



EC Aid in Cambodia

EC development cooperation

Taken alone, the European Community ranks as the world's fifth largest aid donor accounting for 9% of global ODA. This equals net disbursements of € 7.5 billion in 2005. The objective of EC aid is the eradication of poverty in the context of sustainable development, in line with the Millennium Development Goals (MDGs).

EC aid is guided by the following policy documents:

- The European Consensus on Development.
- The revised Cotonou Agreement.
- The Development Cooperation Instrument.

These documents reveal several common trends:

- Increased budget support (target: 50% of EC aid).
- Decreased disbursement of aid through programs and projects.
- Commitment to involve Civil Society.

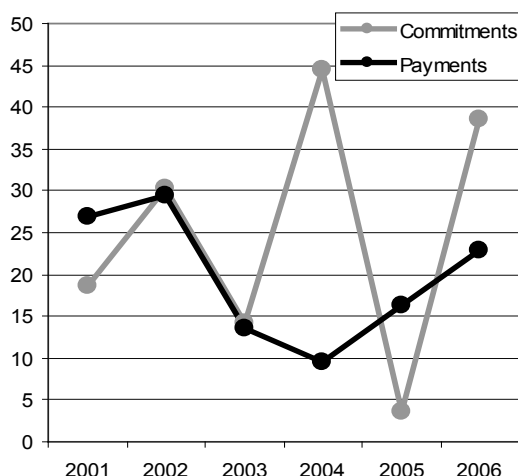
15% of EC aid goes to Asia & South America. Country Strategy Papers (CSPs) guide the implementation of the above mentioned policies. They are drafted for a period of seven years.

Aggregated information on how EC policies are implemented is scarce. These Fast Facts help to better understand the reality of EC ODA in the field and its implication for funding for Sexual and Reproductive Health and Rights (SRHR).

This case study is based on a meeting held with representatives of the European Commission's delegation to Cambodia in April 2008 and the EC's annual reports on external aid.

EC development aid to Cambodia¹

in € million



Country Strategy Papers (CSPs)

The EC relies on CSPs to identify the priorities for its development assistance. In principle, they are proposed by the partner country's national government and negotiated with the EC². Each country is allowed two focal priority areas plus non-focal areas that also can receive some funding.

The current CSP will direct funding from 2007-2013 with a mid-term review in 2009/2010. In principle, the CSPs can be readjusted during the mid-term review: new objectives can be introduced to reflect changing conditions in the country and funding can be re-allocated.

The overarching objective of EC support to Cambodia is the sustainable reduction of poverty. This objective will be achieved mainly through the provision of general budget support (GBS) to the implementation of the Royal Government of Cambodia's (RGC) National Strategic Development Plan (NSDP) and support to basic education.³



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Cambodia's CSP & MIP

While the CSP identifies the overall goals, specific objectives and areas of cooperation, the Multiannual Indicative Programme (MIP) translates the Commission's response in the Country Strategy Paper (CSP) into a programme of action for this period.

CSP from 2007 to 2013:

Focal sector 1: Support to the National Strategic Development Plan (NSDP)

Activity 1: General Budget Support through PRSO (World-bank led Poverty Reduction Support Operation) Themes: Private sector development, Land resources management, Public financial management

Activity 2: Support for Public Financial Management

Focal sector 2: Support to Basic Education

Activity: Budget Support to the Ministry of Education, Youth and Sport (MoEYS) and the Education Strategic Plan and Education Sector Support Programme

Additional action 1: Trade Related Assistance

Activity: Technical assistance

Additional action 2: Support to EC Cambodia Cooperation and Dialogue in the field of Governance and Human Rights

Activity: Small Projects Facility (SPF)⁴

The present CSP earmarks some € 152 million for Cambodia for the period 2007-2013. The current MIP covers 2007-2010 with the total amount of € 77 million. These resources may be supplemented by projects and programmes financed under the regional programme for Asia and under various thematic programmes.

Total ODA from the EC to Cambodia was \$ 27.99 million in 2006, amounting to \$ 1.95 per capita. For the four-year period from 2007-2010 total EC aid to Cambodia will be \$ 110 million.

