



**Australian Government**  
**Department of Foreign Affairs and Trade**



# **AID PROGRAM PERFORMANCE REPORT 2018-19**

Cambodia

September 2019



# CAMBODIA AID PROGRAM PERFORMANCE INFORMATION 2018-19

## KEY MESSAGES

This report summarises the performance of Australia's aid program in Cambodia from July 2018 to June 2019 against the Cambodia Aid Investment Plan (AIP) 2015-2019.

Australia remained an effective and valued partner in addressing development challenges affecting the people of Cambodia. The Australian Government provided an estimated \$79.3 million in 2018-19 to help improve the lives of Cambodians, through support to reduce poverty and address the constraints to economic growth. Good progress was achieved towards the AIP objectives of improving access to essential infrastructure, increasing agricultural productivity and farmer incomes, and better health and education. Many program targets were exceeded.

Highlight results delivered in 2018-19 with Australian support include:

- Over 2.8 million health services were provided free to poor Cambodians
- New private water and electricity networks were established to benefit 382,500 Cambodians
- 12.47 square kilometres of land were cleared of landmines and released for productive use
- Over 25,000 households improved their farming practices
- 123,796 tonnes of additional paddy rice were produced
- Women comprised 32 percent of the unskilled road construction labour force
- 48 students (including 23 women) were awarded Australia Awards scholarships
- Approximately \$13 million in private investment was leveraged for development purposes.

Australia continued its longstanding and widely recognised commitment to the promotion of gender equality in Cambodia. This included support targeting gender-based violence, women in leadership, and sexual and reproductive and maternal health services.

With the 2019 launch of the Australia-Cambodia Cooperation for Equitable Sustainable Services (ACCESS) program, Australia strengthened support for the sustainability, quality and inclusiveness of services for persons with disabilities and for women affected by violence.

Australia's aid investments also supported more effective governance practices within Cambodian institutions, leading to important reforms in government processes. This included measures to prevent fraud in public spending and health financing reforms that benefit poor Cambodians.

Australia's support remained relevant to the Cambodian context. While Cambodia continued to benefit from strong economic growth and falling levels of poverty, about 4.5 million Cambodians remained near-poor and vulnerable to falling back into poverty.

In light of Cambodia's recent graduation to lower-middle income status, Australia commenced transitioning out of direct construction of infrastructure and delivery of services. Our development cooperation program is instead increasingly focusing on supporting policy settings, technical capabilities and systems that advance development outcomes for the Cambodian people. Our new Aid Investment Plan (AIP) for 2020-24 will continue to guide this reshaping of Australia's strategic development focus in Cambodia.

## CONTEXT

Over 2018-19, Australian development assistance to Cambodia was delivered in a context of economic growth and improvements in some aspects of human development, but with persistent vulnerabilities and inequalities.

Estimates for Cambodia showed real GDP growth achieved a four-year high of 7.5 per cent in 2018, up from 7 per cent in 2017, making Cambodia the fastest growing economy in East Asia, according to the World Bank. Per capita reached an estimated USD1,476.80 in 2018 and is forecast to reach USD1,640.30 in 2019.



Demand for exports strengthened and Foreign Direct Investment (FDI) was at a record high at an estimated 13.4 per cent of GDP in 2018.<sup>1</sup>

However, substantial risks remain to continued economic growth. Real GDP growth and FDI are forecast to decline in 2019. Vulnerabilities include concentration of FDI flows, both in terms of source and sectors, and trade tensions. The European Union launched a process that could lead to the suspension of Cambodia's preferential access to the EU market. The governance environment remained challenging. Cambodia was grey-listed by the inter-governmental Financial Action Task Force for deficiencies in its anti-money laundering and countering financing of terrorism systems. The grey-listing increases risks associated with Cambodia having diminished access to the international banking system.

Poverty continued to fall over 2018-19. However, this was at a slowing pace and, according to the World Bank, in addition to the 13.5 per cent of the population still living in poverty, about 30 per cent of the population remained 'near poor' and vulnerable to shocks which could drive households back into poverty. Cambodia had a Human Development Index ranking (based on assessment of a population's life expectancy, average years of education and GNI per capita) of 0.582 (2017), placing it at 146 out of 189 countries. While human development in Cambodia continued to improve, this ranking remained the second lowest in Southeast Asia. The World Bank has assessed that weaknesses in areas of human development will constrain the productivity of the future labour force. Cambodia's Human Capital Index suggests that on average, a Cambodian child born today will be only 49 per cent as productive when fully grown compared to the level possible if complete education, good health, and a well-nourished childhood were attained.

Cambodia's infrastructure remained underdeveloped and underfunded, particularly in rural areas, although greater investment over the last decade has expanded access to electricity and improved the road network. Access to piped water remained a major challenge, with only 26.1 per cent of the population having a connection in 2017 (and only 10.9 per cent in rural areas). Cambodia is increasingly looking to the private sector to help fund, build, operate and maintain key utilities and other infrastructure services, including electricity and water infrastructure. Rapid, well-planned and high quality infrastructure expansion – along with investment in systems for operation and maintenance – is needed to equitably drive improvements in basic living standards across Cambodia.

Agricultural growth and rural resilience continued to be important to broader economic growth and stability, and poverty reduction. Improvements in agricultural yield and farmer incomes were particularly important for the poor, the majority of whom live in rural areas and work in agriculture. While Cambodia has become a major rice exporter, the agricultural sector has only taken initial steps towards modernisation, and has remained largely undiversified. Rural labour shortages, the consequent imperative to mechanise, and climate change are among the challenges for the sector.

Accessibility of some basic services, such as health care, has remained a challenge. Cambodia's health system is a mix of public and private health care providers. Public health facilities – mainly health centres – play a key role in delivering preventive, maternal and child health care. Private providers are responsible for a large share of outpatient care. Since 2004, reforms in health financing and service delivery have seen reductions in financial burden, catastrophic expenditure incidence and impoverishments related to healthcare. However, Cambodia's out-of-pocket health costs are among some of the highest in the world, and are a contributor to continuing poverty.

The Cambodian Government took action to address some of Cambodia's gender equality challenges, and trends and trajectories were more positive. However, Cambodia continued to experience significant gender inequalities. Cambodia had a Gender Inequality Index ranking of 116 out of 160 countries (UNDP 2017 index). The participation of women in public decision-making at national and sub-national levels remained low. Of Cambodia's 27-member Council of Ministers (Cabinet), only three members were women. According to the UNDP, as at 2018, women only comprised 20 per cent of members of the National Assembly, 10.3 per

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<sup>1</sup> World Bank Cambodia Economic Update, May 2019



cent of ministers, 15.8 per cent of secretaries of state, four per cent of provincial governors and 14 per cent of commune council members.

This gender inequality extended to the private sector. Women did not occupy many leadership positions, and were usually employed in lower productivity sectors. According to gender analysis by the Asian Development Bank (ADB), Cambodian businesses owned by women are smaller and less profitable than those owned by men, and women still tend to be employed in lower level or unskilled roles, reflecting inequality in educational attainment.

Cambodia performed well on some measures of gender equality. This included women's participation in the labour force, which was the highest in the region at 83.4 per cent in 2018. Two-thirds of all businesses were owned by women. However, about 70 per cent of employed women remained in vulnerable employment.

Violence against women and girls in Cambodia was wide-spread, systemic, and likely to be highly under reported. Rates of violence against women in Cambodia were amongst the highest in the region.

Cambodia is subject to a number of risk factors which can lead to a high prevalence of disability. Landmines and unexploded ordinance are a leading historical cause of disability, although risk is reducing. Approximately 9.5 per cent of Cambodians over five years of age reported some form of disability.

Cambodia's institutions need to evolve to deal with the technological, geopolitical, economic and environmental changes underway across Southeast Asia. To leverage the benefits arising from some of the broad regional shifts, Cambodia has a need for increasingly sophisticated institutions. This includes in areas such as infrastructure, agriculture, health, education, law and order, and social protection.

Concerns about political and human rights issues remained over 2018-19. Restrictions on freedom of expression and the media continued, and the space for political opposition remained narrow.

Official Development Assistance (ODA) reduced as a proportion of overall public expenditure in Cambodia. Public financial management reform has helped significantly increase taxation revenue, which reached a record high of 17.5 per cent of GDP in 2018 (an increase of 1.4 percentage points from the previous year). The UNDP projects that ODA will represent just five per cent of Cambodia's GDP in 2020, or less than ten per cent of total public expenditure. The relative decline in ODA coincides with an important shift toward greater national responsibility for many basic services.

### **Australia's development cooperation program in Cambodia**

In this context, Australia's development assistance objectives remained highly relevant to helping Cambodia address some of its key challenges and take advantage of emerging opportunities. Improving local level infrastructure, increasing agricultural productivity, delivery of better quality health services and postgraduate education opportunities, and progress in addressing persistent gender inequalities all remain critical to both economic growth and poverty reduction.

Outcomes in these areas also complemented other objectives of the Australian Government. As the Cambodian economy grows, the opportunities for business linkages and expanded bilateral trade also increase. Stronger institutions mean greater capacity to address transnational issues that matter to both Cambodia and Australia. Continued progress in Cambodia's development also promotes stability and prosperity across the region.

