



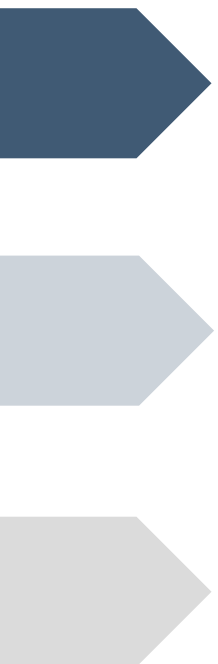
# Cambodia Country Partnership Framework FY25-29

Stakeholder  
Consultations  
December 2023



WORLD BANK GROUP

# Objective of Consultations



To seek views on the World Bank Group's proposed country engagement in Cambodia for the next five years (FY2025-2029)

# Outline

- Overview and building blocks of Country Partnership Framework (CPF)
- Country context and development challenges
- Prioritization and selectivity
- Proposed CPF High Level Outcomes and Objectives
- Next steps and questions for inputs



# Overview and Building Blocks of Country Partnership Framework

# World Bank Group in Cambodia

IDA

International  
Development  
Association

Concessional loans and  
grants to governments  
of poorest countries

IFC

International  
Finance  
Corporation

Solutions in  
private sector  
development

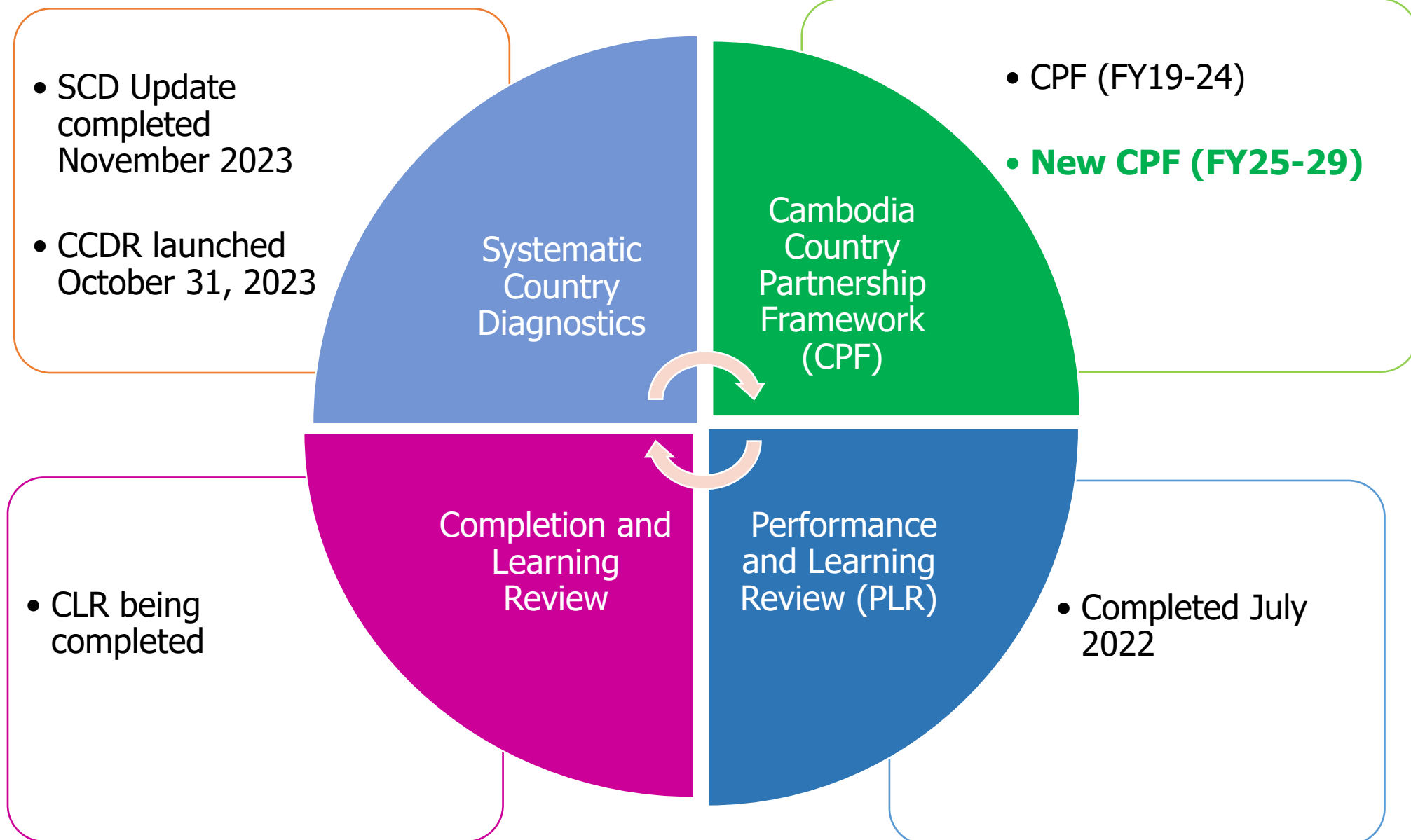
MIGA

Multilateral  
Investment  
Guarantee  
Agency

Guarantees to private  
sector investors and  
lender against non-  
commercial risks

***IDA, IFC, and MIGA are engaged in Cambodia***

# World Bank Group Country Engagement Process



# The Country Partnership Framework (CPF)



The WBG works with the Government and other key stakeholders (civil society, development partners, private sector) to identify the High-Level Outcomes (HLOs) underpinning the WBG engagement.

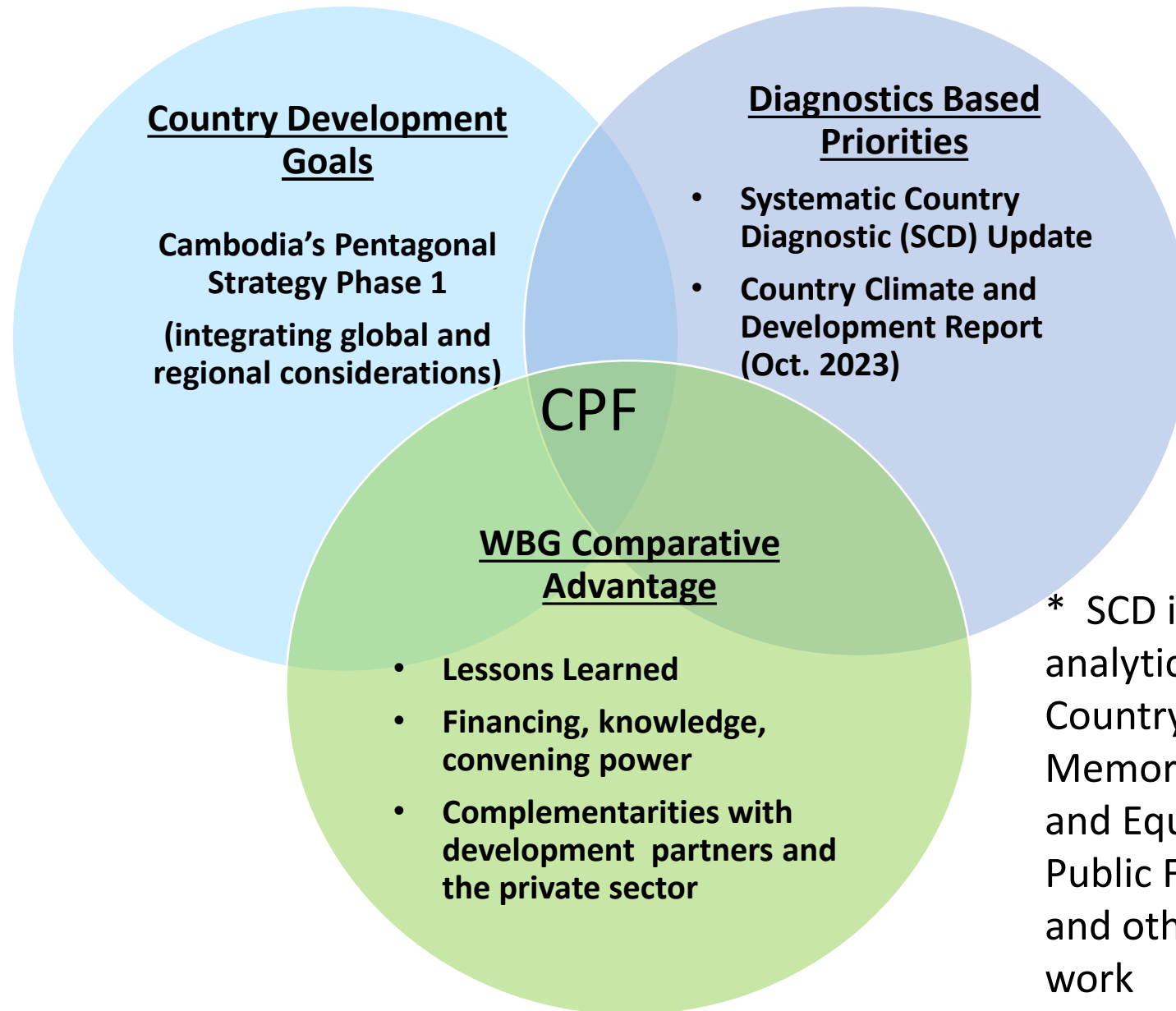
The objectives related to the HLOs are identified based on (i) Government's priorities and demand; (ii) alignment with HLOs and priorities identified in the SCD update and the CCDR; (iii) WBG's comparative advantage and complementarity with development partners.