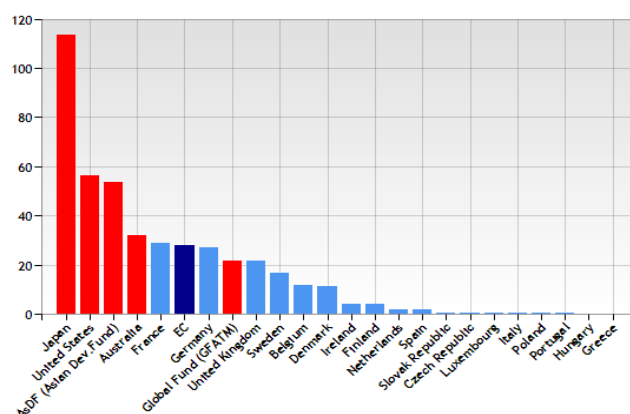
Bilateral aid constitutes the bulk of EC aid. Some \$ 77 million (70% of total aid) are allocated to the MIP for Cambodia, that is to say roughly \$ 19.25 million per year. The largest shares go to GBS (30% = \$ 23.1 million) and Education (40% = \$ 30.8 million). The remaining amount (30% = \$ 23.1 million) is spread over Public Finance, Governance and Private Sector Support.

\$ 33 million (30%) go to Grant Programmes. The grant contracts portfolio focuses on human rights, food security, rural development and health.⁶

Aid in Cambodia in figures

Cambodia is highly dependent on donor aid, with external financing reportedly accounting for roughly half of Government expenditures. Large donors are the World Bank (some \$ 26 million per year 2008-2013), Japan, DFID and the EC. In 2006, total ODA disbursements to Cambodia from the EU Member States and the Commission amount to € 137 million.⁵

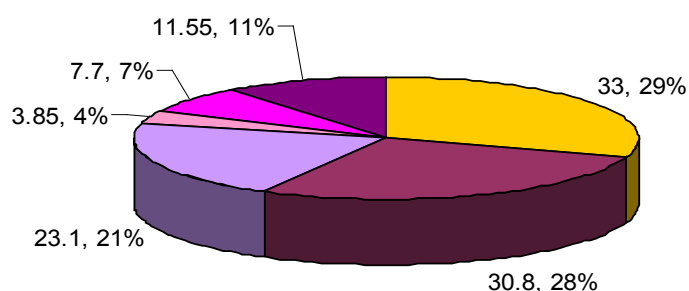
Main Donors in Cambodia⁷
net disbursements, US\$ million at 2005 prices



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EC Aid in Cambodia

EC Aid to Cambodia⁸
US\$ million



EC Aid to Cambodia	Total \$ million
Grant Programmes/Contracts	33.29
Education: Sector Support Programme	30.8
General Budget Support (GBS)	23.1
Public Finance	3.85
Governance	7.7
Private Sector	11.55 ¹

EC Budget Support in Cambodia

General Budget Support in Cambodia consists of a fixed tranche and a smaller variable tranche. From 2007-2010, some € 23 million are to be spent:

- € 5 million in 2007 and € 5 million in 2008, both 100% fixed.
- € 6 million in 2009, 66% fixed, 33% variable tranche.
- € 7 million in 2010, 50% fixed, 50% variable tranche.

Sector Budget Support focuses on education: 2003-2007 some € 15 million were spent, plus an extra € 5 million for capacity building. 2008-2010 roughly € 7.5 million are allocated to basic education, and another € 2.5 million go to capacity building and technical assistance.

The decision-making process for Budget Support involves 19 technical working groups, and is chaired by a representative

of the donor government - and co-chaired by a donor facilitator. In some of the groups, Civil Society Organisations (CSOs) are represented, but there is no fixed, formal policy on CSO involvement in these groups.

An impediment in this context is that Cambodia does not have a functioning anti-corruption law. Indeed, Human Rights Watch, as well as a study by Transparency International indicate that corruption has been seen as a major stumbling block in the path of the heavily aid-dependant nation's development. The present Cambodian CSP mentions corruption as one of the major risks jeopardizing the implementation of the CSP.⁹

Monitoring & Aid Effectiveness

Aid to Cambodia still suffers from deficiencies in coordination and communication, weak division of labour and strong fragmentation. In order to remedy the lack of coherence in aid, the European Union has established a road map for increased aid effectiveness in Cambodia ("Road Map to Accra"). This document has been established in collaboration with the EC delegation and the Cambodian Ministry of Finance. Civil Society Organizations have not been involved, however.

