



## **EUROPEAN UNION**

**Development Cooperation Activities in Cambodia** 

**EU-Cambodia: partners in progress** 

**July 2010** 



You can find this booklet and other publications on EU development activities in Cambodia online at: www.delkhm.ec.europa.eu

European Union Delegation to Cambodia

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Welcome to this 6th edition of the EU 'Blue Book' detailing the Union's development cooperation activities with Cambodia during 2009.

This year we have placed special emphasis on two highly important cooperation sectors: human rights and good governance as well as climate change.

Both Cambodia and the EU believe that democratic governance and respect for human rights are a necessary basis for political and economic stability. The EU has therefore worked with Cambodia to raise the capacity of both the government and civil society and by doing so is helping to build a firm foundation for long-term sustainable development.

Climate change meanwhile, poses a very real threat to countries around the world. Developing nations will suffer most, despite the majority being least responsible for the emissions which cause global warming. The EU has led the battle against climate change and believes that efficient and timely mitigation and adaptation can substantially reduce the negative impacts. We are working closely with countries such as Cambodia to find ways to adapt to these changes and details of our joint efforts can be found in this publication.

2009 was a momentous year for the EU with the entry into force of the Lisbon Treaty. The Treaty aims to make the Union more democratic, more transparent and more efficient. It also seeks to give the EU a higher profile and more prominent role on the world stage. One way that this will be achieved is through the transformation of European Commission Delegations into European Union Delegations.

The make up of Delegations worldwide will change over time to reflect this new role, however here in Cambodia we have perhaps been ahead of the curve. For a number of years the European Commission and EU member states have worked together closely, especially in the cooperation field. By doing so we have raised the profile of our activities, enhanced efficiency and spoken with one voice. The EU Road Map for Increased Aid Effectiveness launched in 2006 is one outcome of this approach, as is the annual Blue Book.

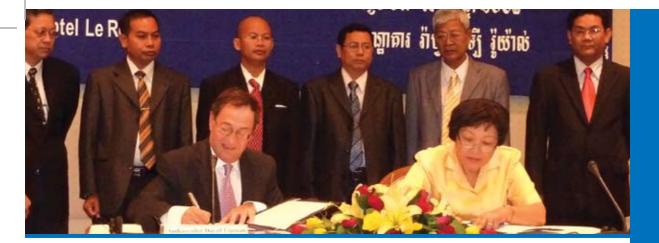
We hope that you find this edition of the Blue Book both useful and interesting. Should you have any feedback or require further information please do not hesitate to contact us.



H.E. Mr. Frank Marcus Mann German Ambassador & EU Presidency Representative



Mr. Rafael Dochao Moreno Chargé d'Affaires a.i. EU Delegation to Cambodia



U-Cambodia cooperation activities have touched the lives of millions of Cambodians from all walks of life. Various initiatives take place in sectors ranging from education and rural development to public financial management and private sector development. The EU is committed to ensuring the effectiveness of aid and that Cambodia is better placed to lead its own development process.

#### A key development partner

The EU is Cambodia's biggest development partner in terms of grant aid. EU donors active in Cambodia include Belgium, the Czech Republic, Denmark, Finland, France, Germany, Italy, Sweden, Spain, the United Kingdom and the European Commission. In 2009, the EU (Member States and the European Commission) disbursed some €157 million (over US\$ 212 million) in support of Cambodia's development agenda.

#### **Meeting Cambodia's needs**

EU-Cambodia assistance has evolved over the years to match Cambodia's changing circumstances. Poverty alleviation and meeting basic needs remain a priority and numerous activities take place in support of Cambodia's National Strategic Development Plan. These include initiatives in the rural development, good governance, basic education, health, and environment fields amongst others.

#### **Basic education**

Three decades of conflict left Cambodia with no formal education system, few teachers and a limited number of

functioning schools. The EU sees education. and particularly primary education, as essential due to role in forging citizenship and democracy as well as reducing poverty. As early as 2000, the European Commission and a number of EU member states such as France, Sweden and Belgium began to focus on the education sector by building schools, training teachers and helping the Ministry of Education to re-structure. Meanwhile the Commission's more recent 'sectoral' approach aims at strengthening institutional and human resource capacity.

#### **Macro-economic support**

For effective delivery of 'pro-poor' economic development and social sector support a country needs both a stable macro-economic policy and a transparent and accountable public financial management systems. An extensive Public Financial Management Reform Programme (PFMRP) has been running since 2005. The EU supports the reform with a view of increasing the use of national systems and procedures for better aid delivery while budget support is provided in support of Cambodia's National Strategic Development Plan.

## Governance, democracy and human rights

The promotion of democracy, the rule of law, good governance, and respect for human rights and fundamental freedoms are key objectives for the EU in Cambodia. The EU seeks to strengthen democratic institutions, processes and actors (both state and non-state) through a wide variety of initiatives ranging from indigenous



people's land rights or legal and judicial reform to combating human trafficking and sexual exploitation.

#### **Trade-related assistance**

The export sector has matured rapidly, in no small part due to Cambodian products being granted quota and duty free access to the EU market since 2001. As a result, trade-related technical assistance grown in importance and the capacity of Cambodian officials to handle the complexities that govern modern-day trade has been enhanced Cambodia exports today "everything but arms" duty free and quota free to the EU.

#### A road map to more effective aid

In 2006, EU donors in Cambodia established

a first EU Road Map for Increased Aid Effectiveness. The Road Map was updated in December 2009 with the aim of supporting the rapid achievement of the Cambodian Millennium Development Goals, specifically, sustainable poverty reduction. This is being achieved through the strengthening of country leadership and capacity in driving the effectiveness agenda, for example, the partners have recently launched the partnership with Cambodia Development Council a study on the use country system. EU development partners are also exploiting strengths and comparative advantages through a shared actions approach ("division of labour"), thus reducing costs and duplication.





ambodia is already one of the more disaster-prone countries region, subject to flood and drought on a seasonal basis. Various models predict that higher temperatures are likely to increase the variability of rainfall patterns and intensity of weather events. In the longerterm, rising sea levels could pose a significant threat to marine coastal areas, which are already experiencing storm surges, high tides, beach erosion and salt-water intrusion. Aberrant rainfall patterns over the past few years and the recent destruction caused by Typhoon Ketsana in late September 2009 have captured the attention of key decision makers and line ministries, as well as the general public.

Cambodia's commitment to addressing the global climate change threat is reflected in its early ratification of the United Nations Framework Convention on Climate Change (UNFCC) in 1995 and its accession to the Kyoto Protocol in 2002. In 2006 the Government established a National Climate Change Committee (NCCC) chaired by the environment minister comprising 19 ministries and agencies. A Climate Change Office (CCO) established in the Ministry of Environment in 2003 serves as Secretariat for the NCCC. It was upgraded in 2009 to the Climate Change Department (CCD) under the General Directorate of Administration for Nature Protection and Conservation. It should be noted that Cambodia sent a delegation to the Conference of the Parties (COP 15) in Copenhagen and associated promptly itself with the Copenhagen Accord in January 2010-one of the first Least Developed Countries

to do so.

The National Adaptation Programme of Action to Climate Change (NAPA) was endorsed by the Council of Ministers in October 2006 and submitted to the UNFCC in 2007. Four priority focus areas for adaptation are outlined in the NAPA including water resources management and agriculture, forestry, health and the coastal zone.

The Cambodia National Strategic Development Plan (NSDP) 2009-2013 articulates the objectives of the national economic growth and poverty reduction strategy. So far climate change has not figured prominently in the NSDP. However the Rectangular Strategy recognizes change as a challenge to climate Cambodia's sustainable development and commits to mobilize financial and technical resources to address it.

#### Mitigation and adaptation

The EU recognizes that climate change is already occurring, that many vulnerable countries are already experiencing its impact and that the ability to cope with the adverse effects of climate change varies considerably among countries.

For example in Cambodia the consequences of climate-sensitive human health impacts (water and insect borne diseases), access (disruption of infrastructure) and food security (e.g. impact of agricultural pests) are likely but the link to climate change is not yet widely documented or common knowledge. Timely adaptation is therefore a necessary complement to mitigation and



more climate-resilient societies need to be built not only in Cambodia but around the world.