A selective and flexible program of engagement, tailored to the country's needs, is laid out to support the achievement of the CPF objectives and contribute to the HLOs.

# Main Building Blocks of CPF for Cambodia

Alignment with the  
**World Bank mission:**

*To end extreme  
poverty and boost  
shared prosperity on  
a livable planet.*



\* SCD incorporates core analytical work including, Country Economic Memorandum, Poverty and Equity Assessment, Public Finance Review, and other key analytical work

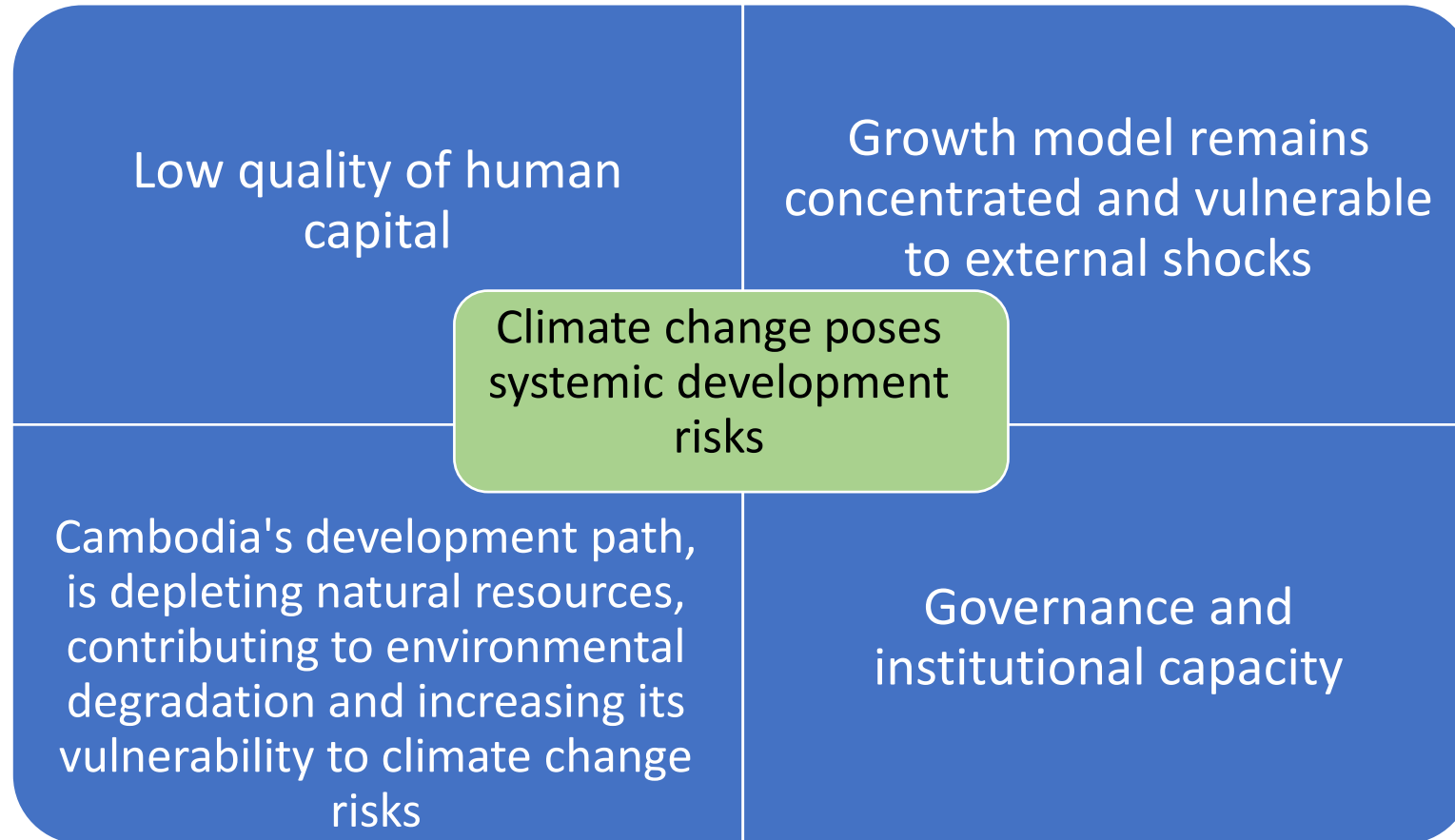




# Summary of Country Context and Development Challenges

# Cambodia's Key Development Challenges

Achieving upper-middle-income country by 2030 and high-income country by 2050 will be a challenge:



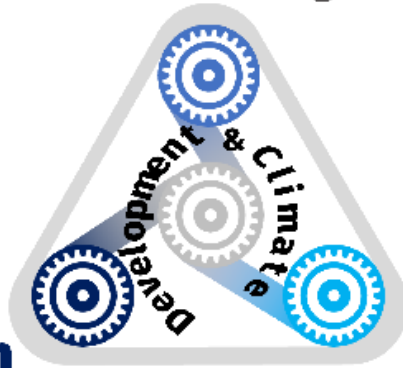
# Priorities identified from the Systematic Country Diagnostic Update

Desired High-level Outcomes (HLO)	Areas for development	SCD1 priority rating	Progress since SCD1	SCD2 priority rating	Change in rating between SCD1 and SCD2
<b>I. Improved access to high-quality formal jobs</b> through increased economic competitiveness, diversification and productivity growth	1. Improve the business environment for firms	Highest priority	Strong	High priority	Downgrade
	2. Boost public and private investment in infrastructure	High priority	Weak	Highest priority	Upgrade
	3. Reduce financial sector risks and increase financial inclusion	Moderate priority	Weak	Moderate priority	Unchanged
	4. Foster agricultural modernization	High priority	Weak	Moderate priority	Downgrade