Australia remained well positioned to support Cambodian efforts to maximise the benefits and reduce the risks associated with the changes occurring in the region. Australia has a long and respected legacy in Cambodia. Consistent feedback suggests that our assistance is seen and valued as principled, nimble, solution-focused development cooperation. Australia is also recognised as a leader in promoting gender equality in Cambodia, owing to the active roles we play on the issue across our development cooperation, political, economic and public diplomacy engagement.



In 2018, Australia ranked as the seventh largest bilateral donor (including the EU) to Cambodia, down from fifth in 2017. Australian assistance represented about 4.1 per cent of total ODA to Cambodia, according to Council for the Development of Cambodia figures.

Australia's development cooperation program was carefully targeted, reflecting its size and the reducing proportion of total ODA to GDP. Support focussed on areas where we could benefit the Cambodian people, and achieve greatest impact, use the most effective partners, and complement the work of other donors. We continued to work more closely with the private sector, through innovative approaches to delivering development assistance that leveraged private sector financing to drive growth and poverty reduction.

The program continued to be further consolidated, with fewer investments, to maximise effectiveness and efficiency. We also continued to increase its focus on strengthening institutions, policies and governance, and decrease focus on support for direct services delivery.

When finalised, it is expected that the new Aid Investment Plan (AIP) for Cambodia will continue this shift, and work in partnership with Cambodia to re-align development cooperation efforts to help achieve more sustainable and inclusive public services, a more resilient economy, and strengthened processes for public policy development and implementation. The new AIP will take the complex context of Cambodia into account in order to ensure future development cooperation remains relevant and is effective in benefiting the Cambodian people.

## EXPENDITURE

Table 1 Total ODA Expenditure in FY 2018-19

Objective	A\$ million	% of total ODA
Objective 1 Improving access to essential infrastructure	12.5	15.8
Objective 2 Increasing agricultural productivity and farmer incomes	15.3	19.3
Objective 3 Better health and education	19.4	24.5
Cross-cutting	8.9	11.2
Sub-Total Bilateral	55.8	70.7
Regional and Global	20.6	26.0
Other Government Departments	2.9	3.7
Total ODA Expenditure	79.3	

## PROGRESS TOWARDS AIP OBJECTIVES

The performance of Australia's development program in Cambodia is measured against the objectives of the Cambodia Aid Investment Plan, and its benchmarks and Performance Assessment Framework (PAF). Australia's investments continued to meet expectations, and were all assessed as maintaining their green rating.

Table 2 Rating of the Program's Progress towards Australia's Aid Objectives

Objective	Previous Rating	Current Rating
Objective 1 Improving access to essential infrastructure	Green	Green
Objective 2 Increasing agricultural productivity and farmer incomes	Green	Green
Objective 3 Better health and education	Green	Green

Note:

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## OBJECTIVE 1, IMPROVING ACCESS TO ESSENTIAL INFRASTRUCTURE



Overall progress against the objective of improving access to essential infrastructure was strong. This was particularly through the Investing in Infrastructure program (3i) which exceeded its target number of contracts signed, resulting in a green rating for 2018-19.

The Government of Cambodia mainly relies on private investment to expand electricity and piped water services to peri-urban and rural areas. In some areas, the payback period is too long to attract private investment. The 3i program (\$45.4 million, 2015-20) continued to stimulate considerable private investment into small-scale infrastructure by providing gap financing to reduce the payback period to an acceptable level. This accelerated access to piped, treated water and reliable electricity, which will also unlock opportunities for economic growth and trade.

36 contracts for co-investment in new private electricity and water networks were signed by 3i during 2018. This exceeded the target of 30 contracts. These contracts are expected to benefit approximately 382,500 people. This is somewhat lower than the target of 441,531 people due to the smaller size of the actual contracts when compared to their projected size.

Over 80 contracts with SMEs are now in place to connect households and businesses to piped water and electricity. The program has provided access to power or water to 85,000 households. 3i has now brokered construction contracts to deliver piped water and electricity connections to approximately one million rural Cambodians in total. These contracts leverage \$33 million of private sector investment, through DFAT investments totalling \$19 million to date. Now most contracts are signed, the focus will be on ensuring connections roll out as planned.

3i has sought to improve gender equality, with practical measures such as adjusting contracts to be signed by both business partners (husband and wife) in 2018. In March 2019, 3i conducted a small qualitative study to help identify barriers for female-headed households in accessing water/ energy connections. The study indicated (albeit with a small sample size) that 3i's subsidy program had a positive impact on improving female-headed households' access to water and electricity connections.

Following the strong success in increasing access to household utilities, Australia is now broadening our engagement, working in policy areas and promoting partnerships to improve the quality of infrastructure country-wide. In 2019, 3i engaged the Australian Water Association to commence a two year program of activities to strengthen the performance of the Cambodian water sector. This will include twinning activities between Australian and Cambodian water utilities to strengthen operations and efficiency, introduction of leading Australian water technology, and support to make the Cambodian Water Association a more effective voice on key policy issues.

In 2018, 3i also started work to support Cambodia to expand the share of renewables in Cambodia's energy mix. The Cambodian Government is increasingly recognising the useful role that renewables can play, given their complementarity with existing power sources (hydro) and continually falling costs. 3i commenced helping to provide the evidence base for this shift, supporting the newly formed inter-agency Technical Working Group (TWG) on Renewable Energy. With 3i's support, the TWG is conducting studies on the potential of different sources (solar, wind, waste to energy) and developing a renewable energy master plan, which will guide investment decisions in coming years. This complements Australia's funding for the ADB (through the regional program) to develop an overall energy master plan, supporting robust and efficient decision-making on investments over coming years. This will help increase technical viability, and reduce the risk of investment choices that could have problematic financial, social and environmental consequences.



DFAT began to document the successful 3i methodology for other development partners and the Cambodian Government, as a template for mobilising private capital that could be adopted in other areas or sectors. 3i also recruited a senior infrastructure advisor (due to start in October 2019) who will work with DFAT to identify further opportunities to support strengthened infrastructure policy and practice.

The other investment under Objective 1, the Rural Roads Improvement Program Phase II (RRIP 2, \$22.6 million, 2015-2020), also made positive progress overall. 518 kilometres of quality rural roads are now completed, providing rural communities with better access to markets and services, and reducing the time burden for rural women. This is about 57 per cent of the program goal of 1,200 kilometres by 2020. The project continued to implement road safety initiatives to improve safety standards across Cambodia, and had an important role in promoting behavioural change among drivers to reduce road accidents.

Two review missions conducted in 2018 and a further review mission in June 2019 observed that while there were significant delays in the implementation of one road development package, overall progress of RRIP-II was on track. Total slippage in RRIP-II was about five per cent (within the acceptable range). DFAT is working closely with development partners to strengthen oversight of the delayed package to mitigate further slippage due to flooding and the slow mobilisation of workers and equipment.

Support for rural road asset management aimed to help strengthen the case for increased road maintenance budgeting by the Cambodian Government. The road maintenance budget did continue to increase, and in 2018 was almost double the 2013 level. However, this is still inadequate in relation to need.

Gender mainstreaming and social and environmental safeguard components of RRIP 2 performed well, exceeding their targets. Gender mainstreaming training to contractors and communities played a significant role in increasing women's participation in road construction over 2018-19. Employed unskilled female labourers were 28 per cent of the total, above the targeted 20 per cent.

Infrastructure will continue to remain a high priority for Cambodia as a key enabler of economic development. Energy stability and efficiency has emerged as a particular priority. The Cambodian Government has access to concessional finance, but could benefit from support to ensure this financing can be used to achieve optimal outcomes. To assist in meeting this need, Australia will prioritise development cooperation towards more resilient infrastructure in coming years. This will be through support in areas such as institutional capacity building, policy development and analysis, as required.

## OBJECTIVE 2, INCREASING AGRICULTURAL PRODUCTIVITY AND FARMER INCOMES



Progress against this objective remains green as good progress continued to be made in increasing agricultural productivity and farmer incomes in 2018-19, and benchmarks and targets were exceeded.

The Cambodia Agricultural Value Chain Project Phase II (CAVAC, \$84.2 million, 2016-21) remained the largest program contributing towards this objective. The CAVAC program underwent significant changes over 2018-19, including a reduced budget, change in program leadership, and a shifting emphasis of DFAT priorities, with an increased focus on policy engagement in-line with broader development objectives for Southeast Asia. While navigating these changes, the program made substantial progress towards its objectives.



CAVAC contributed to increased agricultural productivity through a range of activities. Working with both public and private sector partners, CAVAC was able to support 52,387 farming households to improve their farming practices in 2018-19. This included working with companies to market more appropriate agricultural inputs, as well as mechanisation to reduce labour requirements and improve the efficiency of input use. Work with the Cambodian Government to develop and implement a new pesticides regulation and index was also important for the entire agricultural sector – supporting more targeted use of pesticides, increasing effectiveness and reducing volume. These practices also reduce environmental impacts.