The EU stresses the need for Cambodia to effectively integrate adaptation into national and sectoral planning, sustainable development policies and strategies at all levels. This requires fostering decentralized, bottom-up approach building on Cambodia's existing and if necessary reformed institutions and structures. It also requires promoting enhanced regional cooperation. cross-sectoral approaches as stakeholder involvement. Adaptation needs and responses should be addressed in line with Cambodia's circumstances and priorities. Efforts to prepare for action need to be enhanced capacity-related delays avoided. A further priority is to facilitate the integration of climate change issues into development planning and strategies such as the NSDP Update 2009-2013.

The EU recognises that fast-start financing will be required pre-2013 to enable capacity building and early actions. These will include developing low carbon development strategies/growth plans. preparation for the United **Nations** Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation Developing Countries in (REDD), annual emission inventories, pilot projects, cooperation in research, and immediate adaptation concerns including disaster risk reduction.

The experience of existing institutions, in delivering aid should be used and the

principles of aid effectiveness applied. Cambodia will certainly require additional resources and ODA will continue to play a role, particularly for support to adaptation, including disaster risk reduction.

In recent years the EU has significantly increased its support to climate change initiatives both globally, regionally, and in Cambodia. Support was initially provided through humanitarian as well as agriculture and rural development projects such as the Disaster Programme of the European Commission's Humanitarian Aid department (DIPECHO) and the French-backed North West Irrigation Sector Project. The UK also supported the ADB study on the 'Economics of Climate Change in South East Asia' that had a more specific regional focus than the Stern Review. A multitude of other EU initiatives include the Danida supported 'Climate Change Capacity Strengthening Awareness Raising Programme' within the Ministry of Environment; support provided to the Mekong River Commission; the provision of scholarships for Master's students (UK); seminars; drawing contests and national workshops / forums / debates on climate change (Sida, Danida, EC, and UK); an environmental week (France); COP 15 Climate Change events, and many more, both in Cambodia and in the region.

The institutional set up for addressing climate change—by nature a cross-cutting task and responsibility involving many ministries and agencies as well as civil society—rapidly evolved during 2009 and with it the action agenda itself. As a result, EU member states (Denmark, Germany, Sweden, and UK) and the European

# YOU CONTROL CLIMATE CHANGE.



Commission agreed to bundle their resources in two major climate change initiatives: the 'Pilot Programme for Climate Resilience' (PPCR: US\$30-60 million – 50% grant 50% loan) under the Climate Investment Funds (CIFs) and the 'Cambodia Climate Change Alliance' (CCCA: US\$9 million -100% grant) under Global Climate Change Alliance

(GCCA). Priority vulnerable sectors or themes for Cambodia that could be addressed by the PPCR and CCCA are coastal zones, agriculture, water resources, and rural infrastructure. UNDP played a major role in the design of both the PPCR and CCCA thus ensuring synergies of both initiatives.

#### Planning ahead for climate change

With 85% of the population working in the agricultural sector, Cambodia is highly dependent on the weather and vulnerable to natural hazards. Erratic climate trends make it increasingly difficult for the local population to plan the normal agricultural cycle. In addition, recurrent natural hazards, poor land, crop and resource management practices as well as the lack of institutional planning further aggravate the situation. Effects livelihoods are potentially devastating, in particular the most vulnerable and poorest.

In Cambodia, the European Commission has since 1998 promoted disaster risk reduction (DRR) initiatives to better prepare communities and decision-makers for changing environments and threats. This has mostly been undertaken through the Disaster Preparedness Programme of the European Commission's Humanitarian Aid department, DIPECHO, which has allocated close to €8 million in the past 10 years for pilot actions in the country.

Often local populations simply require additional knowledge, skills and affordable tools to address threats. Culturally and locally adapted methodologies have been tested, for example, by developing accurate and reliable local data collection systems, warning and forecasts for drought and floods, or by promoting crop diversification and disaster-resistant agriculture. Meanwhile, locally constructed and maintained water storage systems can save crops in the event of late rains or mid- season drought.

Meanwhile, innovative and interactive activities to increase knowledge about natural disasters, such as games for children, shadow theatre and radio drama programmes, have also been well received. These actions demonstrate that people are not helpless in the face of disasters or a changing climate, and that communities can improve their preparedness levels and resilience.

Linking disaster risk reduction and climate change adaptation is also a policy issue. The European Commission has supported the Royal Government of Cambodia in developing their Strategic National Action Plan for Disaster Risk Reduction, which encompasses climate change matters.



ambodia is today at peace after decades of civil war. The Kingdom is becoming increasingly integrated with the region and the rest of the world and has enjoyed macro-economic stability and growth for a number of years. However, Cambodia remains fragile and a number of key constraints remain for long-term development. Chief among these are insufficient access to and delivery of justice, lack of respect for human rights and the rule of law, weak transparency and accountability within government and widespread corruption. Many living in rural areas are poor and excluded, with no means of protecting their rights livelihoods and little voice in their future. Mechanisms to enable dialogue between the government and citizens are weak, conflicts continue to be resolved outside formal state system and public the protest space for appears to be narrowing. Meanwhile, Cambodia is also a country of origin, transit and destination trafficked persons while labor exploitation is another important issue.

The Royal Government of Cambodia (RGC) recognizes the need to strengthen democratic governance and respect for human rights. The 2004 Rectangular Strategy places good governance at the core of the development agenda citing four focus areas: anti-corruption; legal and judicial reform; public administration and decentralization; and armed forces demobilization.

To achieve these, the RGC seeks to foster strong and innovative partnerships with relevant stakeholders including the private sector, development partners like the EU and civil society. The National Strategic Development Plan (NSDP) also raises good governance as a crucial issue for Cambodia's development citing the same four areas as the Rectangular Strategy. The NSDP is currently being revised; however the strong focus on good governance and public sector reform will remain.

## Promoting advancement of democratic governance

EU values like the promotion of democracy. the rule of law, governance, and respect for human rights and fundamental freedoms constitute objectives for our cooperation in Cambodia. These objectives have considerable inherent value yet are also instrumental to achieving pro-poor, gender responsive and long-term development.

The EU seeks to promote the advancement of democratic governance by strengthening democratic institutions, processes and actors (state and non-state). Reinforcing the governance structure in this way will have direct implications on delivery, human security and sustainable development. An analysis commissioned by the EU suggests that Cambodia can make more sustainable progress meeting Millennium Development Goals by strengthening the responsiveness and accountability of the State. A key entry decentralization point is and government reform processes.

The National Programme for Sub-National Democratic Development 2010-2019 provides the basis for the EU-Cambodia



partnership in this area. As part of the EU division of labor process, a joint EU programme - Strengthening Performance, Accountability and Civic Engagement (SPACE) - was designed in 2009 and will commence in 2010 with funding from Germany, the European Commission, Sweden and the UK (DFID). Support will build on current initiatives that help build state capacity and institutions at the local level with greater emphasis placed on strengthening accountability as well as consultative activities of locally elected councils. This will complement assistance provided to civil society to raise the capacity of citizens to demand government accountability.

Continued high level political support within the RGC for the full implementation of sub-national democratic development and human rights based, sustainable development will be critical for the future partnership between Cambodia and EU countries.

#### The EU in action

Denmark, Germany, France Italy, the Netherlands, Sweden, the UK and European Commission carry out various initiatives in this sector.

Denmark supports both state institutions and civil society organisations. Assistance has been provided to help implement the government's legal, judicial and civil service reforms. Other focus areas include improving the legal framework for protection of indigenous peoples' land as well as building National Audit Authority capacity. Support is given to various civil

society organisations in areas including improving legal aid for poor and vulnerable people; alternative dispute resolution; and raising public awareness of corruption.

Germany promotes good governance to promote democracy, civil society and public administration. Important areas of bilateral support include assistance to the National Audit Authority, Sub-National Democratic Development, Public Administrative Reform and Promotion of Women's Rights. In a twin-track approach, good governance is both the object of autonomous programmes as well as an integral part of all rural development and health projects supported by Germany.