<b>II. Upgraded and better protected human capital</b> to facilitate economic mobility and shared prosperity	5. Endow people with skills	Highest priority	Modest	Highest priority	Unchanged
	6. Improve the human capital of children	High priority	Modest	High priority	Unchanged
	7. Protect households from shocks	Moderate priority	Weak	High priority	Upgrade
<b>III. Enhanced livability and resilience</b> by ensuring a sustainable pattern of growth	8. Conserve the natural environment and strengthen climate resilience	High priority	Weak	High priority	Unchanged
	9. Build livable, inclusive and sustainable cities	Moderate priority	Modest	Moderate priority	Unchanged
<b>IV. Cross-cutting</b>	10. Strengthen governance and public sector capacity	High priority	Moderate	High priority	Unchanged

# Way Forward: Three Priorities from the CCDR

## ① Reduce

Exposure & vulnerability to climate change



## ② Realign

The emissions trajectory

## ③ Reorient

The economy to seize new opportunities

1. **Reduce** exposure and vulnerability to the physical impacts of climate change.
2. **Realign** the emissions trajectory to achieve climate mitigation goals in ways that benefit development
3. **Reorient** its economy to seize opportunities from trade, investment, and technological progress, and avoid transition risks

# Cambodia CCCR: Top 10 recommendations

## First 2-years

1

Prioritize urgent reforms to implement rigorous monitoring and evaluation of progress against LTS4CN targets and to enhance protected area management and law enforcement to lower illegal logging.