The "road map" pursues the aims of:

- enhancing aid effectiveness through more EU involvement in the technical working groups;
- strengthening the country leadership in aid effectiveness through monitoring of the NSDP and its implementation; and
- maximising the impact of EU aid through joint sector analysis and studies, training and project evaluation.

The Harmonisation Action Plan of the Royal Government of Cambodia and the Cambodian version of the Paris Declaration are the benchmarking tools for enhancing aid effectiveness.¹⁰

Progress of aid management can be found in the Cambodian Aid Effectiveness Report. Its source of information are the reports prepared by the Technical Working Groups for the Government-Donor Coordination Committee.¹¹



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Source: EuropeAid Annual Reports

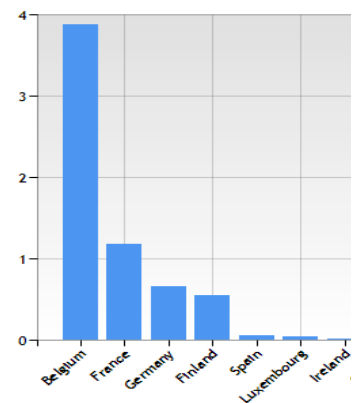
EC Aid in Cambodia

EC Aid & Health

There is compelling evidence of the fragmentation of development assistance, both in relation to other developing countries at a similar level of development, and also in relation to Cambodia's past. In the Health Sector, there are 22 active Development Partners with 109 projects between them.¹³

In the past, EC aid in the health sector had pursued a strategy based on health facilities coverage. In 2002, the Cambodian Government presented its first Health Sector Strategic Plan (HSP) aiming to "enhance health sector development in order to improve the health of the people of Cambodia, especially mothers and children...".¹⁴ The new strategy focuses on outputs and outcomes, with priorities such as maternal and infant health & nutrition, reduced total fertility and decrease of household expenditure on health.

Health -
Main Donors in Cambodia¹²
commitments,
US\$ million at 2005 prices



EC funding and Civil Society

As an overall theme, CSOs have not been actively involved in the establishment of the CSP, nor in the technical working groups. However, the EC delegation in Cambodia has taken a lead on information sessions for NGOs on EU funding. Mainly the 'NGO Forum'¹⁵ was involved. It is doubtful whether the parliament, which has little power of criticism as it is, was involved at all.

In 2008 the EC delegation published 2 calls for proposals applying to CSOs in Cambodia:

- Thematic Programme "Non State Actors (NSA) in Development", budget envelope: 2,500,000 €; reduce poverty and achieve MDGs focusing on education, health, social welfare
- European Instrument for Democracy and Human Rights, budget envelope: 600.000 €

Footnotes

- 1 Source: EC annual reports.
- 2 Anecdotal evidence indicates that the EC sometimes proposes priorities and then negotiates with the developing country government.
- 3 Source: CSP 2007-2013, Executive Summary
- 4 Source: Eurostep www.acp-programming.eu
- 5 Source: http://ec.europa.eu/external_relations/cambodia/csp/csp_07_13_en.pdf and <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/>
- 6 Please note: all numbers represent informed estimates
- 7 Source: Donor Atlas EU Aid key trends by country <http://fs3.bbj.it/#>
- 8 Source: Donor Atlas EU Aid key trends by country <http://fs3.bbj.it/#>
- 9 Source: TI's Corruption Perceptions Index 2007, Cambodia ranks 166 out of 180
- 10 Source: <http://www.delkhm.ec.europa.eu/en/publications/roadmap.pdf>
- 11 Please see: http://www.cdc-crdb.gov.kh/cdc/aid_management/AER-Report-2007-FINAL.pdf
- 12 Source: Donor Atlas EU Aid key trends by country <http://fs3.bbj.it/#>
- 13 Source: <http://www.phnompenh.um.dk/NR/rdonlyres/5907BEEB-0BD7-4454-80B8-5C3D8A38D05E/0/DonorStatementonAidEffectiveness.pdf>
- 14 Source: CSP 2007-2013 at http://ec.europa.eu/external_relations/cambodia/csp/index.htm
- 15 <http://www.ngoforum.org.kh/>: The NGO Forum on Cambodia is a membership organisation for local and international non governmental organisations (NGOs) working in Cambodia, members: 33 International organisations and 45 local ones <http://www.ngoforum.org.kh/About%20Us/memberlists.htm>



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