Since 2004, a French initiative has built capacity within the civil service by providing modern management tools and training to enhance the quality of services delivered to the population. The project mainly supports the activities of the Council for Administrative Reform but also provides technical assistance. From 2002 to 2009 the French Embassy supported legal and judicial reform by financing education programmes for magistrates and justice professionals. France has also provided significant contribution to "Extraordinary Chambers in the Courts of Cambodia" since its establishment and funded NGOs ("Avocats Sans Frontières") supporting victims of the Khmer Rouge regime.

Italian support focuses on training law enforcement, court officials, NGO case workers and legal professionals on human trafficking. Monitoring takes place of



vulnerable groups such as trafficking victims, returnee victims of labour exploitation and cases of transnational marriages. Awareness campaigns among municipal bodies and local communities have also been carried out.

The protection of child rights is one of the Netherlands' priorities with special attention paid to violence against children. he Netherlands supports a UNICEF project that helps provide a safety net for young victims of sexual exploitation. Furthermore, The Netherlands funds training for police officers to recognise and to combat violence against children as well as NGOs offering shelter to victims of sexual exploitation.

Sweden and the UK (DFID) support decentralisation reform, the formulation of the National Programme for Sub-National Democratic Development and public financial management. In addition, Sweden supports the UN Office of the High Commissioner for Human Rights (OHCHR) as well as helps strengthen the capacity of Cambodian civil society to address democracy and human rights issues.

The UK Embassy funds government and non-governmental organisations to promote and protect human rights. Key areas of activity include: land rights; corporate social responsibility; working with parliament and civil society as well as working with the Cambodian National Police and NGOs on child protection.

Sweden, the UK and the OHCHR supported the RGC to prepare the report for the Universal Period Review at the UN Human Rights Council in December 2009.

The European Commission has provided support to both commune and national elections. It funds a large number of human rights projects implemented by national and international NGOs. The Commission also helps fund RGC's Public Financial Management programme and the Ministry of Interior's programme for sub-national democratic development (through UNDP).





#### Empowering the poor and vulnerable: A lake given back to the villagers

A Cambodian NGO, Buddhism for Development (BfD), received a grant from Danish aid agency Danida to implement a project to build local capacity to prevent human rights violations and promote local justice in the provinces of Preah Vihear, Kampong Thom and Pailin. The project has so far helped 37 commune councils set up Committees to Prevent and Manage Human Rights Violations (CPMHRVs) and encouraged villagers in 223 villages to elect Peace and Development Volunteers (PDVs). The PDVs have been trained on human rights issues including the rights of ethnic minorities, the law, development concepts and practices as well as conflict resolution. The CPMHRVs have contributed towards the promotion of respect for human rights in local communities, providing alternative dispute resolution and representing villagers when demanding local authorities take appropriate action against human rights violations.

In late 2007, the villagers in Romany Commune, Rovieng District in Preah Vihear Province were shocked when the chief of Romchek village went fishing at Boeung Jorm Prey lake and was confronted by 1st Deputy Commune Council Chief Mr. Bin Nhim who confiscated the village chief's fish and accused him of trespassing on his property. The news of what had happened quickly spread and with the assistance from PDVs, 70 families whose livelihoods directly depended on their access to the lake submitted a request to the local CPMHRV for intervention.

The CPMHRV alongside with the Romany Commune Council Chief invited all PDVs to a meeting to discuss how to solve the problem. The meeting decided to first send the CPMHRV chairman to negotiate with Mr. Bin Nhim to stop claiming ownership of the lake and return it to the villagers. Mr. Bin Nhim refused to do so after several meetings. The Romany Commune Council Chief and the CPMHRV then filed a complaint with the Department of Environment and the Association of Commune/Sangkats in Preah Vihear Province.

In June 2009, the Romany Commune Council issued the first official summons to Mr. Bin Nhim to appear before the commune council in order to force him to return the lake to the villagers. Three months later, the second summons was issued but Mr. Bin Nhim still did not show up.

In early October 2009, Mr. Bin Nhim agreed in front of the commune council and the CPMHRV that he would return the lake to the community on the condition that the villagers pay him US\$100,000 as compensation. The CPMHRV declined this offer and explained to Mr. Bin Nhim that legal action would be taken against him. In late October 2009, an agreement was made between the Romany Commune Council and Mr. Bin Nhim that he would end his occupation of the lake and return it to the villagers of Romchek Village.

This case shows that when the poor and vulnerable know their rights and how justice can be found locally, they can uphold justice in their communities through collective action.



**Imost** 11 million Cambodians, representing more than 80% of the total population live in rural areas. Agriculture remains the main economic activity for some 72% of the people and it is estimated that five million Cambodians live below the poverty line of US\$ 1 per day, while nearly 11 million fall under the US\$ 2 per day threshold. Meanwhile, 90% of the population live on less than 40% of the territory, mainly along the main water ways such as the Mékong River and Tonle Sap Lake / River.

The general consensus is that the only viable long-term solution for reducing poverty and strengthening food security in Cambodia is increasing agricultural productivity and diversification; consensus heightened by the impact of the global economic crisis. Concerted collaboration and cooperation between the government, development partners and the private sector is needed to achieve this. Meanwhile, agricultural and rural development will also play a major role in ensuring more balanced national development while contributing economic progress and creating employment.

The agricultural sector is presently transformation undergoing towards market oriented rather than for self consumption model. This change requires considerable support to enhance land access, water management, access to seeds and fertilisers, as well as credit and commodity chain organisation from the producer to the consumer. Improvements need to be both physical and institutional to improve the resiliency of cropping systems to environmental and economic factors and to ensure sustainability. At the same time, there is a clear need to improve rural infrastructure to provide better living conditions for the rural population as well as to boost local economies (e.g. roads are necessary to provide access to markets).

As a result, agriculture and rural development is reflected as a priority in the government's Rectangular Strategy. Meanwhile, the EU plays a key role in the Technical Working Group for Agriculture and Water to support a sound sector policy and facilitate coordination and harmonisation among stakeholders.

## Facilitating agriculture, improving livelihoods

Seven EU member countries (Denmark, Finland, France, Germany, Italy, Spain, and the United Kingdom) as well as the European Commission are active in the sector.

Activities take place in nearly all provinces and are adapted to the specific needs of each location. For example food security, the provision of social safety nets, infrastructure landmine clearance and development take place in peripheral areas. Meanwhile, in the central plains the focus is on productivity enhancement diversification through irrigation development and cash crop production well as by supporting extension and agricultural financial services.

Many activities are implemented through NGOs in order to ensure maximum impact



at the local level. Funding delivered by this means accounts for some 35% of the EU total. As an example the "EU Food Facility" Programme is worth €18 million (or more than US\$24 million)

Particular focus is placed upon working with the government, local authorities and user associations to create an enabling environment to support sustainability by helping ensure infrastructure can be properly operated and maintained. In addition, the development of these rural

areas is supported by an integrated approach that see investment in rural infrastructure (e.g. roads, electrification, water supply and sanitation) and support given to Small and Medium Enterprises (SMEs) to help bring produce to market.

Some €12 million was disbursed in the agricultural sector in 2009 with over €10 million planned for 2010. Meanwhile, some €13 million was disbursed on rural development projects in 2009 with over €16 million planned for 2010.









#### Raising yields through direct sowing

CIRAD, the French research centre working with developing countries to tackle international agricultural and development issues has provided support to the Ministry of Agriculture, Forestry and Fisheries (MAFF) to help adapt DMC (Direct sowing in Mulch based Cropping systems) techniques to Cambodian conditions.

The Support Project for Agricultural Development of Cambodia (PADAC) has received funding of €2.5 million from the French Development Agency (AFD).

After four years of research and development, MAFF has now disseminated these techniques for pluvial annual crops. They allow crops to be planted and raised in mulch, removing the need to plough the land and ensuring a permanent plant cover. As a result, soil quality and fertility is regenerated and maintained leading

to a stabilisation or increase in yields.