2

Implement the Environment and Natural Resource Code to prevent further loss of natural wetlands.

3

Increase the ambition of renewable energy targets and conduct a review of PPA terms, while expanding the use of auctions.

4

Revise urban plans to promote compact urban development.

5

Develop a comprehensive flood management strategy that combines risk-informed planning, physical infrastructure improvements, and nature-based solutions.

## 2-5 years

1

Develop programs and introduce incentives to modernize existing irrigation infrastructure and promote water use efficiency and AWD production systems.

2

Enhance the capacity and flexibility of transmission and distribution networks to enable renewable energy connection and integration.

3

Lower the capacity charge on rooftop solar, remove the solar PV installation capacity limits of 50 percent, and introduce net billing, allowing time-of-use tariffs and streamlining the approval process.

4

Legislate and fund a permanent adaptive social protection program.

5

Incorporate climate change spending in individual ministry budgets and require climate spending to be included in Budget Strategic Plans.

# Pentagonal Strategy - Phase I for Growth, Employment, Equity, Efficiency, and Sustainability Towards Cambodia Vision 2050

## **Government Five Strategic Focus Areas:**

1. Human Capital Development
2. Economic Diversification and Competitiveness Enhancement
3. Development of Private Sector and Employment
4. Resilient, Sustainable and Inclusive Development
5. Development of Digital Economy and Society

## **Government Six Priority Policy Programs:**

1. Expand healthcare services towards achieving the universal health coverage;
2. Provide vocational and technical trainings for poor and vulnerable youth;
3. Institutionalize national social assistance program for poor households, vulnerable people from poor households, and at-risk households during economic crises and emergencies;
4. Formulate and accelerate the implementation of Informal Economy Development Strategy to support shift to the formal economy and participation in formal social protection system;
5. Introduce coordinating mechanism and financing program for agricultural products' production, market access, and price stability at a reasonable level; and
6. Deploy agricultural technical officers to all communes and Sangkats with agricultural activities and form farmers associations in rural areas.