Strong progress was made on irrigation activities with all ten irrigation schemes completed by mid-2019, a major milestone. An estimated 10,313 farming households gained access to year-round irrigation. Additional paddy production as a result of DFAT-supported irrigation schemes reached 123,796 additional tonnes in 2018, well exceeding the AIP benchmark of 30,000 tonnes. A 2019 impact evaluation of three selected schemes completed under CAVAC's first phase showed a 333 per cent increase in production and 290 per cent increase in incomes for farmers accessing water from CAVAC schemes, providing evidence for the substantial impact of these investments on economic development and poverty reduction.

CAVAC is now recognised as having considerable technical expertise and credibility on designing and delivering successful and sustainable irrigation schemes in Cambodia, whereas many other irrigation investments in the past have been less effective. The program is now shifting to a partnership model to achieve a larger, sector-wide impact. As a start, the program is partnering with the ADB on a large loan (USD130 million), providing technical support with the design and the operations and maintenance components. With a relatively small investment, Australia will be able to contribute to the delivery of quality infrastructure at a large scale, with significant economic returns. If this approach of transitioning CAVAC to become a provider of quality technical expertise is found to be effective and continues to be in demand, we will look to replicate it with other partners and drive improvements in irrigation infrastructure standards more broadly in Cambodia.

With large volumes of Chinese investment also entering the irrigation sector, CAVAC has commenced working with Australian, Cambodian and Chinese academic partners to help ensure this investment can lead to more sustainable impacts. Over the next year, DFAT will assess potential opportunities for more intensive trilateral cooperation with government and private sector actors in Australia, Cambodia and China, building on an earlier trilateral exchange in 2013-14.

CAVAC also worked to improve Cambodia's rice export competitiveness and to diversify export markets. Four new rice varieties were introduced (out of a program target of five) to improve yields, increase resilience (including to climate change), reduce the water required, and enable multiple crop cycles each year. There was also a focus on diversifying crops, such as cassava, maize and chili, reflecting opportunities in the growing urban, industrial and livestock-feed markets. CAVAC remained well-supported by the Cambodian Government, and policy engagement was broadened throughout 2018-19. A mid-term review of CAVAC recognised that the program played a role in shifting government attitudes to the role of the private sector. CAVAC also assisted the Cambodian Government with the development of its Trade Integration Strategy, and engaged a trade policy adviser to explore further opportunities to enhance trade competitiveness. This has progressed in 2019-20.

In 2018-19, CAVAC carried out a number of activities promoting gender equality and women's economic empowerment in the agriculture and water sector. This included study tours for women farmer champions to learn from Thailand's agricultural cooperatives, and capacity building for government staff in gender mainstreaming. CAVAC will assess changes as a result of these activities in 2019-20.

DFAT assessed that the program's impact on gender equality should be strengthened. In response, CAVAC has increased its efforts to support gender equality through its activities in 2018-19. The program engaged a women's economic empowerment specialist to provide strategic advice on approaches the program can



apply to integrate gender objectives more effectively into activities. This work will draw on gender impact studies conducted through CAVAC throughout 2018-19.

The CAVAC program is on track to achieve its end of program objectives. After DFAT invested significant effort into reforming the program over 2018-19, it is now embarking on a more coherent and coordinated approach to achieving improvements in the agriculture sector. This is while being more responsive to Australian policy priorities and the changing Cambodian context, such as growing foreign direct investment, rural labour shortages, climate change, and mechanisation.

CAVAC is actively engaged with the Australian Centre for International Agricultural Research (ACIAR), which has a program of support for Cambodia's agriculture sector (\$2.6 million in 2018-19). In 2018-19, ACIAR continued to work collaboratively with Cambodian research partners on sustainable intensification and diversification of agriculture, livestock and aquaculture. CAVAC worked to disseminate technological innovations identified by ACIAR. These technologies contribute to markedly lower input requirements, including reduced labour. As a result, drill seeders were purchased by the Battambang Province Agricultural Cooperative and farmers and used to plant more than 200 hectares. Field demonstrations of the Cambodian-invented Eli seeder, which in 2018 won the prestigious Patents for Humanity Award from the US Government, have led to over 100 Eli seeders being sold in Cambodia. The Eli Seeder reduces seed volumes by up to 80 per cent. Over 100 hectares have been planted by mechanised drum seeders. Furthermore, a weed identification app and a mung bean pest identification app were developed and are now available to smallholders in Khmer.

Australia also helped farmers in Cambodia to boost their incomes through support for NGO activities under the Australian NGO Cooperation Program. This included helping farmers connect with new product supply opportunities, for example through organic vegetable production.

The Clearing for Results Phase III program (\$9 million, 2016-19) contributed to increasing agricultural productivity by clearing landmines and other unexploded remnants of war. Most cleared land is now used for agriculture, including cash and seasonal crops such as cassava, corn and potato.

2018-19 was a strong year for Clearing for Results. The landmine clearing benchmark target of 6.67km<sup>2</sup> was easily exceeded, with 12.47km<sup>2</sup> of land cleared in the provinces of Pailin, Battambang and Banteay Meanchey. 11,689 households (59,141 people of which 30,003 are female and 976 people with a disability) have benefitted from safe access to the land. This is part of Australia's ongoing support assisting Cambodia to recover from conflict.

The Clearing for Results program continued to emphasise the importance of women participants in mine action. The proportion of female deminers working on the project increased, from 15.5 per cent in 2017 to 22 per cent in 2018 (413 female deminers out of 1,875 in total). The beneficiaries included female-headed households who were able to increase their incomes to support their families through expanding cultivation on cleared land.

The UNDP's technical assistance supported the Cambodian Mine Action and Victim Assistance Authority (CMAA) to implement the National Mine Action Strategy (2018-2025) and develop a Performance Monitoring System, which included an improved central database that the CMAA can use to direct mine clearance resources to priority areas (towards the goal of making Cambodia mine-free). The Cambodian Government also developed a second extension request under Article 5 of the Anti-Personnel Mine Ban Convention for clearance by 2025, with support from the project. The Cambodian Government's agreement to contribute ten per cent of the cost of the Clearing for Results project was significant development in terms of increasing national responsibility.

## OBJECTIVE 3, BETTER HEALTH AND EDUCATION



The health and education portfolio activities continued to perform well and progress against this objective is rated green for 2018-19. Programs of support have achieved their major outputs and targets for 2018-19 and are largely on track to achieve their outcomes.

### *Health*

Australia continued its long-standing engagement in the health sector in Cambodia through the Health Equity and Quality Improvement Project (H-EQIP, \$50 million, 2016-21). H-EQIP is a World Bank-led multi donor health financing program assisting the Cambodian Government to deliver subsidised health care to the poorest households and improve the quality of services at local healthcare providers.

In 2018-19, institutional reforms were in place, and there were some early signs of positive results. The new Payment Certification Agency (PCA) enabled the government to take over 'check and balance' functions previously funded and operated by international partners. This includes managing a locally-developed electronic Patient Management and Records System and verifying payments to the 1,300 health facilities nation-wide to reimburse the cost of providing services to approximately 2.4 million poor Cambodians (more than 15 percent of the population). It also independently verifies performance-based payments paid directly from the Ministry of Economy and Finance to health facilities via commercial banks nation-wide. This has reduced opportunities for leakage and improved efficiency and funding flows.

H-EQIP has established itself as a platform for driving quality improvement reform across the health sector and beyond. The PCA is now being used to help meet a Cambodian Government promise to provide cash transfers to pregnant women and children under two years of age, and discussions are underway to determine whether it could become a key institution in the implementation of the National Social Protection Policy.

H-EQIP contributes to the Health Equity Fund, which pays for healthcare and related costs for poor Cambodians. The combined number of inpatient and outpatient services provided through the Health Equity Fund increased from 2.66 million cases in 2017 to 2.81 million cases in 2018, achieving the target.

Early data suggests that H-EQIP reforms are delivering improvements for Cambodians. The average quality score achieved by targeted health centres increased from 45 per cent in 2017 (up from 11 per cent at baseline) to 76 per cent in 2019. With 88 per cent of assessed health facilities exceeding a 60 per cent score on the quality assessment, the benchmark target of 30 per cent was significantly exceeded. The use of public health services has started to increase. There are also positive signs that the proportion of households experiencing impoverishing health expenditure is declining.

The Cambodian Government is paying for an increasing proportion of H-EQIP costs. Under the H-EQIP agreement, donors and the Cambodian Government initially each contributed half of the Health Equity Fund. In 2018, the donor maximum threshold was reached for the first time and the Cambodian Government contributed 59 per cent of costs (the Health Equity Fund paid out \$14,665,901 in 2018). This proportion is likely to continue to increase in future years. Meanwhile, community expectations for public health services continue to grow.

Despite the promising indicators, there are challenges to manage, including ongoing monitoring of fiduciary risks, risks to the autonomy and sustainability of the PCA, and ensuring the systems better meet the needs of women, indigenous groups and people with disabilities.



The focus over 2019-20 will be on ensuring the reforms result in improved services, the sustainability of the key reforms, and ensuring evidence from H-EQIP informs relevant Cambodian Government policy decisions.