DMC techniques are adapted for most Cambodian agro-ecosystems and in particular for plains areas. These systems are also more climate change resilient than traditional agriculture. The first demonstration plots and training activities are currently taking place in Kampong Cham and Battambang provinces. In 2009, 40 ha demonstration plots and 100 ha of farmers' plots were cultivated under DMC techniques. For 2010, the DMC network will increase with further private sector involvement.



The crops targeted are cassava, maize, soybeans and rice. Yields from rice plots have reached around 6 tons/ha compared to 2 to 3 tons/ha in irrigated areas.

PADAC project aims to contribute to a territory planning that agricultural development is efficient, sustainable and accessible to small holders as well as for large farms (http://agroecologie.cirad.fr/)



ambodia has a rich and diversified cultural history dating back many centuries. The golden age was between the 9th and 14th century during the Angkor period when many of Cambodia's famous temples were built. Cambodia also has a long heritage of music, arts, literature, film making and dance although many artists were killed and important parts of Cambodia's cultural history destroyed during the Khmer Rouge period.

The cultural sector is one of the Royal Government of Cambodian priorities, as emphasized in the National Strategic Development Plan 2006-2010. preservation and sustainable development of Cambodia's cultural and natural heritage is seen as a key factor in facilitating the reconstruction and reinforcement of the Cambodian society and encouraging cultural tourism.

The European Union Council reaffirmed in 2008 the role of culture and intercultural dialogue as a vehicle of bridging cultureal diversity. reconciliation and conflict prevention individuals between and people. Cultural exchanges and cooperation help reinforce the role and place of civil society in democratisation and good governance, together with the promotion of human rights and fundamental freedom. The cultural sector also has strong economic potential, notably concerning the creative industries and sustainable tourism.

#### **Emphasising the cultural dimension**

France, Germany and Italy all place strong

emphasis on the cultural dimension of their cooperation and relations with Cambodia. A number of activities focus on conservation of the heritage of Cambodia and especially the protection of the Angkor area.

Since 1992 France has supported the Apsara National Authority as well as a regional vocational training center in professions related to heritage, the restoration of the Baphuon temple and modernisation of the national German cooperation has museum. focused on protecting the irreplaceable bas-reliefs. apsaras, pediments lintels of Angkor Wat and surrounding temples as well as the Prohear prehistoric burial site. Italy meanwhile, is seeking to develop effective conservation and preservation methods to safeguard the Angkor complex.

A number of activities also recognise the links culture forges between Europe and Cambodia.

A European Union film festival and a parallel festival targeting students are organized annually in Phnom Penh supported by the Embassies of EU member states and the Delegation of the European Union.

France supports the performing arts, restoration of written memory and Cambodian literary production, the Bophana centre of audiovisual resources and the Heritage Mission, whose goal of which is to register and promote urban heritage. The French Development Agency (AFD) funds the Cambodia



Film Commission (CFC) which was established in 2009 as the country's first professional organisation dedicated to helping overseas productions shot in the country. European cultural organisations active in Cambodia include the Centre Cultural Français du Cambodge (CCF)

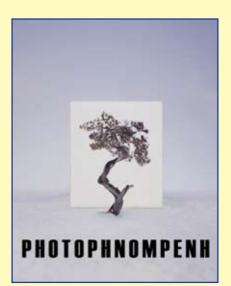
which bridges traditional and modern forms of expression through music, photography and dance. Furthermore, the Meta House focuses on the resurrection of Khmer arts and the Art+Foundation promotes Western classical music, both have German support.

#### **Photo Phnom Penh**

The second Photo Phnom Penh (PPP) organized by the CCF in December 2009 confirmed the major impact of photography in the country. Twenty two exhibitions by international and local artists, chosen by Christian Caujolle, founder of the agency and gallery 'Vu', were presented in cultural locations throughout the city.

Evenings' out door projections in the magnificent courtyard of the Royal University of Fine Arts were welcomed by an enthusiastic Meanwhile six "image navigated the Tonle Sap River every evening screening photographs from the invited artists. PPP closed with a 'Night of the Year' which, in partnership with the Festival of Photography Les Rencontres presented on twelve screens one year of photography from agencies, newspapers and festivals from around the world.

Helping to promote intercultural dialogue, the PPP festival, in partnership with the Delegation of the European Union to Cambodia, invited twelve European and Asian photographers to create, photographic dialogues in duets an various subjects such as architecture, landscapes and portraits.



These collaborations started discussions on the visual environment of Phnom Penh. They were also symbols of exchange and creation between photographers from various cultural backgrounds. The result of these collaborations was presented during a special "Europe Asia" projection.

A third PPP will begin on 28 November 2010 and the EU will be actively participating again.



dult literacy in Cambodia is 73.6% while literacy among females aged between 15 and 24 years is some 9% lower than the rate for males. Although gross and net primary enrolment ratios compare favourably with other Mekong countries, the lower gross secondary and tertiary enrolment ratios are a cause of concern.

The greatest challenge remains the persistently high levels of drop-out and repetition, reducing the efficiency and effectiveness of the sub-sector and representing lost opportunities for Cambodia's children. More broadly. uncertain quality standards and of education services across all levels need to be addressed.

In recent years, there has been a strong focus on educational reform with the Ministry of Education Youth and Sport (MoEYS) launching a major overhaul of the sector. A sector-wide approach is being implemented in partnership with development partners. The Education Strategic Plan (ESP) sets out policies and strategies. Meanwhile, the Education Sector Support Programme (ESSP) outlines how Ministry systems, programmes and resources will actively implement key reforms for equitable access, quality improvement and enhanced management and financing of education services at all levels.

The priority for education is reflected in the Rectangular Strategy with the EU playing an important role in the Education Sector Working Group (ESWG) as well as in the Joint Working Group on Education to support the definition of a sound sector

policy and facilitate coordination and harmonisation among stakeholders.

#### Improving access, building capacity

The overall objective of the EU is to assist the Royal Government of Cambodia implement its poverty reduction strategy through development in the education sector. Emphasis is placed upon creating improved access to quality education, especially for girls. Actions also seek to build capacity to manage reforms in the sector and to decrease reliance on external technical assistance.

EU donors currently active in this sector are the Sweden, France, Belgium and the European Commission.

2009. the Swedish International Development Cooperation Agency Sida channelled support worth €2.8 million through UNICEF's Expanded Basic Education Programme (EBEP 2). EBEP 2 has three key objectives: capacity building to efficiently manage sector-wide education reforms; supporting access to education in six provinces; and assisting the MoEYS reach disadvantaged children with no access to formal pre-school or basic education. Belgium, through the Belgian development cooperation agency BTC operates in the provinces of Siem Reap, Otdar Meanchey and Kampong Cham. It has provided funding worth €13,450,000 since 2003 to the Basic Education & Teacher Training (BETT) programme (see below).

French cooperation takes place in the higher education sector and includes the



setting up of university level courses in the areas of health, law and economics, engineering, agronomy and human sciences. In 2009, France allocated €4 million to this sector as well as 18 technical assistants. In addition, scholarships worth €540,000 are provided annually for students to study in Europe.

Education is the priority sector for the European Commission in Cambodia. It is providing €10 million of sector budget

support from 2008 - 10 and almost €31 million for 2011 - 13 to support the MoEYS as it strives to achieve its "Education for All" basic education targets. A capacity development component focuses on supporting MoEYS's own institutional and procedural reforms in the areas of policy definition, human resources, finance, internal audit and basic education effectiveness.

#### **Basic Education & Teacher Training (BETT)**

The Basic Education & Teacher Training (BETT) programme is implemented by the Cambodian Ministry of Education, Youth and Sport (MoEYS) and the Belgian Technical Co-operation (BTC) office. aunched in October 2003, the programme runs until June 2011.

BETT aims at improving the quality of, and equitable access to, basic education in Siem Reap, Otdar Meanchey and Kampong Cham. The first key objective is the expansion and rehabilitation of school facilities and facilities of provincial and regional teacher training institutes. Applying an alternative child-friendly school design, BETT has constructed 631 classrooms in 83 primary and 28 lower secondary schools. Each school is supplied with furniture, blackboards, sanitation facilities and access to water. Two provincial teacher trainingcolleges and one regional teacher training college have been renovated.