# Current CPF (FY19-24) Focus Areas and Objectives

## Focus Area 1

**Promote State Efficiency and Boost Private Sector Development**

**Objective 1: Enhance financial sector development and foster private enterprises**

**Objective 2: Strengthen public sector accountability and public finance**

**Objective 3: Expand and improve sustainable infrastructure services**

## Focus Area 2

**Foster Human Development**

**Objective 4: Enhance quality of targeted levels of education**

**Objective 5: Expand access to quality early childhood services**

**Objective 6: Expand access to quality health services**

## Focus Area 3

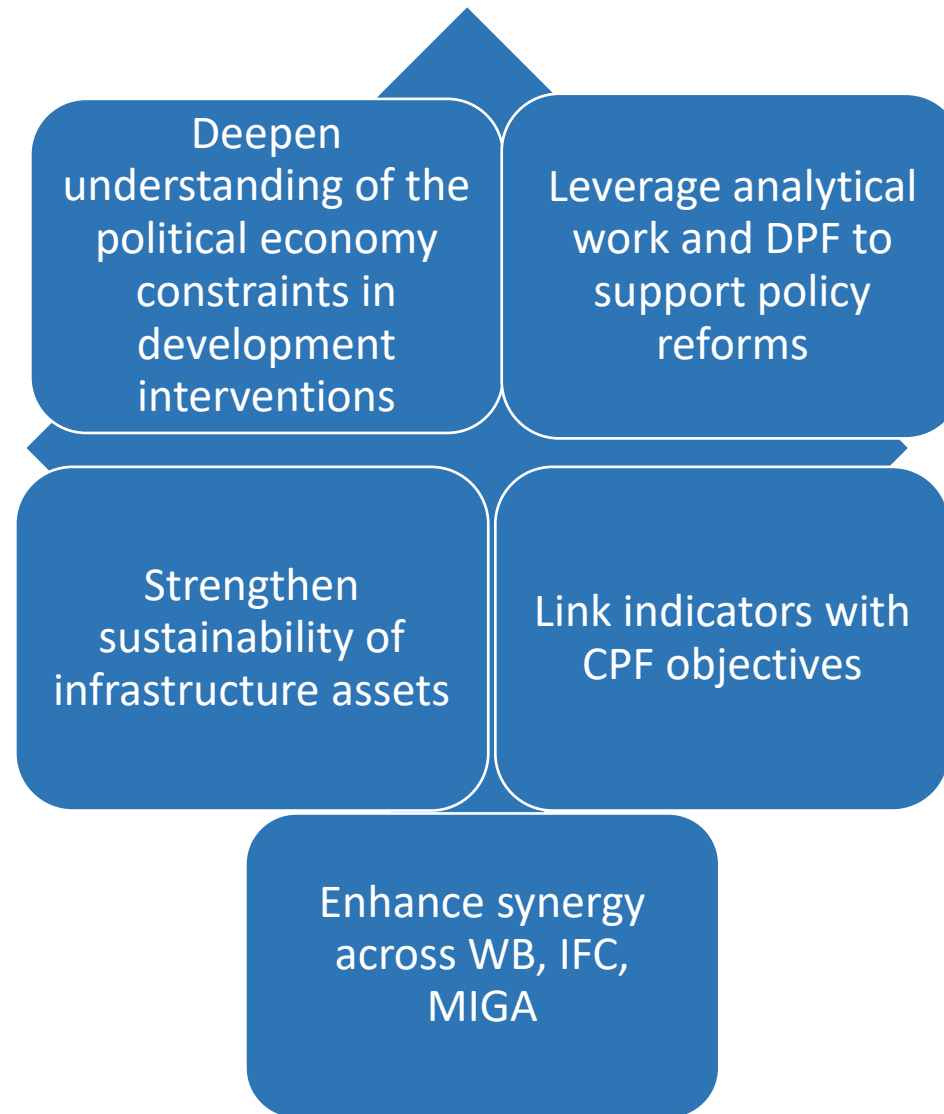
**Improve Agriculture and Strengthen Sustainable Use of Natural Resources**

**Objective 7: Strengthen management of water and land use**

**Objective 8: Improve agricultural productivity and diversification**

**Cross-cutting Theme: Strengthening Governance, Institutions and Citizen Engagement**

# Main Lessons from Current CPF







# Prioritization and Selectivity

# Proposed High Level Outcomes (HLO)

**HLO 1:  
IMPROVED HUMAN  
CAPITAL OUTCOMES**

**HLO2:  
BETTER JOBS  
THROUGH ECONOMIC  
COMPETITIVENESS**

**HLO3:  
STRENGTHENED  
RESILIENCE FOR  
VULNERABLE  
HOUSEHOLDS**

## ***Cross Cutting:***

- Strengthening **governance and institutional capacity** will be a critical element across all HLOs
- **Climate** consideration will be integrated throughout the proposed CPF program per CCDR.
- Continued attention will be made to integrating **gender** (priority areas identified per CGAP).
- **Citizen engagement** will be addressed as part of the cross-cutting theme.

# Proposed CPF HLO/Objectives flows from the SCD Update and Aligns with Government Priorities

## Pentagonal Phase 1

### Human Capital Development

- Enhance quality of education and skills trainings
- Improve healthcare services

### Economic Diversification and Competitiveness Enhancement/ Development of Private Sector and Employment

- Promote SMEs, PPPs
- Enhance connectivity and efficiency in transport, logistics, energy, water supply and digital sectors
- Improve business and investment environment, develop the private sector

### Resilient, Sustainable and Inclusive Development

- Strengthen social protection and food systems
- Promote sustainable management of natural resources, heritage tourism, and agriculture and rural development
- Ensure environmental sustainability and readiness to respond to climate changes
- Promote green economy and gender equality

## SCD Update - Priorities

- Upgrade the skills of existing and emerging workforce
- Invest in young children
- Protect households from shocks

- Improve the business environment for firms
- Boost public and private investment in infrastructure and machinery
- Reduce financial sector risks and increase financial inclusion
- Foster agricultural modernization