While most targets were met, the indicator included in the 2018 PAF on contraceptive use in Cambodia has declined to 22 per cent against a target of 43 per cent. This is a national indicator reported by the Cambodian Ministry of Health based on data from public health facilities only. The Ministry of Health notes that the decline is likely due to an increase in access to services through private providers rather than public providers, for example by garment factory workers. The result for births attended by a skilled birth attendant was only slightly below the target of 89 per cent.

Sexual and reproductive health were areas in which Australia invested significant resources through the Partnering to Save Lives (PSL) Program. PSL concluded in 2018 and had specifically promoted the delivery of babies with skilled birth attendants in the four North-East provinces. The endline survey showed that the proportion of pregnant women who gave birth in a health facility in those provinces increased from 50 per cent in 2014 to 79 per cent in 2018. PSL also empowered women to discuss family planning with their partners. For example, garment factory workers reported increased confidence in discussing contraception with their partners (24 per cent at baseline to 50 per cent at endline).

PSL complemented and extended H-EQIP in these provinces and left a legacy of improved policies and practices for Cambodia. For example, technical input was provided for the development of the Guidelines for the Establishment of Enterprise Infirmaries, which will improve the healthcare services available to the estimated 600,000 garment factory workers in Cambodia, of which approximately 85 per cent are women.

Australia (with co-funding from Germany) is supporting the Cambodian Ministry of Planning to ensure accurate data is available to support poverty alleviation interventions through the Identification of Poor Households (IDPoor) Program. IDPoor is increasingly being used by a range of Cambodian Government agencies and not-for-profit organisations to introduce means tested social benefits. Australia also used the IDPoor database to increase subsidies for companies delivering water connections and electricity connections to poor households.

In 2018-19, the On-demand IDPoor was piloted in three provinces to identify additional poor households between the formal enrolment periods. On-demand identification was found to be an effective tool for identifying households which had either slipped into poverty in between two IDPoor rounds or were missed by the regular procedure. It is now being adopted and rolled out across Cambodia by the Ministry of Planning. The Cambodian Government implements IDPoor and finances most operational aspects of the system, while donors focus resources and technical support on piloting enhanced approaches.

### *Education*

In 2018-19, Australia Awards Cambodia offered 48 scholarships to Cambodians (48 per cent to women) to study in fields vital for Cambodia's development, complementing our broader foreign, trade and development goals. Forty-three scholarships were accepted, with 23 awarded to women. The primary fields of study were effective governance (31 per cent), trade facilitation and international competitiveness (18 per cent), health (16 per cent); agriculture (9 per cent); gender and social inclusion (12 per cent), and education (5 per cent).

Nearly all Cambodian Australia Award recipients were satisfied with the support provided by the Australian Government. On-award surveys showed that of new arrivals in Australia from Cambodia, 100 per cent were satisfied with their preparation for coming to Australia (compared to 96 per cent across all new arrivals), and 97 per cent were satisfied with entitlements and assistance received (compared to 92 per cent across all new arrivals).

In 2018-19, Australia Awards Cambodia introduced a suite of new modalities to support Australia's development and strategic priorities in Cambodia. This included alumni engagement activities, short courses



(Short Term Awards) that respond to specific development needs, and on-awards engagement that builds the leadership skills and networks of scholars while they are undertaking study in Australia.

In 2019, Australia Awards Cambodia launched its first Australia Awards short course. Fifteen senior officials from Cambodia's economic ministries attended the trade and development short course, to complement DFAT's broader focus on supporting Cambodia's prosperity and commitment to rules-based trade and investment. Taking place in Australia and Cambodia over three months, the course focused on trade policy and the importance of an open and rules-based trading system to foster sustainable economic growth in Cambodia and across Southeast Asia. The course also deepened DFAT's links with the Ministry of Economy and Finance and the Ministry of Commerce.

In 2019, Australia Awards Cambodia launched a Regional Women's Leadership Initiative to improve gender equality and enhance integration across Southeast Asia, in line with the program's long-standing commitment to promote gender equality. More than seventy influential Australia Awards women alumni participated, including from Cambodia, Indonesia, Laos, Myanmar, the Philippines and Vietnam to build networks and strengthen their leadership capacity.

Soon after, the program piloted a new Women in Leadership engagement activity for students while in Australia, demonstrating further commitment to gender equality. This activity provided participants with the tools and knowledge to help them navigate barriers that might impede pathways to leadership.

In 2019-20, Australia Awards Cambodia will continue to implement strategies to boost the number of scholarship applications from women and provide women with opportunities to build their leadership skills.

## CROSS-CUTTING ISSUES



## INCLUSIVE PARTICIPATION, GOVERNANCE AND JUSTICE

Three new initiatives carefully tailored to the Cambodian context were established in 2018-19, creating a strong foundation for future years. Meanwhile, several projects were completed, including the Community Policing Initiative and the Cambodia Communications Assistance Project. The completed projects achieved sustainable impacts for the people of Cambodia.

### *Inclusive Participation*

A major achievement in 2018-19 was the establishment of a new program, Australia-Cambodia Cooperation for Equitable Sustainable Services (ACCESS, \$15 million, 2018-22). ACCESS aims to improve the sustainability of quality, inclusive services for people with a disability and women affected by violence.

ACCESS represents a shift from past Australian support that directly funded services for Cambodians, to a greater focus on supporting stronger Cambodian Government policy implementation and budget processes to ensure sustainable financing for these services longer-term. ACCESS recognises Cambodia's recent transition to (lower) middle-income status and increasing access to public and private sector funding.

The program is already proving effective at bringing government policy makers (including the Ministry of Women's Affairs, the Ministry of Social Affairs, the Veterans and Youth Rehabilitation, the Disability Action Council, and, importantly, the Ministry of Economy and Finance) together with UN agencies, non-government organisations and the private sector to plan and use resources more effectively, and to sustainably improve services for persons with disabilities and women affected by GBV.



Planning is underway for collaborative government-CSO activities that will help implement the Cambodian Government's commitments to international conventions relating to the rights of people with disabilities and discrimination against women.

ACCESS builds on Australia's longstanding and widely recognised commitment to the promotion of gender equality in Cambodia across the range of our engagements, in areas of development cooperation, foreign policy, economic cooperation and public diplomacy. For example, promoting gender equality has been a focus of public diplomacy activities through events and social media. About 20 per cent of the Australian Embassy in Cambodia's social media messages are focused on gender equality.

In 2019-20, we will continue to explore opportunities to maintain and deepen our support for gender equality in Cambodia. This is likely to include support for the National Institute of Diplomacy and International Relations, Cambodia's newly-established Diplomatic Academy equivalent, by providing leadership training for female diplomats. Learnings from the ACCESS program will help guide efforts to address mainstreaming inclusion across other investments further.

### *Governance*

Most of our development cooperation programs in Cambodia seek to improve governance practices within Cambodian institutions in their respective areas of impact. In addition, a number of programs specifically target improved governance as a primary objective.

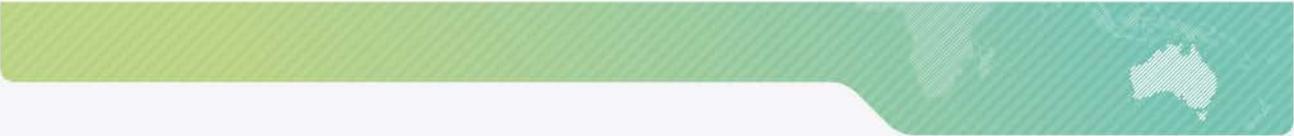
The Data and Dialogue for Development program (\$2.9 million, 2019–22) was established in 2019. It is also known by its Khmer name, *Ponlok Chomnes* (Sprouting Knowledge). The project aims to strengthen the capacity of Cambodian knowledge sector institutions, such as think tanks, to undertake quality research that informs public policy analysis and dialogue. The initiative is implemented by the Asia Foundation and is the only significant donor-funded initiative dedicated to improving the quality of policy research and its uptake in Cambodia.

This initiative leverages Australia's reputation as a provider of quality education and research, and a country with good government systems for applying evidence and data in policymaking processes. This new area for development cooperation will be of increasing importance as Cambodia encounters more complex demands for evidence-informed policy.

Stage three of the Public Financial Management Reform Project (PFM Project, \$2 million, 2019-22) continued in 2019. It assists the Ministry of Economy and Finance to adopt transparent, program-based budgeting. This ongoing central reform program has seen strong results, and builds on a previous phase that supported the introduction of cashless payroll processes to prevent fraud in the payment of civil servant salaries. Strengthening public financial management across a range of sectors and ministries will continue be an important focus of the program moving forward.

Local-level democratic governance was improved through the Cambodia Communications Assistance Project Phase II (CCAP 2, \$3.5 million, 2015-19), which was implemented by ABC International Development. The project aimed to provide comprehensive training and mentorship to four Provincial Departments of Information (PDIs) and a community radio station. Over 3,000 programs of *Talkback* were produced. This was a daily one-hour live discussion about good governance, which featured local officials answering listener questions. The weekly talkback radio program, which focused on addressing GBV issues, produced over 660 hours of broadcasts, taking 2,670 questions related to domestic violence (55 per cent from women).