The second objective is to increase basic education transition rates from primary to lower-secondary levels for the most vulnerable students. By 2009, BETT had provided scholarships to over 6,400 beneficiaries at 69 lower secondary schools.

The third objective is to increase progression rates per grade through enhanced teacher training and curriculum development. BETT has developed teacher training materials and trained teacher trainers, education officers and school directors to improve the teaching of mathematics, early literacy, reading promotion and health education.



ambodia is a country richly endowed with natural resources such as forests as well as inland and coastal fisheries. It is home to a wide variety of species of national and international significance.

The importance of sound environmental management to poverty reduction is well recognised and reflected in key policy documents including the National Strategic Development Plan. Environmental management is mainstreamed within government, and many sectors play a crucial role in taking forward sound environmental management and planning. However, the focal ministry is the Ministry of Environment.

The European Union continues to regard environmental issues as critical in supporting sustainable development in Cambodia. As a result, the EU Member States and European Commission seek to include environmental considerations in all activities, projects and programmes. Environmental screening procedures are used to identify key environmental issues that are then taken forward during implementation.

EU direct support to environmental projects and programmes in Cambodia is growing very fast. Efforts to tackle climate change – both by reducing emissions and helping the poor and vulnerable to adapt to future changes – are developing and this publication has devoted a section to this area of work.

EU support in other sectors such as tourism, rural development and agriculture

all feature significant environmental elements. For example, much of the work on forestry in Cambodia – including establishment of community forestry areas – provides not just commercial and private benefits in terms of fuel wood, poles, timber, non-timber forest products etc, but environmental benefits too.

#### The EU in action

Apart from activities on climate change covered elsewhere, there are a number of EU programmes taking place in the environment sector – either entirely focused in Cambodia, or working in the region.

France funds, with support from its Global Environment Fund, an ecosystem conservation initiative taking place in the Cardamom Mountains. Co-financed and implemented by NGO Conservation International the total budget for this project is €2,080,000 of which the French Development Agency (AFD) funds €840,000.

The European Commission has been promoting community forestry in eight provinces in Cambodia (more than €1.6 million from 2005-2010) in partnership with Oxfam-GB. Community forestry has been recently approved by the Government of Cambodia and is widely regarded as a means to manage forests in a more environmentally and socially sustainable manner. Community based approaches to both forestry and fisheries management are also promoted through the Natural Resources Management and Livelihoods programme, supported by Denmark and the UK, which disbursed over €12.5



million in 2009 through line ministries, sub-national authorities and civil society.

Meanwhile, through the Environment and Natural Resources Thematic Programme (ENRTP) – which has a global budget of €62.6 million – the European Commission will have dedicated resources available to address environmental and natural resource management issues in Cambodia as from mid 2010.

A number of EU member states, along with other donors, are supporting regional initiatives that include Cambodia – such as the Mekong River Commission. Meanwhile, the European Commission also supports the ASEAN Centre for Biodiversity based in the Philippines. Sweden is heavily involved in regional environmental initiatives

that involve Cambodia, such as a major programme with the Wetlands Alliance in Cambodia, Laos, Thailand and Vietnam (2009 – 2012) to improve management of aquatic resources. Sweden, together with Canada also supports the Economy and Environment Program for Southeast Asia (EEPSEA), a research network that addresses the market and policy failures that encourage environmentally damaging behaviour. The four year support 2008-2012 amounts to 14 million SEK.

Finally, Spain through Fundación IPADE is running a three-year initiative in Cambodia, Vietnam and the Philippines focusing on community fishing and solid waste management. The Cambodia component amounts to approximately €850,000.





## Supporting indigenous peoples' groups in Mondulkiri: The land issue

Cambodia's indigenous ethnic minority groups mostly live at the mountainous fringes of the country. Many live within or close to protected areas with high cultural and environmental value. However, these communities also experience high levels of poverty and are often heavily dependent on common-property natural resources such as forests, fisheries and the fallow lands of their shifting cultivation cycle.



Danish, and British (as well as New Zealand) aid agencies channel funds through the Multi-Donor Livelihood Facility into a five-year, US\$65 million Natural Resources Management and Livelihood Programme. One component supports the development of civil society groups, and in Mondulkiri Province many villages are being helped to deal with threats to their land and natural resources through developing village-based organisations and obtaining communal land titles.

A pioneering village is Andoung Kraloeng, in Mondulkiri Province. Here over 100 ethnic Bunong families have been pursuing their claim since 2003 with the help of the Wildlife Conservation Society, an international NGO. A village committee of traditional elders and other residents has been formed and trained and the ability of the village to act collectively has been revived after a long period of decline. Now they have the confidence and skills to plan and manage their communal land, and resolve unaided most attempts to grab or deforest it, which typically happens several times per year.

The land boundaries proposed by the community have recently been accepted by the provincial authorities and concrete markers placed. The community plans to use this increased security of tenure as a springboard to improved livelihoods, with agricultural projects underway and a tourism project starting up in 2010.



ender equality is recognized as an essential condition for sustainable economic growth and poverty reduction. During the last decade, profound political, economic and social changes have offered women new opportunities to participate in Cambodia's development, but serious inequalities persist, as evidenced by the limited participation of women decision-making processes development, the lower educational levels of women and girls, poor health indicators, and the persistence of high levels of violence against women.

Gender equality is enshrined in the 1993 Cambodian Constitution and is regarded by the Royal Government of Cambodia as such a high priority that it was singled out in 2003 as one of the nine Cambodian Millennium Development Goals. The **National** Strategic Development Plan 2006-2010 defines gender mainstreaming strategic for all sectors. The enhancement of the social status of women, including by ensuring their right to equally participate in nation building, is recognized as a high priority.

#### An integral element of EU cooperation

The EU emphasizes gender equality in all its development cooperation activities. For example, in Cambodia Danish-funded natural resource and livelihoods programmes seek to ensure that half of all participants and direct beneficiaries of suitable activities are women.

The EU Delegation, UK, Finland, France, Spain, Denmark and Germany also fund a wide variety of specific gender-related

cooperation actions in Cambodia. Assistance is provided to the Ministry of Women's Affairs (MoWA) in the fight against trafficking. A recent achievement signing of cooperation the a agreement between the Cambodian and Vietnamese governments concerning the identification and repatriation of trafficked victims. Support has also been provided to MoWA to implement legislation against domestic violence, and to NGOs to raise awareness on this to combat domestic violence.

A wide range of NGO initiatives receive EU funding. Activities include promoting the participation of women in social and political affairs; enhancing livelihood options and the economic status of vulnerable women and girls through education and vocational training; increasing awareness of women's rights; and offering access to protection and services for victims and women at risk of domestic violence and rape.

Other NGO projects focus on food security and nutrition; grass-roots empowerment; prevention of child abandonment; mitigating vulnerability to human trafficking; sexual rights and reproductive health; psycho-social wellbeing; and the management of gender-related information.

An ILO (International Labor Organization) initiative receives EU funding to improve the well-being and health of women workers and enhance gender responsive workplace policies.

In addition, support is provided for the Education Sector Support Programme (ESSP) which provides clear indicators on



gender equality and equitable access for girls to basic education especially at the primary level. The budget allocated to the above projects amounts to approximately €4.2 million with EU support in the field of gender equality certain to remain a priority in the future.

#### I recognize that my wife is important to me...

Thour Tim is 26 years old and married a 15-year old girl in 2006. Their daughter died when she was 12 months old from illness. Tim's relationship with his wife and parents in-law was difficult and he blamed them for the death of his daughter, shouting at his wife and warning her not to visit her parents. He often got drunk, smashing things and sleeping with other women.

In 2009, Tim started to realize that his relationship had problems after hearing educational spots on domestic violence on the radio and TV.

"I really regretted what I had done as I made my wife suffer and I never cared about her. I just did whatever I wanted to do to make me happy," Tim says.