- Conserve and strengthen the resilience of natural environment
- Build livable, inclusive, and sustainable cities

## Proposed CPF HLO/ Objectives

### Improved Human Capital Outcomes

- 1 – Expand access to quality health and nutrition services
- 2 – Improve access to quality basic education
- 3 – Enhance skills through improved quality of tertiary education and TVET

### Better Jobs through Economic Competitiveness


- 4 – Improve the business and trade environment
- 5 - Improve financial stability and inclusion
- 6 - Expand and improve infrastructure connectivity

### Strengthened Resilience for Vulnerable Households

- 7 – Protect households from shocks and enhance their livelihoods
- 8 – Improve management of natural resources

# Aligning CCDR Priorities with Evolving CPF program: Examples

CCDR has identified policy packages across sectors that may have the highest impact in addressing climate change challenges:

- **lowering climate exposure** by: (a) increasing the resilience of critical infrastructure, and (b) improving disaster risk management and risk-informed land-use planning
  - **lowering climate vulnerability** through (a) climate smart agriculture, and (b) enhancing health system resilience and adaptive social protection
  - **accelerating reforms to achieve forestry targets**, protect wetlands and deploy nature-based solutions
  - **expediting the clean energy transition and catalyze investments in energy-efficiency improvements** in cooling and agriculture as well as developing compact, low-carbon and resilient cities
  - **adjusting trade & investment policies**, improving the enabling environment and upskilling the workforce.
- 

## HLO1:

- Support resilient school infrastructure.
- Focus on upskilling the workforce

## HLO2:

- Prioritize transport connectivity that is climate resilient.
- Carry out analysis on power grid enhancements needed to support renewable energy.

## HLO3:

- Focus on strengthening the social protection framework and disaster risk management.
- Strengthen water resource management



# Proposed CPF High Level Outcomes and Objectives

# Proposed Cambodia Country Partnership Framework

## HLO 1: IMPROVED HUMAN CAPITAL OUTCOMES

### *Objectives*

1. Expand access to quality health and nutrition services
2. Improve access to quality basic education
3. Enhance skills through improved quality of tertiary education and TVET

## HLO2: BETTER JOBS THROUGH ECONOMIC COMPETITIVENESS

### *Objectives*

4. Improve the business and trade environment
5. Improve financial stability and inclusion
6. Expand and improve infrastructure connectivity (i.e. roads, electricity, digital)

## HLO3: STRENGTHENED RESILIENCE FOR VULNERABLE HOUSEHOLDS

### *Objectives*

7. Protect households from shocks and enhance their livelihoods
8. Improve management of natural resources

***Cross Cutting:***  
**governance and institutional capacity, climate, gender, citizen engagement**

# CPF Objectives & example of operations FY25-29

## “HLO 1: Improved Human Capital Outcomes”

### **CPF Objective 1**

Expand access to quality health and nutrition services



#### **Examples of lending operations:**

- Cambodia Nutrition Project I & II (closes June 2026, MOH & NCDDS)
- Health Equity and Quality Improvement Project II (closes 2027, MOH)
- Water Supply and Sanitation Improvement (WASH I) (closes Dec 2025) and WASH II (closes Dec 2029), MISTI and MPWT

#### **Examples of analytical work:**

- Education Sector Review
- Health Sector Review

### **CPF Objective 2**

Improve access to quality basic education



#### **Examples of lending operations:**

- General Education Improvement Project (GEIP) (closes November 2026; to be extended to November 2029 through **the proposed Additional Financing, FY24, MOEYS**)

#### **Examples of analytical work:**

- Education Sector Review

### **CPF Objective 3**

Enhance skills through improved quality of tertiary education and TVET



#### **Examples of lending operations:**

- Cambodia Higher Education Improvement Project (closes June 2024, to be extended, MOEYS)
- Cambodia Skills for Better Jobs Project (FY24, MLVT, SDF/MEF)
- **Second Higher Education Improvement Project (FY25, MOEYS)**

#### **Examples of analytical work:**

- Cambodia Skills for Recovery and Resilience
- Higher Education: Modernizing governance for improved access and relevance