The radio talkback programs established by CCAP 2 provided a bridge between citizens and local government, and improved accountability. The program met its objective in contributing to changes in listener attitudes and the responsiveness of local officials. The end-line research found that 65 per cent of listeners believed in the right to question local authorities about their performance, compared to 22 per cent of non-listeners. It also found that listeners possessed a higher knowledge of domestic violence issues, such



as knowledge of the domestic violence reporting hotline (56 per cent of listeners compared to 39 per cent of non-listeners). Community attitudes also shifted. When surveyed in 2018, 66 per cent of people believed domestic violence was an important public issue, which was up from 49 per cent of people surveyed in the same area in 2015.

While the main project activities of CCAP 2 concluded at the end of 2018, the radio shows are still going to air daily and at good quality. The shows are also being uploaded to social media and with key officials, including deputy governors, answering questions.

### *Justice*

The Community Policing Initiative (CPI, \$4.2 million, 2017-19) concluded in June 2019. It achieved strong results. 1,948 community police officers were trained through the program. A final survey indicated that good knowledge of community policing principles, including in relation to domestic violence, were held by 87 per cent of the officers (this increased from 72 per cent at the start of the program).

During 2018-19, CPI responded to the growing issue of road safety, in addition to other priorities of preventing gender-based violence, drug use prevention, and theft. Police are now engaging on preventive measures at community level for the first time, including through messaging at schools and community events.

The Cambodian National Police is continuing the community policing approach, due to sustainable systems embedded in the police department through CPI. The concept of community policing secured strong commitment by the Cambodian National Police and its implementation is likely to be strengthened, particularly in relation to combating gender-based violence.

Australia continued to support the Extraordinary Chambers in the Courts of Cambodia, which investigates and prosecutes senior leaders of the Khmer Rouge regime and those most responsible for atrocities committed between 1975 and 1979. The Court also plays an important role in promoting national reconciliation in Cambodia, including by creating a detailed record of the Khmer Rouge's crimes and through mechanisms to acknowledge the regime's victims. A major milestone in November 2018 was the guilty verdicts for two individuals on charges of genocide and crimes against humanity.

## AUSTRALIA'S GLOBAL AND REGIONAL AID PROGRAMS IN CAMBODIA

In addition to the bilateral program, in 2018-19 Australia also delivered an estimated \$23.5 million of Official Development Assistance in Cambodia through regional and global programs. This includes the Australian NGO Cooperation Program, the Australian Volunteers Program, the Australian Centre for International Agricultural Research initiatives and a range of global and regional health investments.

DFAT's regional and global investments in the health sector benefiting Cambodia included in Gavi, the Vaccine Alliance, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the World Bank Multi-Donor Trust Fund for Integrating Donor Financed Health Programs. These are supporting and leveraging, where appropriate, the reforms being implemented under H-EQIP, maximising the impact of our investments.

Under a regional program, Australia, together with the World Bank, the Global Financing Facility in support of Every Woman Every Child, and Germany, is supporting the Cambodian Ministries of Interior and Health to implement a new USD53 million project targeting maternal and child health, immunisation and nutrition. The project (2019-2023) aims to improve the health of women and children in seven of the country's most in-need provinces. It builds on many aspects of H-EQIP.



The Mekong Women’s Empowerment Project (Empower, \$10.3 million, 2018-22) continued to operate across the Mekong region, including in Cambodia. This program supports women and girls to realise their economic potential through improved utilisation of sexual and reproductive health and family planning (SRH/FP) services. In 2018-19 in Cambodia, Empower reached about 95,000 community members with SRH/FP messages and services (exceeding the target of about 64,000), and supported over 3,000 SRH/FP client visits (exceeding the target of 1,755).

Some gender issues were also addressed through the Better Work program, which is implemented by the ILO in four countries, including Cambodia, where it is known as Better Factories Cambodia. The program is improving working conditions and pay equity, supporting women’s leadership and reducing sexual harassment in the garment sector, where the majority of workers are women. In Cambodia it currently reaches over 550 factories and 615,000 workers. DFAT is providing funding of US\$6 million from 2016 to 2022.

Cambodia also benefited from the ASEAN and Mekong Program (\$33.3 million in 2018-19), which continued to support ASEAN to encourage economic growth and trade in the ASEAN Member States and respond to cross-border regional challenges, such as combatting human trafficking and improving management of the Mekong’s water resources.

### **Non Government Organisation grants (NGOs)**

NGOs, including Australian NGOs, have a very significant role in promoting development in Cambodia, and are important partners for the Australian Government. To support their work, the Australian Government provides grants to accredited Australian NGOs through the Australian NGO Cooperation Program (ANCP). In 2018-19, 24 Australian NGOs delivered 55 projects (including 12 regional projects) in Cambodia, working in conjunction with local partner organisations. \$10.8 million of Australian Government funds were invested in projects focused on child protection, livelihoods, education, eye health, food security, gender, human rights, health, maternal and child health and water sanitation and hygiene.

Inaugural Friendship Grant recipients were announced in November 2018. Three Australian organisations were supported to implement projects in Cambodia in respective areas of rural livelihoods, youth leadership and access to education.

### **Australian volunteers program**

In 2018-19, 70 Australians, including 38 women, were supported through the Australian volunteers program in Cambodia. They worked with Government agencies, local and international non-government organisations, higher education institutions, and multilateral organisations. Australian volunteers worked with Cambodian counterparts to exchange their knowledge and skills in various areas, including community and social development, health, media, communications and marketing, management and human resources.

## **MUTUAL OBLIGATIONS**

None of our development cooperation in Cambodia was provided directly through Cambodian Government financial systems. However, our assistance was developed and implemented in close consultation.

Cambodia’s commitment to reform is critical to most of Australia’s largest investments in Cambodia and to the achievement of AIP objectives. Over 2018-19, the Cambodian Government continued to commit to reforms in a range of areas. A number of key results have demonstrated the importance of this commitment to the outcomes of our development investments, including:

- In the health sector, Cambodia’s willingness to adopt institutional reforms enabled the successes of H-EQIP, such as the establishment of the independent payment certification agency.

- The willingness of the Ministry of Economy and Finance to adopt more transparent, program-based budgeting enabled the PFM Project to see results, building on previous PFM results such as cashless payroll processes to prevent fraud in the payment of civil servant salaries.
- Cambodian Government policymakers across a number of ministries and departments (representing Women’s Affairs; Social Affairs, Veterans, and Youth Rehabilitation; Disability; and Economy and Finance) came together to participate in the launch of ACCESS.
- Through engagement with the Cambodian Government, Australia was able to ensure the Australia Awards program both met Cambodia’s human resource needs and was aligned with our AIP.

The Cambodian Government’s increasing responsibility for service delivery and performance is reflected in its increasing funding contributions to development activities. This includes in areas of mine clearance (pledging to contribute ten per cent of the project costs), IDPoor (financing most operational aspects), and increasingly of H-EQIP.

Australia’s increased focus on policy dialogue over 2018-19 helped progress this engagement and corresponding reforms. Policy dialogue will be an even greater focus in 2019-20, and is expected to feature in the next AIP. Areas of focus will likely include infrastructure, energy and public services.

## PROGRAM QUALITY AND PARTNER PERFORMANCE

### Overview

The program maintained a good capacity to generate and use effective performance information. A revised performance framework will be developed alongside the new AIP in 2019-20. We have developed an interim PAF with performance benchmarks drawn from existing investments for 2019-20 (Annex F) while the new Aid Investment Plan is being formulated.

Progress continues to be made in the area of program consolidation, and the number of ongoing investments has decreased. In 2018-19, the program had 15 investments, with 22 agreements. This compares to 26 investments and 53 agreements in 2015-16. The new AIP will consider the possibility of further consolidation, to the extent possible.

Evaluations finalised over 2018-19 were the mid-term review of the Cambodia Rural Roads Improvement Program Phase II and the final evaluation report of the Partnering to Save Lives program. Mid-term reviews of CAVAC II and H-EQIP are in their final stages. Where relevant, recommendations are being incorporated into program implementation.

The forward evaluation pipeline is in **Annex C**.

### Aid Quality Checks (AQC)s

In 2019, the Cambodia program completed eleven AQC)s, including three Final AQC)s (FAQC)s. All investments were assessed against the criteria of effectiveness, efficiency and gender equality with additional criteria of relevance, monitoring and evaluation, and sustainability for FAQC)s. Agreed ratings showed that Cambodia remained a high performing portfolio. Every program assessed was found to be performing well overall. Scores congregated at ‘4’s (adequate) and ‘5’s (good). There were no ratings of 6 (the highest score – very good), 1 (very poor) or 2 (poor). No investments were found to require improvement due to low AQC scores.

A table of AQC ratings is included in **Annex D**.

### Performance of key delivery partners

Australia’s development cooperation program in Cambodia continued to be implemented through a range of partners, including multilateral organisations, contractors and NGOs. All partners were found to perform at least adequately over 2018-19, as assessed through the annual Partner Performance Assessments (PPAs). Nine PPAs were completed for the Cambodia program. The one partner assessed as performing less than



adequately on three criteria in 2017-18 implemented an agreed improvement plan and lifted performance satisfactorily over 2018-19.