After attending gender training with Spanish NGO Paz y Desarrollo (peace and development) in June 2009, Tim changed his attitude and became more aware about the impact of domestic violence on women.

"It was really good training and I want everyone in my community to attend. I now recognize how important my wife is to me. She works hard and takes care of me a lot."

Tim's wife is now four months pregnant and he gets up at 5am to do the housework before going to work.

"My wife is so glad that I care about her, help her, and give her the opportunity to make decisions. I have stopped drinking so much and no longer have sex with other partners as it is a betrayal to my wife and can destroy my family".







here have been several encouraging developments in the Cambodian health sector over the past few years, including a reduction in child mortality and in HIV/AIDS prevalence. However, the sector still faces a number of serious challenges. The quality and availability of health care services continues to lag behind expectations, with many health facilities facing a shortage of skilled staff, equipment and basic commodities. The low salaries of staff employed in the public sector coupled with a lack of performance-based incentives lead to low motivation. At the same time, the private sector remains largely unregulated. and private medical practice is on the rise.

Access to health services is particularly difficult for the poor (who constitute one third of the Cambodian population), vulnerable groups and those living in distant rural areas. Maternal mortality remains at a worryingly high rate, with 461 deaths per 100,000 live births (Census 2008) – one of the highest in the region. Moreover, there are indications that child malnutrition is back on the rise in the context of the global economic crisis and high food prices. The Ministry of Health and other government agencies are addressing these constraints.

The Second Health Strategic Plan 2008-2015 (HSP2), developed by the Cambodian Ministry of Health in consultation with relevant stakeholders, serves as the guiding framework for all programmes and interventions in the health sector. It outlines the different areas and approaches which need to be supported in order to achieve the health-related Cambodian Millennium Development Goals (CMDGs). Key strategic priorities are to improve the quality of

health services and the population's access to health services, particularly for the poor. Given the persistent high maternal mortality rate, the health minister has developed a set of fast-track interventions to address this issue.

Cambodia benefits from the support of several international initiatives, such as the International Health Partnership and Providing for Health, which aim at improving health outcomes and health financing through better coordination and exchange on best practices. Moreover, the Cambodian health sector was chosen as a priority sector for the OECD/DAC aid effectiveness initiative.

#### The EU in action

Currently, five EU member states as well as the European Commission are supporting the Cambodian health sector. In the context of the EU Code of Conduct and Division of Labour, Germany acts as 'chef-de-file', helping to coordinate the EU support to the health sector.

Belgium, France and the UK are part of a new multi-donor Health Sector Support programme (HSSP2) which provides coordinated support to the implementation of the Health Strategic Plan. To improve effectiveness, the HSSP2 partners combine their resources and abide by common management arrangements. The HSSP2 under-funded focuses particularly on priorities of the Health Strategic Plan. These include reproductive, maternal, neo-natal and child health, non-communicable diseases and health system strengthening.



The UK further supports programmes to help reduce maternal mortality and to promote the social marketing of reproductive health commodities.

France supports the University of Health Sciences and Calmette Hospital. Moreover, the regional network of Pasteur Institutes facilities epidemiological research, training and monitoring.

Germany's Social Health Protection Programme aims at improving the access to affordable, quality health services for all Cambodians and to increase the use of health services by the population. The programme works to improve the quality of services, human resource development and health care financing, with a focus on the needs of poor and vulnerable groups.

Italy's support aims at improving sexual

education and reproductive health in the province of Kampong Chhnang, through research, public awareness campaigns and training for service providers.

Through Unicef, the European Commission supports a project to promote healthier lifestyles and improved primary health care services. The Commission and a number of EU member states also provide support to NGOs and the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria for their activities in Cambodia.

To increase the predictability and effectiveness of their support, European donors encourage long-term commitments in the health sector. Alignment with the Health Strategic Plan has increase national ownership and the efficiency of external aid. EU contributions to 2009 and ongoing programmes total around € 100 million.





Since the signing of the Paris Peace Accords in 1991 Cambodia has made considerable progress in many areas. However many decades of conflict left the Kingdom with huge deficiencies in key areas of infrastructure such as water supply, energy, transportation, urban development and telecommunications, as well as health and education.

The 2008 Census indicated that 47% of households had access to water resources (compared to 21% in 1998). However considerable differences existed between urban (66%) and rural (30%) areas. Although 87% in urban areas had access to electricity, the figure in rural areas stood at just 13%. Despite the nation's road network having improved over the past decade, much still needs to be done to ease the transport of both goods and

people. Economic development has led to increased energy demand and a corresponding need for investment in both the production and distribution of electricity and fuel. Meanwhile, urban planning in main centres such as Phnom Penh, Siem Reap, Battambang, Sihanoukville has struggled to keep up with the rapid pace of development.

In addition, the enhancement of the institutional framework and the need for new investment must also be addressed. The institutional framework of each sub sector needs to evolve towards taking a more sustainable approach while the conditions for public private partnerships also need to be fostered.

## Enhancing institutions; developing infrastructure

European donors (Czech Republic, France, Germany and the European Commission) are providing support in the water supply, energy and urban development sectors. The European Commission, for example, co-financed Cambodia's first ever wind turbine as a pilot project for renewable energy and technology transfer.

Much is being done regarding the enhancement of institutions. Developing regulatory authorities or more autonomous public entities to handle public services is a core objective of certain EU-funded projects to ensure the sustainability of investments. Support is also provided through "decentralised cooperation" such as the twinning of European and Cambodian local communities. A number of NGO activities also focus on this area.



#### The rehabilitation of the Central Market (Phsar Thmey)

The Central Market was built in 1937 and is architectural testimony to the French colonial period. Its rehabilitation took place through decentralized cooperation between the French City of Paris and the Municipality of Phnom Penh. Financial support has been provided by the EU's Asia Urbs programme and the French Development Agency (€4.5 million).

The project supports both institutional and physical rehabilitation. On the institutional side, the first step was to provide a degree of autonomy to the management of the market.

In parallel, a process was held to hire an architect for the design as well as a company to implement the work. The challenge was to guarantee equity in the allocation of new stalls and to maintain commercial activities during construction.

Through the efforts of all stakeholders, the first phase was implemented in 2009 with one third of the market becoming fully active in November. A second third should be reopened in May 2010 and the project finished later in the year.

Once the project is completed the Municipality of Phnom Penh will have a new centre around which economic activities such as tourism, commerce and restaurants can develop. It will furthermore be able to benefit from the potential of its architectural heritage. For example, the market has already accommodated a cultural event during the Photo Phnom Penh festival in November 2009.





#### **Public finacial management**

he Public Financial Reform Program (PFMRP) is one of the priorities of the Royal Government of Cambodia's (RGC) Rectangular Strategy for growth, employment, equity and efficiency. Commencing in December 2004, the programme aims to transform the Public Financial Management System of the RGC to international standards over a 10 to 15 year period. This is a multi-stage initiative which in the initial phase sought to build budgetprocess credibility and is now expanding to improve financial accountability within line ministries.

The PFMRP has three broad objectives:

- to ensure that public spending is in line with available resources, thus promoting macroeconomic stability;
- to set strategic priorities and allocate resources in pursuit of poverty reduction and other desired objectives set out in the National Strategic Development Plan (NSDP); and
- to ensure that resources deliver value for money.

Strengthening Cambodia's public financial management is an essential component in building confidence among donors to channel more aid through government systems in a coordinated manner in line with Paris Declaration and Accra Accord commitments to improve aid effectiveness.

In 2007 over 750 donor projects were on-going in Cambodia. Of the 360 donor missions that took place only 12% were coordinated with other donors while 121

parallel project implementation units were in operation. Only about 15% of the US\$612 million of aid that flowed into the country used government financial management systems. Parallel systems divert scarce staff resources from government systems, reducing the government's capacity to effectively and efficiently manage public finances.

EU member states and the European Union are committed to progressively increasing the use of the RGC's own systems for channelling support. The European Commission as well as the Swedish (Sida) and UK (DFID) development agencies have pooled funds to support Cambodia's PFM reform program.