# CPF Objectives & example of operations FY25-29

## “HLO 2: Better Jobs Through Economic Competitiveness”

### **CPF Objective 4**

Improve the business and trade environment



#### **Examples of lending operations:**

- **Development Policy Financing (FY25)**
- IFC investments (financial institutions, SMEV CamLaolI)

#### **Examples of analytical work:**

- Macro Programmatic Advisory Services and Analytics (logistic, trade, enterprise survey)

### **CPF Objective 5**

Improve financial stability and inclusion



#### **Examples of lending operations:**

- IFC investments (ACLEDA Custodial, Cambodia SME Finance, Cambodia Green Finance, Cambodia Debt Resolution, Cambodia Derivatives)
- MIGA ongoing guarantees in financial sector

#### **Examples of analytical work:**

- Supporting Financial Stability and Inclusion

### **CPF Objective 6**

Expand and improve infrastructure connectivity (i.e. roads, electricity, digital)



#### **Examples of lending operations:**

- Road Asset II (closes Dec 2026, MPWT)
- Road Connectivity Improvement (closes July 2027); **Additional Financing (FY24, MPWT and MRD)**
- Disaster Risk Management (DRM) 2 (closes Aug 2027, MRD)
- IFC investments (Kampong Solar, Sihanoukville Logistics Complex PPP)
- MIGA ongoing guarantees in energy sector

#### **Examples of analytical work:**

- Regional Corridor and Connectivity Review
- Power Grid Strengthening Study



# CPF Objectives & example of operations FY25-29

## “HLO 3: Strengthened Resilience for Vulnerable Households”

### **CPF Objective 7**

Protect households from shocks and enhance their livelihoods



#### **Examples of lending operations:**

- DRM 2 (closes Aug 2027, MRD)
- Cambodia Agricultural Sector Diversification project (closes Jan 2025, to be extended, MAFF)
- Cambodia Sustainable Livelihood for Indigenous Communities Project (closes Jan 2025, MAFF)
- Land Allocation for Social and Economic Development Project III (closes Dec 2026, MAFF, MLMUPC)

#### **Examples of analytical work:**

- Protecting from shocks and promoting inclusion: Social Protection in Cambodia after COVID-19

### **CPF Objective 8**

Improve management of natural resources



#### **Examples of lending operations:**

- Sustainable Landscape and Ecotourism (closes Dec 2025, MOE and MRD)
- Solid Waste (closes April 2029, MOE, MOI, MPWT)
- **Water Security (FY24, MOWRAM, MAFF)**
- IFC investment (MARS Cambodia Sustainable Rice)

#### **Examples of analytical work:**

- Balancing Growth and Environmental Sustainability

# Meeting Corporate Priorities

## Gender

**Target for mainstreaming gender in operations:** 60 percent

**Key support:** *Implement the Country Gender Action Plan, which identifies gender gaps, includes specific actions to address the identified gender gaps, and monitors and reports on outcomes.*

## Climate mitigation and resilience

**Target for incorporating climate co-benefits:** 35 percent

**Key support:** *Mainstream climate considerations in WBG operations and country strategies and measuring results of WBG's climate-related interventions, considering the Intended Nationally Determined Contributions commitments and the WBG Climate Action Plan, among others.*

## Citizen's engagement

**Target for mainstreaming of citizen's engagement:** 100 percent of all investment project financing

**Key support:** *Incorporate citizen-oriented design in WBG operations, including indicators to monitor citizen engagement throughout project implementation and report on progress in meeting the identified indicators.*



## Next Steps and Questions for Discussion

# CPF Completion Timeline

- Consultation Period: December 5, 2023 – January 5, 2024
- Final draft CPF: Late February 2024
- Final draft reviewed by Government of Cambodia: Mid-March 2024
- Approval by World Bank Board of Directors: Early May 2024

# For Discussion

1. What are the top three issues that the World Bank Group (WBG) should focus on in the next 4-5 years?
2. What should the WBG be doing less of in Cambodia considering the WBG's comparative advantage?
3. What are your views on the proposed high-level outcomes and objectives for the CPF?
4. How may the WBG better address cross-cutting challenges:
  - Climate change impact
  - Governance and institutional capacity
  - Gender inequality and exclusion