Multilateral organisations remained important partners for Australia, including for their ability to bring technical expertise and knowledge on global best practice, to deliver value for money, and to minimise duplication and donor fragmentation. The World Bank, in particular, engaged constructively with the Cambodian Ministry of Economy and Finance on health financing, public financial management and public administration reforms over the reporting period.

## RISKS

The overall risk profile for the program increased during Cambodia's election period in 2018. In response, implementation plans for exposed investments were adjusted and close monitoring undertaken of the political situation in the country. Safeguard risks remained present throughout the year and steps were taken to ensure that risks were closely monitored and adequately preparations in place to respond to any issues identified. Steps included specific project assessments and training for partners.

The new AIP will bring a change in focus of efforts, and accompanying risks. Meeting the objectives of a new AIP will require continued commitment from Cambodia to reform and policy dialogue. Resourcing will continue to be a risk to effective program implementation, and to successfully shifting towards a greater focus on policy advocacy.

### Table 3: Management of Key Risks to Achieving Objectives

Key risks (emerging and ongoing)	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	Provide a Risk Rating (low, medium, high, very high)	Are these same risks in Post's Risk Register (Yes/No)*
The political context adversely impacts on our bilateral relationship. This makes it difficult for Australia to advance or implement its development priority objectives	We continued to monitor the political situation and made representations, as appropriate. We worked with implementing partners to develop strategies to continue delivering aid programs during and immediately after the 2018 election period.	We will continue to monitor the political context, ensure good working relations and make representations, as appropriate. We will also robustly monitor the implementation of the aid program and continue to work with partners to deliver aid programs.	High	Yes
Australia's influence diminishes due to the relative size of its aid program compared to the growing contributions from emerging donors	We continued to maintain ongoing engagement with the Cambodian Government in the delivery of our aid programs. This ensured our investments remained relevant to the Cambodia's development needs, maintaining our reputation as an effective donor.	We will continue to engage with Cambodian stakeholders in developing the new Aid Investment Plan to ensure our investments achieve maximum impact for the Cambodian people and focus on areas where Australia can have the most impact for its funds. We will also continue to attempt to engage with emerging donors.	Medium	Yes
Fraud, corruption and non-compliance with safeguards policies, including child protection, work health and safety could adversely affect the reputation of the Australian Government's aid program	DFAT's Work, Health and Safety Section delivered training in Phnom Penh in 2018 and hosted one-on-one sessions with sectoral teams. A safeguards review was also conducted of our primary infrastructure project. An aid adviser with risk management responsibilities has been recruited to support at Post. DFAT does not deliver aid through Cambodian Government financial systems.	In 2019-20, we will take action to implement DFAT's Preventing Sexual Exploitation, Abuse and Harassment Policy at DFAT and through all aid program partners. We will ensure staff and implementing partners are up to date on DFAT's safeguards policies through providing regular training. We will continue to work closely with implementing partners so they are alert to risks and have the confidence to promptly report any issues or incidents to enable a prompt response.	Medium	Yes
Staff capacity is stretched impacting on the effective delivery of the aid program and the ability of staff to engage strategically in their respective sectors while also designing several new investments needed	We continued to work closely across teams to effectively share resources and tasking, as appropriate. An advisor was engaged to assist, particularly in the area of program performance and quality.	We will continue to identify opportunities to ensure we have sufficient resources to engage strategically and ensure the effective delivery of the aid program. This may include contracting in additional expertise. Post's aid advisor will support design processes.	Medium	Yes

\*If no, consider updating the Risk Register

## MANAGEMENT ACTIONS

Good progress was made against most of the management actions identified in the program's 2017-18 APPR. A summary of progress on management actions is included in the table at Annex A.

The development of a new Aid Investment Plan to commence in early 2020 will guide shifts in focus and programming over 2019-20. The new AIP is expected to require new investments in support of policy reforms, civil society strengthening and institutional capacity building, and continued transition out of direct construction of infrastructure and delivery of services. This will require DFAT to manage its investments differently, with increased focus on building networks and advocating policy positions requiring additional skills and resources, and further efficiencies through consolidation.

### Strategic

- Finalise a new Aid Investment Plan for implementation from 2020 to ensure our future development cooperation in Cambodia furthers Australia's objectives, responds to the development needs of the Cambodian people and meets emerging challenges.
- Design and progress new initiatives, to consolidate investments and achieve management efficiencies, and to implement the objectives of a new AIP.
- Ensure there is sufficient capability within program management teams to effectively support progress towards objectives, particularly in the area of policy dialogue. This includes through consideration of both:
  - continuing to explore opportunities for additional resource support, including through use of contracting mechanisms
  - maximising capabilities of existing staff.

### Operational

- Manage any budget reductions to minimise impacts on program outcomes.
- Take forward a range of policy initiatives (commenced in 2018-19) through CAVAC II and 3i, aimed at supporting policy reform or influencing broader practices in the agriculture and infrastructure sectors in ways that strengthen resilience in Cambodia.
- Finalise a new partnership agreement with UNDP to support a new phase of the effective landmine clearance program, as well as other selected activities to strengthen Cambodia's resilience.
- Mobilise a design team to design a new bilateral economic governance and infrastructure partnership.
- Progress a new program design to support public service delivery and social accountability for implementation from late 2020.
- Implement actions to improve gender equality outcomes in CAVAC II.
- Implement actions on disability identified from the workshop held at the Embassy in 2019.
- Ensure that, as agreed during the May 2019 mid-term review, H-EQIP will conduct a follow-up to the Gender Assessment to improve the implementation of priority actions.
- Ensure that the Australia Awards Cambodia program continues to implement effective strategies to boost applications from women at the pre-application stage.

## ANNEX A - PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management responses identified in 2017-18 APPR	Rating	Progress made in 2018-19
Develop a new Aid Investment Plan for implementation from 1 July 2019 to ensure our future development cooperation in Cambodia furthers the objectives of the Foreign Policy White Paper and responds to the development needs of the Cambodian people.	Partly achieved	The current Aid Investment Plan has been extended. Development of a new Aid Investment Plan has commenced, and will be in place by January 2020.
Pursue avenues for utilising administered funding from financial year 2018-19 to mobilise additional personnel in support of our increasing focus on achieving policy influence objectives.	Partly achieved	Administered funding has been utilised in 2018-19 for an additional personnel to provide support for performance, coordination and risk management activities. Further use of administered funding in support of more effective aid management will be explored in 2019-20.
In response to the Aid Health Check outcomes, adjust CAVAC II and 3i to also conduct policy dialogue with the Cambodian Government on key agriculture and infrastructure policy issues, including energy, rice production, irrigation and public-private partnerships by December 2018.	Achieved	CAVAC II and 3i commenced policy dialogue with the Cambodian Government on key agriculture and infrastructure policy issues.
As a result of the 2018-19 budget reduction, manage any necessary CAVAC II budget reductions to minimise impacts on the program outcomes; work closely with the CAVAC II team to manage the expectation of government partners and inform them about any change to the program's scope by November 2018.	Achieved	Arrangements and plans were put in place to successfully manage the implications of a reduction in budget for CAVAC II. Impact on existing project activities was minimised. Government partners were informed of the changes to program scope.
Maximise the benefit of our broader bilateral ODA engagement by exploring opportunities for promoting ACIAR's promising research findings under CAVAC II's 'diversification' pillar before the commencement of the mid-term review in February 2019.	Achieved	CAVAC actively engaged with the ACIAR regional office to discuss opportunities to disseminate and share research knowledge with various stakeholders. CAVAC has developed a knowledge management and influencing strategy.
Continue our support for sustainable investments by ensuring appropriate steps are being taken to address barriers to effective road maintenance, including capacity shortfalls, incomplete road maintenance planning and low or inconsistent road maintenance funding by June 2019.	Achieved	Progress of these components improved, and was assessed as satisfactory through the AQC process.