At the same time, the German development agency (GTZ) is helping the Auditor General's office improve transparency as well as checks and balances within government financial procedures. support to local government reforms, particularly the decentralisation deconcentration initiative implemented by the Ministry of Interior, also helps in the establishment of directly-elected commune councils and their financing through country systems.





#### **Budget support in support of reform**

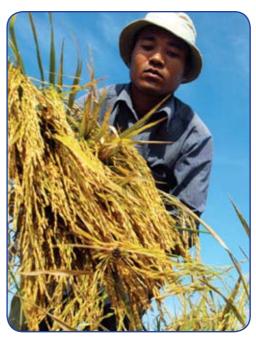
donors have furthermore been instrumental in the design of a pilot budget support programme. This places the government in the lead for the effective use of aid and aims to build, rather than circumvent and undermine, government systems. The programme provides flexible financing to support the Cambodian government's strategy reduce poverty as set out in the NSDP. It is designed to increase incentives for reform in public financial management, land and natural resources management and private sector development. These reforms are crucial to reduce the obstacles to continued growth and poverty reduction.

The budget support programme is a multi-donor initiative that provides some €17 million per year to the government to support the implementation of the NSDP on condition that a set of previously agreed policy actions are undertaken by the Cambodia Government. It is funded by the UK (DFID), European Commission, World Bank and Japan. The UK has committed to spend GBP7.5 million over three years, while the European Commission has committed €22.2 million over 2007-2010. After a design phase of nearly 18 months, the first payment was made at the end of 2007. The next disbursement could be made in 2010 subject to continued progress against key policy indicators including PFM reform.

The European Commission is also providing budget support to key areas of the education sector (finance, personnel, audit and basic education) in order to

carry forward reforms that will help improve the quality of education in Cambodia.







ourism is a dynamic growth sector worldwide with Cambodia being no exception. However, tourism in the Kingdom tends to be concentrated around a limited number of destinations and its benefits do not adequately reach the poor. Siem Reap province for example, home to the country's main tourist attraction Angkor Wat, was, according to UNDP, still the second poorest province in the country in some years ago.

The rapid growth of tourism is stimulating unprecedented demand for new destinations, hotels, transportation, food and other services. This presents opportunities to generate employment. However, policies and measures are needed to avoid rapid uncontrolled growth and any possible negative impact. The lack of qualified human resources is a major weakness in this sector, especially at provincial level. Public sector officials in charge of tourism need the knowledge and skills to harness tourism while communities also need to be made aware of their tourist potential and be given the tools to benefit from it.

The EU's support to Cambodia's tourism sector is consistent with the National Poverty Reduction Strategy (2004 and 2008) which states that the development of tourism will generate employment and income for Cambodians and by doing so, help reduce poverty and improve the well-being of Cambodian people. Furthermore, tourism will foster economic diversification and attract investment while eco-tourism will help protect environment such resources as forests. The Strategic Development Plan (NSDP) 2006-2010 highlights measures including: increasing tourists' length of stay, making tourism a priority area for investment as well as promoting natural areas as eco-tourist destinations.

#### Seizing opportunities, building capacity

In Cambodia, the EU supports the development of tourism in two main ways: by encouraging the sustainable development of tourism to alleviate poverty and through training and capacity building for public authorities and local communities.

Spain, through the Spanish Agency for International Cooperation and Development (AECID), and France are actively involved in this sector.

AECID has provided almost €650,000 for two projects implemented by the Spanish NGO Fundación Promoción Social de la Cultura (FPSC) with Cambodian partner NGOs in the northeast of Cambodia, and another implemented by the UNWTO. The initiatives provide skills training for provincial tourism departments Tourism Development Committees. The €700,000 "Mekong Discovery Trail" project aims to develop tourism in the provinces of Kratie and Strung Treng. Objectives are to increase tourist numbers, generate employment and income for the local population as well as raise awareness and respect for the environment. The project is executed by the UNWTO in close collaboration with the Ministry of Tourism and the Dutch organization SNV.

France provides a technical assistant to the Asian Development Bank for regional



tourism issues and supports a professional tourism diploma at Royal University of Phnom Penh (RUPP). By June 2009, thirty five students were enrolled in the programme. Meanwhile, at the Royal University of Law and Economics (RULE) France supports a training programme for tourism managers which was

launched in 2009. Both of these programmes set out to foster the development of the tourism industry and to provide students with job opportunities adapted to the local market.

The total EU budget provided in this sector for 2009 was close to €1.4 million.

#### **Eco-tourism for development**

Both the government and the travel industry agree that northeast Cambodia has the highest eco-tourism potential in the country.

Koh Pdao Community Based Ecotourism (CBET) initiative was created in 2008. Located about 45km from Kratie Town, Koh Pdao is a charming community. Tourists are hosted by local people and can enjoy a unique glimpse of rural Cambodian life and culture as well as watch Mekong dolphins.

Koh Pdao CBET contributes towards developing the local community and environmental conservation. It has 47 members and comprises both Koh Pdao and Sampin village in which some 425 families live. Spanish NGO Foundación Promoción Social de la Cultura (FPSC), with its local partner Cambodian Rural Development Team (CRDT), is working with the Koh Pdao CBET to help the community generate income through tourism services as well as to increase its capacity to manage the CBET.

Mr. Sok Sim is head of Koh Pdao CBET. "I am very happy to work to increase community tourism because it increases my income. The community earns money from providing home stays, food, transportation and guiding. The environment looks better too, as we clear away rubbish and plastic to keep everything nice and clean. Tourism helps us become more aware of how to improve our lives in better and cleaner conditions."

Divorcee and mother of three, Mrs. Seng Sokhem, previously relied on farming rice and fishing. Today however, she is the CBET food group leader. "This job has helped me meet my daily living expenses. I sometimes earn up to 50,000 riel per group of tourists. Income depends on how many tourists come but it is very encouraging that the number can increase and benefit our community".



ambodia has benefited greatly from private sector development and trade to achieve the remarkable growth it has recorded over the last decade. Garment exports and tourism have been key drivers of economic growth and poverty reduction. As a result, private sector development and export-led growth are critical components of the government's National Strategic Development Plan.

However, with a frail infrastructure, governance issues and low productive capacity, the challenges that Cambodia continues to face in private sector development are formidable, a realisation that was brought home forcefully in 2009 when Cambodia's international trade took a severe hit as a result of the global economic crisis.

#### Integration and poverty eradication

Mindful of the importance of a vibrant private sector for sustainable economic growth, the European Union is the world's largest donor of Trade-Related Assistance (TRA). The EU helps support developing countries, particularly Least Developed Countries (LDCs), to better integrate into the rules-based world trading system and use trade more effectively to eradicate poverty.

The inclusion of Cambodia under the EU's scheme Everything but Arms (EBA) scheme is an integral part of the EU's 'Aid for Trade' philosophy. This preferential trading scheme gives products from LDCs (with the exception of arms) duty and quota free access to the EU market. On 1 October 2009 EBA was extended to include rice, the most important agricultural crop in Cambodia. The main EU donors active in trade-related assistance and private

sector development in Cambodia are the European Commission, Denmark and France. The European Commission is the largest contributor to the Trade Development Support Program, together with Danish aid agency Danida. In addition, the Commission is funding a development programme for rural Small and Medium Enterprises (SMEs).

The successful EC-ASEAN Intellectual Property Rights Programme (ECAP) entered its third phase in January 2010. Working closely with the French Development Agency AFD, ECAP has supported the development of 'geographical indications' for Cambodian products. France provides support for increasing productivity in the garment sector and the development of the rubber industry.

All of the trade-related assistance that the EU provides to Cambodia forms part of the EU's commitment under the Enhanced Integrated Framework (EIF), the global TRA programme for LDCs. This programme also has a specific trust fund for funding targeted country actions. Some 70% of the contributions to this trust fund have come from the EU and its member states. Cambodia is benefiting from this fund after the **EIF** Board Geneva-based approved Cambodia's proposal for a project on capacity-building activities in mid-2009.

In recent years, the EU has been at the forefront of initiatives to deliver more and more effective aid. In Cambodia, EU development partners have worked hard, in collaboration with multilateral agencies, to put aid effectiveness principles into practice. This has led to the establishment of the Trade SWAp.



