implementation of affordable housing program.
5. Further enhancing the aesthetic and public services delivery in cities and major urban areas through better waste and sanitation management; rearranging pedestrian sidewalks, parking spaces, and public parks; constructing riverbanks and embankments; improving public order and city lighting; preserving buildings of historical values; and enhancing the quality and use of public transport in the city.

Side 4. Ensuring Environmental Sustainability and Pre-emptive Response to Climate Change

The RGC's strategic objective is to minimize environmental

impacts, enhance the capacity to adapt to climate change, and make a contribution to reducing the global climate change as well as to ensure sustainable development.

Key achievements made by the RGC include strengthening technical and institutional capacities in environmental management; mainstreaming climate change into national policies, regulations and plans, at both national and sub-national levels; introducing measures to control water resources and eco-system pollution; improving capacity in the use of technologies, contributing to clean energy production; and collaborating with development partners to respond to climate change.

Key challenges include the following: increased utilization of natural resources; a deteriorated environmental quality, be it water, land and air; limited capacity in adopting new technology which is resilient to climate change; limited cooperation and participation from stakeholders; and the lack of water and energy security in the long term.

In the sixth mandate, the RGC will attach its priorities in the following areas:

1. Continuing to implement the “**National Strategic Plan on Green Growth 2013-2030**”, the “**Cambodia Climate Change Strategic Plan 2014-2023**”, the “**National Environment Strategy and Action Plan 2016-2023**”, and the “**National REDD+ Strategy**”; and utilizing the social and environmental fund effectively to ensure a low-carbon emission economy that is resilient to climate change.

2. Further strengthening the management of protected areas, biodiversity conservation, natural resource conservation, especially the ecosystems of the Tonle Sap Lake, the Mekong River and the coastline areas.

3. Reinforcing the management of solid waste, waste water, gas and lethal substance by implementing the ‘reduce, reuse, recycle and non-use’ principles and strengthening pollution monitoring and control mechanism.

4. Promoting efficient and sustainable use of resources 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; strengthening the capabilities to develop and implement climate change adaptation and resiliency measures as well as exploring 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 demands, minimize the risks caused by flood and drought, and 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. Strengthening the regulatory framework, research, as well as development of skills and capacity for national and sub-national officials in areas 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; promoting the rule of law, human rights and dignity; adhering firmly to multi-party liberal democracy; promoting national prestige in the regional and international stages; defending staunchly national sovereignty, unity and territorial integrity; and strengthening strategic partnerships and promoting national interest in its 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 containing inflation within 5% per annum on average, and upgrading Cambodia from a low-income country to a lower middle-income country status.

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 RGC during the tenure of its sixth mandate will introduce the **Rectangular Strategy - Phase 4** to respond to two historic missions of the nation: *first*, striving forward with firm belief to fully achieve the sustainable development goals; and

secondly, creating necessary pre-conditions and environment conducive for laying the strong foundation and in-depth transformation to become an upper middle-income country by 2030 and a high-income country by 2050.

To this end, the **Rectangular Strategy-Phase 4** clearly defines Cambodia's socio-economic policy agenda to implement the **Political Platform of the RGC in the Sixth Legislature of the National Assembly** over the next 5 years, which covers the **4 Strategic Goals** and the **4 Priorities** as previously stated. As such, over the next 5 years, the Rectangular Strategy-Phase 4 will guide Cambodia's historic transformation and forward journey through critical junctures in the following key aspects:

1. Firm assurance of peace, stability and public order nationwide; 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.

2. Deepening of reforms to achieve good governance outcomes, particularly in 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 by ways of strengthening public institutions, strengthening judicial institutions and courts, building a clean administration, and enhancing the capabilities of the armed forces.

3. Investment in "human capital" and sustaining development with focus on development of human resource, labor market and social protection, urbanization and environment. This process will be implemented by ways of strengthening quality education and technical skills, enhancing effective delivery of public healthcare services, developing labor market, strengthening gender equality

and social protection, all the while responding to the challenges of the industrial revolution 4.0, urbanization, sustainable natural resource management, environmental sustainability and preparedness for climate change. In promoting the implementation of these tasks, while enjoying opportunities arising from favourable demographic dividend and technological advancement, Cambodia is able to build a strong foundation for sustainable and inclusive socio-economic development and enhancing the well-being of its people.

4. Economic diversification through strengthening physical infrastructure, logistics, and energy; developing key industries by focusing on enhancement of productivity, creativity and competition; and promoting the development of SMEs and financial and banking sectors. This process will result in the expansion of the economic growth base, a change in economic structure and enhanced resilience to shocks as the country transforms itself toward enlarging its strong industrial base. Moreover, it will enable high value-added creation in the global value chain system and transform agriculture into an intensive, high productivity and commercialized sector.

As in previous mandates, the **Political Platform of the Royal Government of the Sixth Legislature of the National Assembly** and the **Rectangular Strategy-Phase 4** will be implemented through the **National Strategic Development Plan 2019-2023** which will be launched in the near future. The strategic plan will identify in detail sectoral measures and action plans and assign responsibility to the respective ministries/institutions, both at national and sub-national levels. At the same time, the Ministry of Economy and Finance (MEF) will prepare the “**Medium-term Revenue Mobilization Strategy 2019-2023**” that will serve as a foundation for ensuring effective revenue collection to meet increasing spending needs during in the implementation of the Rectangular Strategy-Phase 4.

Moreover, to ensure an effective, efficient and well-coordinated implementation, the MEF will prepare the medium-term macro-

economic and public finance frameworks aimed specifically at identifying resource needs and financing requirements on a 3-year rolling basis. Afterwards, each ministry/institution, both at national and sub-national levels, will develop their respective **“Budget Strategic Plan”** to ensure budget linkage with their policy priorities as outlined in the Rectangular Strategy and **“National Strategic Development Plan”** by clearly and comprehensively identifying policy objectives and program structures to be implemented within a performance-based budgeting in line with the **“Budget System Reform Strategy 2018-2025”**. Subsequently, the Strategic Budget Plan of respective ministries/institutions will be reconciled with macro and public finance frameworks to become a basis for effective and efficient annual budget allocation to meet the RGC’s policy priorities. As such, the annual budget is an important tool to achieve targets as outlined in the Rectangular Strategy-Phase 4. In practice, the monitoring, control and evaluation of the Rectangular Strategy’s implementation will be conducted by ways of budget processes, including the program-based budgeting and **“performance-informed budget”** approaches.

Based on what have been achieved to date, Cambodia’s great potentials, the strong will and talent of the Cambodian people and their ability to learn, draw on past experiences, align, adapt to and select the required measures, together with the introduction of this Strategy, the RGC firmly believes that Cambodia will be able to overcome all the challenges and obstacles on its path towards progress, prosperity and glory, all the while reinforcing the strong foundations to realize **Cambodia Vision 2050**.



Diagram of Rectangular Strategy - Phase IV