<p>Introduce new components to Australia Awards Cambodia, including short-term awards and an Australia Awards Alumni Engagement Coordinator by June 2019, as a result of last year's design process to advance our foreign, trade and development objectives.</p>	<p>Achieved</p>	<p>An Australia Awards Alumni Engagement Coordinator was recruited and is now working in the local Australia Awards office. The inaugural short-term award course was conducted effectively in the first half of 2019.</p>
<p>Complete the tendering process for the new design of ACCESS, followed by project set-up and implementation in 2018-19.</p>	<p>Achieved</p>	<p>The tendering process was completed, ACCESS was launched and has commenced implementation.</p>
<p>To effectively manage the implementation of ACCESS and to improve the mainstreaming of disability sensitivity within existing programs, work with DFAT Disability Section to conduct disability inclusive development training and identify priority actions by March 2019.</p>	<p>Achieved</p>	<p>Disability training was conducted in May 2019 and actions to further implement disability inclusive development were considered. Post received a set of recommendations following the visit by the disability specialist team, and has prepared a response as well as a draft plan of action.</p>
<p>Extend our contribution to the IDPoor program in 2018 to take advantage of its increasing importance to social protection and public service delivery, including its role in identifying Cambodia's most vulnerable people and facilitating their access to health care rebates.</p>	<p>Achieved</p>	<p>Our contribution to IDPoor was extended, and more poor Cambodians are able to access benefits.</p>
<p>Closely monitor Payment Certification Agency under H-EQIP through 2018-19 and implementation of the Gender Assessment recommendations by the Gender Mainstreaming Working Group through the H-EQIP mid-term review process by June 2019.</p>	<p>Partly achieved</p>	<p>The Payment Certification Agency was established and is now functioning effectively. However, progress on the recommendations from the gender assessment was only partially satisfactory. An enhanced response was agreed by the partners following the mid-term review and a DFAT management action has been included to follow up on this.</p>

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## ANNEX B – PERFORMANCE BENCHMARKS

### 1 Progress towards Performance Benchmarks in 2018-19

Aid objective	Performance Benchmark	Rating	Progress in 2018-19
<b>Improving access to essential infrastructure</b>	Number of people (women and men) that will directly benefit from a new committed household or business connection to electricity and/or piped, treated water (441,531 people with committed connections)	Partly achieved	36 contracts for co-investment in new private electricity and water networks were signed by 3i during 2018 (exceeding the target of 30 contracts), which are expected to benefit approximately 382,500 people. This is lower than the target of 441,531 people due to the smaller size of the actual contracts when compared to their projected size, although the program still performed strongly in terms of developing infrastructure investment projects.
	Additional production per year as a result of DFAT-supported irrigation schemes (30,000 tonne of paddy)	Achieved	The irrigation activities through CAVAC resulted in additional production of 123,796 tonne of paddy. This significantly exceeded the target as access to irrigation enabled three production cycles per year and expanded areas of cultivation. The targets for future years have been updated based on this result (e.g., the target for 2019/20 is 130,000 tonne of paddy).
<b>Increasing agricultural productivity and farmer incomes</b>	Land contaminated by landmines and other ERW released for productive use (6.67km <sup>2</sup> )	Achieved	The target was exceeded. 12.47km <sup>2</sup> of land was cleared using technical clearance (DFAT contribution is 40 per cent).
	Number of health centres exceeding 60 per cent score on the quality assessment of health facilities tool (Target = 30%, which is a baseline of 10 per cent + 20 per cent)	Achieved	The target was significantly exceeded as 88 per cent of health centres exceeded the 60 per cent score on quality assessment. According to H-EQIP's revised targets of 2019, in future this indicator will be measured by a number instead of percentage.
<b>Better health and education outcomes</b>	Number and per cent of Australia Awards scholarships awarded to women and men (50 per cent women, 50 per cent men)	Partly achieved	Good progress has been made towards awarding 50 per cent of scholarships to women. In 2018/19, 48 per cent of scholarships were offered to women, which is a 12 per cent increase from two years ago. As we did not reach the 50 per cent target, this results in an amber rating.

**Note:**

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

## 2 Performance Benchmarks for 2019-20\*

Aid objective	Performance Benchmark	2018-19 achievement	2019-20 target
Improving access to essential infrastructure	Number of people (women and men) that will directly benefit from a new committed household or business connection to electricity and/or piped, treated water (people with committed connections)	382,500 people (Based on the anticipated reach of the 36 contracts signed in 2018)	158,000 people (Based on the 11 contracts that remain to be concluded under the program in 2019)
	Additional production per year as a result of DFAT-supported irrigation schemes	123,796 tonne	130,000 tonne
Increasing agricultural productivity and farmer incomes	Land contaminated by landmines and other ERW released for productive use	12.47 km <sup>2</sup>	12.67 km <sup>2</sup>
	Number of health centres exceeding 60 per cent score on the quality assessment of health centre tool (end-of-project target in 2021 is 700 centres)	639	670 (estimated mid-point toward the final target)
Better health and education outcomes	Per cent of Australia Awards scholarships awarded to women and men	48 per cent women, 52 per cent men	50 per cent women, 50 per cent men

\*Note: Performance Benchmarks will be further elaborated in the forthcoming Aid Investment Plan for Cambodia and may be adjusted based on the new AIP objectives and program performance expectations. Refer to the AIP for reporting purposes in 2019-20.

## Annex C - Evaluation Planning

### 1 LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
ING741 Cambodia: Delivering Better Health	Partnering to Save Lives Final Evaluation Report (partner-led)	August 2018	August 2018	n/a	May 2019
INL044 Rural Road Improvement Project Phase II	Rural Road Improvement Mid-term Review (partner-led)	December 2018	February 2019	n/a	December 2018
INL968-Health Equity and Quality Improvement Program	H-EQIP Mid-term Review (partner-led)	May 2019	September 2019	n/a	N/A – not released by the Cambodian Ministry of Health. Annual reports are available and an evaluation is underway and will be available publically at project completion.

### 2 LIST OF PROGRAM PRIORITISED EVALUATIONS PLANNED FOR THE NEXT 12 MONTHS

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
CAVAC Phase II Mid-term Review	INL089 Cambodia Agriculture Value Change Program	Fieldwork conducted in May 2019	August 2019	- Assess program results - Inform program realignment	DFAT-led
3i Mid-term Review / formative evaluation	INL435 – Investing in Infrastructure	Early 2020	June 2020	- Improve existing investment - Inform new design	DFAT-led

## ANNEX D - AID QUALITY CHECK RATINGS

### 1 AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Cambodia Infrastructure Investment 2013-2020 (RRIP II)	\$22.6m 2015-20	2019 AQC	n/a	4	4	n/a	n/a	4	n/a
		2018 AQC	4	4	4	4	4	4	n/a
3i - Investing In Infrastructure	\$45.4m 2015-20	2019 AQC	n/a	5	4	n/a	n/a	4	n/a
		2018 AQC	5	5	5	4	5	4	n/a
Cambodia Agricultural Value Chain Program Phase 2	\$84.2m 2016-21	2019 AQC	n/a	4	4	n/a	n/a	3	n/a
		2018 AQC	4	4	3	4	5	4	n/a
Clearing for Results Phase III	\$9.0m 2016-19	2019 AQC	n/a	5	4	n/a	n/a	4	n/a
		2018 AQC	5	4	4	4	4	4	n/a
Health Equity and Quality Improvement Program (IDPoor3)	\$50m 2016-21	2019 AQC	n/a	5	5	n/a	n/a	4	n/a
		2018 AQC	5	4	4	4	5	4	n/a
Cambodia Australian Scholarship Initiative	\$13.2m 2013-18	2019 AQC	n/a	5	5	n/a	n/a	4	n/a
		2018 AQC	5	4	5	5	4	5	n/a
Community Policing Initiative in Cambodia	\$4.2m 2016-19	2019 AQC	n/a	5	5	n/a	n/a	4	n/a
		2018 AQC	4	5	5	4	5	4	n/a
Australia Cambodia Equitable Sustainable Access	\$15m 2018-21	2019 AQC	n/a	5	4	n/a	n/a	5	n/a
		2018 AQC	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## 2 FAQC RATINGS

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
		Delivering Better Health (includes Partnering to Save Lives)	\$22.7m 2007-18	5	5	5	4	5	4
Cambodia Australian Scholarship Initiative	2013-18	5	5	5	5	4	4	5	
Cambodia Communication Assistance Project Phase II	\$3.5m 2015-19	5	5	5	5	4	4	5	

### Definitions of rating scale:

#### Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

#### Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

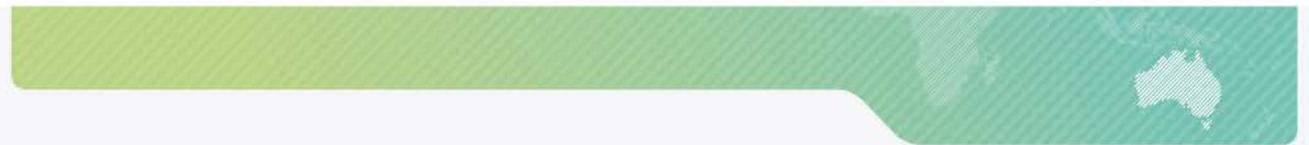
## ANNEX E: PERFORMANCE ASSESSMENT FRAMEWORK RESULTS FOR THE PERIOD 2018/19

### Objective 1: Improving access to essential infrastructure

	Indicator	2018/19 Targets	2018/19 Results	Remarks
1. Improvements in infrastructure and the economic environment	1. Number of people (women and men) that will directly benefit from a new committed household or business connection to electricity and/or piped, treated water <b>(AIP Benchmark)</b>	441,531 people	382,500 people	Estimated reach based on 85,000 households to be connected
2. Improved access to schools, health care facilities and other essential services in targeted rural areas	2. Satisfactory progress is achieved on the implementation of civil works and 'soft work' packages in rural road rehabilitation efforts.	Overall slippage of less than five per cent	Negative slippage of five per cent	As at mid-term review in December 2018
	3. Proportion of unskilled labour days on Australian-funded rural road rehabilitation works performed by women.	20 per cent	28 per cent	