#### Taking a sector-wide approach

Under the lead of the Ministry of Commerce, the EU has been instrumental in supporting establishment of a more integrated and comprehensive approach to trade-related assistance: the 'trade sector-wide approach', or 'Trade SWAp'. This is a move away from providing development assistance through scattered donor-led projects, implemented by project-specific implementation units that heavily on government resources.



The Trade SWAp was jointly developed by the Ministry of Commerce and international donors in Cambodia. The Ministry of Commerce's Department for International Cooperation has taken up much of the work of the previous 'project implementation units'. The main funding mechanism for the Trade SWAp is a multi-donor trust fund – the Cambodia Trade Development Support Program, or TDSP – that is managed by the World Bank together with the Ministry of Commerce's Department of International Cooperation. The European Commission has provided €7.1 million, while Denmark has contributed DKK33 million and UNIDO €200,000.

The TDSP was officially launched in March 2009 and it has made good progress in the course of the year. The programme is largely demand-driven and a first consultation round yielded more than 40 proposals from government agencies and business interest groups, covering trade-related activities such as improving product safety standards and improving access by Cambodian firms to European markets.

Implementation of projects will start in early-2010. One concrete example of such a project is that submitted by the Royal School of Administration, which will use TDSP funds to develop specialized courses on international trade to develop civil servants' skills and knowledge in this area. And, for instance, TDSP will provide training for officials from the Ministry of Commerce to better understand the rules of origin that govern preferential trading schemes, including the EU's Everything but Arms. Another activity focuses on the drafting of a Law on E-Commerce. Developing local capacity and building Cambodia's infrastructure for international trade – that's what the TDSP aims to achieve.



#### Size and population

The European Union is less than half the size of the United States, but its population is over 50% larger. In fact, the EU population (more than 500 million people) is the world's third largest after China and India.

The European Union covers more than 4 million km². Seen on a map of the world, this is not a huge area — but it embraces 27 countries. Their size varies widely, with France the biggest and Malta the smallest.

#### Official EU languages

The European Union has 23 official and working languages. They are: Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish and Swedish.

#### The euro

The euro is the legal tender for around 329 million people in 16 EU countries. The symbol for the euro is €. The euro notes are identical in all countries but each country issues its own coins with one common side and one side displaying distinctive national emblem. All the notes and coins can be used in all EU countries that have adopted the euro. EU using the euro: Austria. Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands. Portugal, Slovakia, Slovenia and Spain.

The European Union – a success story
For sixty years now, the European Union
has brought political stability and economic

prosperity to its citizens. It has created a frontier-free single market and a single currency, the euro. It has reunited a fractured continent. The European Union is a major economic and commercial power and the world's biggest donor of development aid to poorer countries. Its membership has grown from six to 27 nations.

Though richly diverse, EU countries are united in their commitment to peace, democracy, the rule of law and respect for human rights. They seek to uphold these values in Europe and beyond, to build and share prosperity, and to exert their collective influence by acting together on the world stage.

#### A growing family

The EU began life in the 1950s as the European Economic Community with six founding members — Belgium, Germany, France, Italy, Luxembourg and the Netherlands. They created a new way of coming together to manage their joint interests, based essentially on economic integration. They were joined by Denmark, Ireland and the United Kingdom in 1973, Greece in 1981, and Spain and Portugal in 1986. Reunification of Germany in 1990 brought in the Länder from eastern Germany.

In 1992, a new treaty gave more Community responsibilities the to institutions and introduced new forms cooperation between national governments, thus creating the European Union as such. The EU was enlarged **Finland** 1995 include Austria, to and Sweden.



The Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia joined in 2004, followed in 2007 by Bulgaria and Romania. Three candidates, Croatia, the former Yugoslav Republic of Macedonia and Turkey, have applied for membership and are currently negotiating accession.

Europe has always been home to different peoples and cultures. Every member state includes people from other countries - usually with close historical ties to the host country. The EU sees ethnic and cultural diversity as an asset, and promotes tolerance, respect and mutual understanding.

## Strengthening the EU's role on the global stage: The Lisbon Treaty

The Lisbon Treaty, which entered into force on 1 December 2009 marks a milestone for the EU and will make the Union more democratic, more transparent and more efficient.

The Treaty is the result of a process that began in 2001 when European leaders felt that reforms were necessary to prepare the EU for the challenges of the 21st Century.

The Treaty streamlines EU institutions, helping the 27-strong Union function more effectively while enhancing the EU's role in world affairs, better able to respond to regional and international challenges. Major changes include the creation of the post of European 'President' to head the European Council, as well as a 'foreign minister'. Decisions in many areas will be made simpler while an EU External Service will also be created.

Former Belgian Prime Minister Herman

Van Rompuy has been appointed President of the EU Council. Meanwhile, the UK's Catherine Ashton is High Representative for Foreign Affairs & Security Policy, a role which also includes the former position of Commissioner for External Relations.

One of the key objectives of the Treaty is to strengthen the Union's role in the international arena. The Treaty harnesses Europe's economic, humanitarian, political and diplomatic strengths to promote European interests and values worldwide, while respecting the particular interests of the Member States in Foreign Affairs.

A new European External Action Service (EEAS) is to provide back up and support to the High Representative. This includes the Commission's current external delegations throughout the world, which have now become Delegations of the European Union.

Delegations will contain both regular EEAS staff (including Heads of Delegation) and staff from relevant Commission services with all staff working under the authority of the Head of Delegation. The EU Delegations will assume the role and functions of the rotating EU Presidency in terms of local coordination and representation of the Union while continuing to work in close cooperation with diplomatic services of the Member States. They will furthermore supporting role regards play as diplomatic and consular protection of Union citizens in third countries.

It is important to note that that the Delegation will not duplicate the activities of the embassies of the European Union Member States; instead it will take the lead in areas that are dealt with at the European, rather than the national level.



he European Council defines the general political direction and priorities of the European Union. With the entry into force of the Treaty of Lisbon on 1 December 2009, it has become an institution. It provides the Union with the necessary impetus for its development and defines the general political directions and priorities thereof. It does not exercise legislative functions. Its President is Herman Van Rompuy. http://www.european-council.europa.eu/

The European Parliament is the only directly-elected body of the European Union. The 736 Members of the European Parliament are there to represent EU citizen. They are elected once every five years by voters right across the 27 Member States of the European Union on behalf of its 500 million citizens. Parliament plays an active role in drafting legislation which has an impact on the daily lives of its citizens. For example, on environmental protection, consumer rights, equal opportunities, transport, and the free movement of workers, capital, services and goods. Parliament also has joint power with the Council over the annual budget of the European Union. http://www.europarl.europa.eu/

**The European Commission** is the EU's executive body. It represents and upholds the interests of Europe as a whole. It drafts proposals for new European laws. It manages the day-to-day business of implementing EU policies and spending EU funds. The Commission also makes sure that everyone abides by the European treaties and laws. http://ec.europa.eu/index\_en.htm

The Court of Justice of the European Union is a multilingual institution. Since the establishment in 1952, its mission has been to ensure that "the law is observed" "in the interpretation and application" of the Treaties. As part of that mission, its role are to (1) reviews the legality of the acts of the institutions of the European Union, (2) ensures that the Member States comply with obligations under the Treaties, and (3) interprets European Union law at the request of the national courts and tribunals. http://curia.europa.eu/jcms/Jo1\_6308/

The European Court of Auditors is the EU Institution established by the Treaty to carry out the audit of EU finances. As the EU's external auditor it contributes to improving EU financial management and acts as the independent guardian of the financial interests of the citizens of the Union. The Court renders audit services through which it assesses the collection and spending of EU funds. It examines whether financial operations have been properly recorded and disclosed, legally and regularly executed and managed so as to ensure economy, efficiency and effectiveness. http://eca.europa.eu/

The European Economic and Social Committee http://www.eesc.europa.eu/
Committee of the Regions http://www.cor.europa.eu/
The European Central Bank http://www.ecb.europa.eu/home/html/index.en.html
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