### Objective 2: Increasing agricultural productivity and farmer incomes

	Indicator	2018/19 Targets	2018/19 Results	Remarks
3. Farming households have knowledge of and apply improved farming practices	4. Number of farming households that have changed farming practices due to DFAT interventions	23,280 households	25,194 households	Includes through market systems approach and irrigation schemes
	5. Additional production per year as a result of DFAT-supported irrigation schemes <b>(AIP Benchmark)</b>	30,000 tonnes	123,796 tonnes	



4. Farming households have improved access to quality agricultural inputs	6. Number of farming households that gain access to sustainable irrigation	10,666 households	10,313 households	
5. More land available for productive use	7. Land contaminated by landmines and other ERW released for productive use <b>(AIP Benchmark)</b>	6.67 km <sup>2</sup>	12.47 km <sup>2</sup>	From clearance. An additional 4.74km was released through non-technical survey

### Objective 3: Better health and education outcomes

	Indicator	2018/19 Targets	2018/19 Results	Remarks
6. Increased access to quality health services for the poor, women and children	8. Number of health facilities exceeding 60 per cent score on the quality assessment of health facilities tool <b>(AIP Benchmark)</b>	30 per cent	88 per cent	
	9. Number of outpatient and inpatient services (episodes) covered by Health Equity Fund	2,800,000 cases	2,810,697 cases	
	10. Percentage of women delivering in a health facility with a skilled attendant	89 per cent	87.29 per cent	National target
	11. Percentage of women aged 15-49 years who are married or in union and used modern contraceptive methods	43 per cent	21.92 per cent	National target – does not capture services from private sector
7. Australia Awards Alumni contribute to Cambodia's development	12. Percentage of Australia Awards scholarships awarded to women and men <b>(AIP Benchmark)</b>	50 per cent women, 50 per cent men	48 per cent women / 52 per cent men	23 women / 25 men



	13. Percentage of male and female alumni use their skills and knowledge to make a positive contribution to their field of expertise	75 per cent of alumni are employed in a position relevant to their field of study after 2 years of return	80 per cent	Alumni survey two years after return
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**Cross-cutting issues**

	Indicator	2018/19 Targets	2018/19 Results	Remarks
8. Increased investment in quality services for women affected by gender-based violence	14. [Indicator to be established in agreement with the Cambodian Government]	Baselines established	Indicators agreed but baselines not yet established	ACCESS Program – will establish baselines in 2019-2020 after all grants made
9. Improved quality of life for people with a disability	15. [Indicator to be established in agreement with the Cambodian Government]	Baselines established	Indicators agreed but baselines not yet established	ACCESS Program – will establish baselines in 2019-2020 after all grants made
10. Increased opportunities for Cambodia’s private sector (especially small- and medium-sized enterprises) to participate in transparent and effective public-private partnerships	16. Number of private industry associations assisted to promote sustainable and inclusive development	50 contracts	72 contracts (CAVAC: 36 3i : 36)	Target details: CAVAC: 18 3i: 32
	17. Value of private investment leveraged for development purposes (AUD)	AUD17,800,000	AUD13,093,612 CAVAC: \$707,544 3i: \$12,386,068	Target details: CAVAC: AUD 800,000 3i: AUD 17,000,000

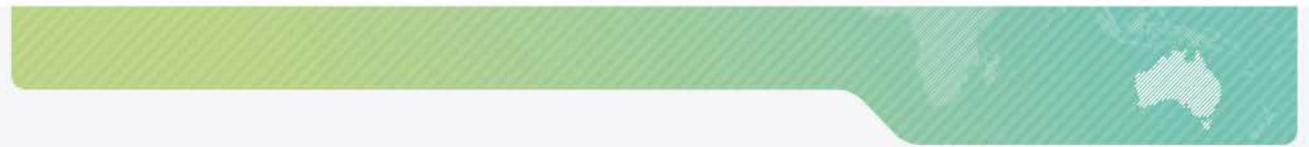
## ANNEX F – PERFORMANCE ASSESSMENT FRAMEWORK FOR THE INTERIM PERIOD 2019/20\*

### *Improving access to essential infrastructure*

	Indicator	2019/20 Targets	Remarks
1. Improvements in infrastructure and the economic environment	1. Number of people (women and men) that will directly benefit from a new committed household or business connection to electricity and/or piped, treated water <b>(AIP Benchmark)</b>	158,000 people	
	2. Number of actual household connections by private sector partner companies	6,000	Piped treated water connection: 2,000 Electricity connections: 4,000
2. Improved access to schools, health care facilities and other essential services in targeted rural areas	3. Satisfactory progress is achieved on the implementation of civil works and 'soft work' packages in rural road rehabilitation efforts.	Overall slippage of less than five per cent	*Based on the revised project schedule agreed in March 2018
	4. Proportion of unskilled labour days on Australian-funded rural road rehabilitation works performed by women.	20 per cent	

### *Increasing agricultural productivity and farmer incomes*

	Indicator	2019/20 Targets	Remarks
3. Farming households have knowledge of and apply improved farming practices	5. Number of farming households that have changed farming practices due to DFAT interventions	73,468 households	
	6. Additional production per year as a result of DFAT-supported irrigation schemes <b>(AIP Benchmark)</b>	130,000 tonne	



4. Farming households have improved access to quality agricultural inputs	7. Number of farming households that gain access to sustainable irrigation	14,854 households	
5. More land available for productive use	8. Land contaminated by landmines and other ERW released for productive use <b>(AIP Benchmark)</b>	12.67 km <sup>2</sup>	6km <sup>2</sup> from clearance 6.67km <sup>2</sup> from land reclamation non-technical survey (LRNTS)

**Better health and education outcomes**

	Indicator	2019/20 Targets	Remarks
6. Increased access to quality health services for the poor, women and children	9. Number of health centres exceeding 60 per cent score on the quality assessment of health facilities tool <b>(AIP Benchmark)</b>	670 by Q1 of 2020	Based on estimated progress toward end H-EQIP project target of 700 by 2020/21. Result was 639 in Q1 of 2019.
	10. Number of outpatient services (episode) covered by Health Equity Fund	2.86 million cases	Target revised to focus on outpatient services only. Based on estimated progress toward end H-EQIP project target of 3.10 million cases (2020/21). Result was 2.62 million in 2018.
7. Australia Awards Alumni contribute to Cambodia's development	11. Percentage of Australia Awards scholarships awarded to women and men <b>(AIP Benchmark)</b>	50 per cent women, 50 per cent men	



12. Percentage of male and female alumni use their skills and knowledge to make a positive contribution to their field of expertise

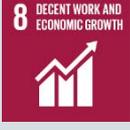
75 per cent of alumni are employed in a position relevant to their field of study after 2 years of return

*Inclusive governance and cross-cutting issues*

	Indicator	2019/20 Targets	Remarks
8. Quality services for women affected by gender-based violence and people with a disability	13. The ACCESS Program enters grant-based partnerships with organisations to deliver quality GBV and disability-related services that align with national policy priorities.	AUD 5 million	Key milestone for 2019
09. Strengthen the capacity of Cambodian institutions to develop networks undertake quality research and use this to inform public policy	14. Partnerships entered with Cambodian knowledge-sector institutions	7 (4 with core partners and 3 through emerging research grants)	<i>Ponlok Chomnes</i> Year 1 plan (March 2018 – Feb 2019)
10. Increased opportunities for Cambodia’s private sector (especially small- and medium-sized enterprises) to participate in transparent and effective public-private partnerships	15. Number of private industry associations assisted to promote sustainable and inclusive development	29	CAVAC: 18 3i: 11
	16. Value of private investment leveraged for development purposes (AUD)	AUD5,000,000	CAVAC: AUD700,000 3i: AUD 4,300,000

\*Note: The Performance Assessment Framework will be further elaborated in the forthcoming Aid Investment Plan for Cambodia. Key indicators may be adjusted based on the new AIP objectives. Refer to the AIP for reporting purposes in 2019-20.

# APPENDIX 1: 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT INFOGRAPHICS

 <p><b>1 NO POVERTY</b></p>	End poverty in all its forms everywhere	 <p><b>10 REDUCED INEQUALITIES</b></p>	Reduce inequality within and among countries
 <p><b>2 ZERO HUNGER</b></p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	 <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p>	Make cities and human settlements inclusive, safe, resilient and sustainable
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	Ensure healthy lives and promote well-being at all ages	 <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>	Ensure sustainable consumption and production patterns
 <p><b>4 QUALITY EDUCATION</b></p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	 <p><b>13 CLIMATE ACTION</b></p>	Take urgent action to combat climate change and its impacts
 <p><b>5 GENDER EQUALITY</b></p>	Achieve gender equality and empower all women and girls	 <p><b>14 LIFE BELOW WATER</b></p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	Ensure availability and sustainability management of water and sanitation for all	 <p><b>15 LIFE ON LAND</b></p>	Protect, restore and promote sustainable use of terrestrial ecosystems
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	Ensure access to affordable, reliable sustainable and modern energy for all	 <p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p>	Promote peaceful and inclusive societies for sustainable development and provide access to justice for all
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment	 <p><b>17 PARTNERSHIPS FOR THE GOALS</b></p>	Strengthen the means of implementation and revitalise the global partnership for sustainable development
 <p><b>9 INDUSTRIE, INNOVATIE EN INFRASTRUCTUUR</b></p>	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation		