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COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

December 2020 – December 2025

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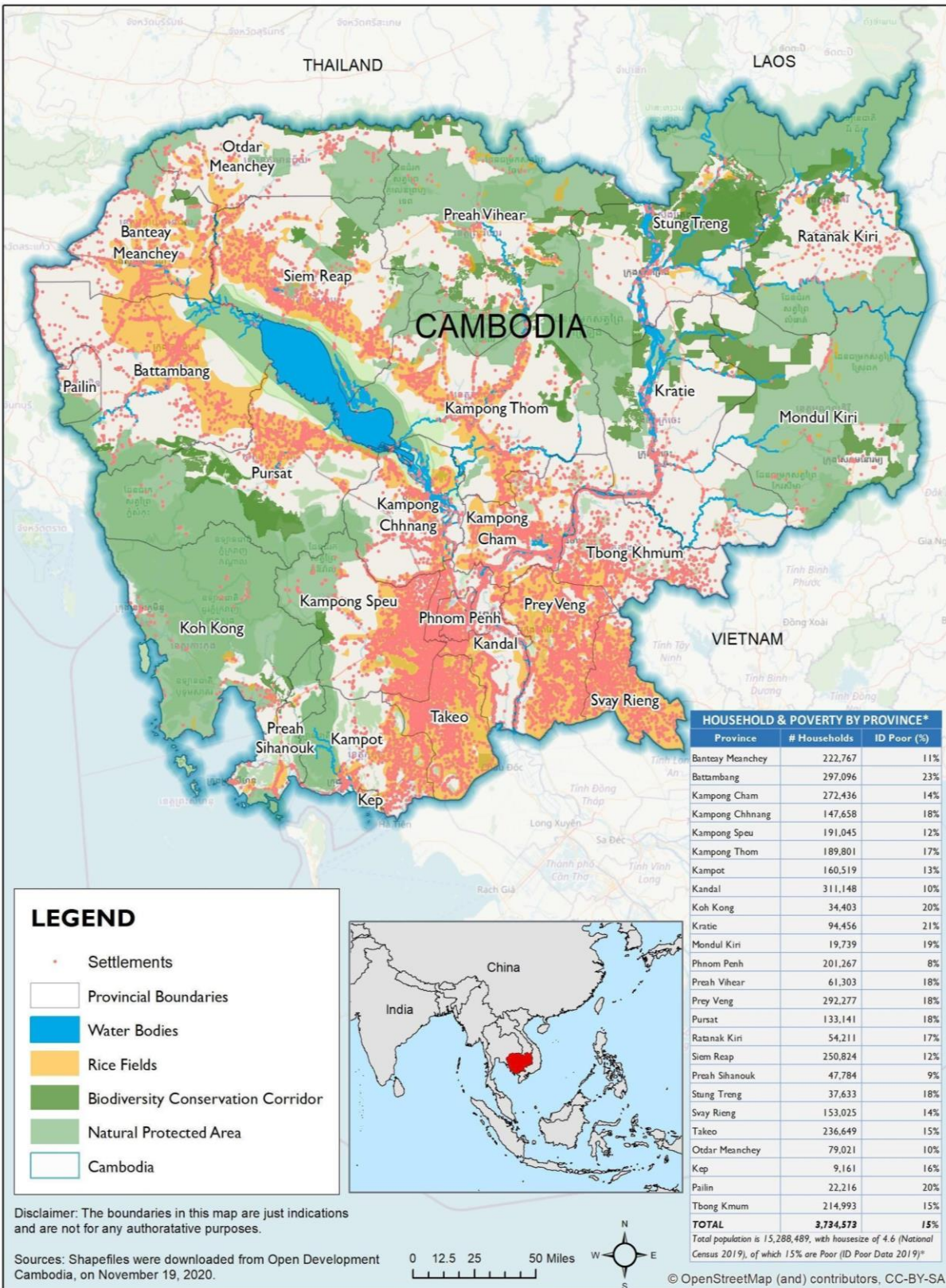
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ACRONYMS

ADB	Asian Development Bank
AIDS	Acquired Immunodeficiency Syndrome
CDCS	Country Development Cooperation Strategy
CO ₂	Carbon Dioxide
COVID-19	Coronavirus Disease 2019 (CDC reference)
CSO	Civil Society Organization
C-TIP	Counter-Trafficking in Persons
DFAT	Department of Foreign Affairs and Trade (Australia)
DO	Development Objective
EU	European Union
FDI	Foreign Direct Investment
FSR	Financing Self-Reliance
GBV	Gender-based Violence
GDP	Gross Domestic Product
GFATM	Global Fund for AIDS, TB & Malaria
GIZ	<i>Gesellschaft für Internationale Zusammenarbeit</i> (German Corporation for International Cooperation)
HEF	Health Equity Fund
HIV	Human Immunodeficiency Virus
ICS	Integrated Country Strategy
ICT	Information and Communication Technology
TI	Transparency Initiative
IR	Intermediate Result
J2SR	Journey to Self-Reliance
JICA	Japan International Cooperation Agency
JSP	State-USAID Joint Strategic Plan
KfW	<i>Kreditanstalt für Wiederaufbau</i> (German Credit Institute for Reconstruction)
KOICA	Korea International Cooperation Agency
LGBTI	Lesbian, Gay, Bisexual, Transgender, Intersex

MAFF	Ministry of Agriculture, Forestry, and Fisheries
MEL	Monitoring, Evaluation, and Learning
MOE	Ministry of Environment
MOEYS	Ministry of Education, Youth, and Sport
MOH	Ministry of Health
NGO	Non-governmental organization
NSDP	National Strategic Development Plan
NSS	National Security Strategy
OHCHR	Office of the United Nations High Commissioner for Human Rights
PSE	Private Sector Engagement
REDD+	Reducing Emissions from Deforestation and Degradation of Forests
RGC	Royal Government of Cambodia
RS-IV (Phase IV)	Rectangular Strategy for Growth, Employment, Equity, and Efficiency
TB	Tuberculosis
TIP	Trafficking-in-Persons
UN	United Nations
UNAIDS	Joint United Nations Program on HIV/AIDS
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children’s Fund
USG	United States Government
V-Dem	Varieties of Democracy
WHO	World Health Organization

MAP OF CAMBODIA



EXECUTIVE SUMMARY

The Country Development Cooperation Strategy (CDCS) Goal Statement is “Cambodia becomes a more open, prosperous, resilient, and inclusive partner in the Indo-Pacific region.” This ambitious goal reflects the potential for strengthening the partnership between the United States and Cambodia. USAID, under Chief of Mission direction and in collaboration with the interagency country team, can play a pivotal role to cement development gains over the past decade and cooperate with Cambodian stakeholders in advancement of shared objectives. The goal supports the United States’ approach to a free and open Indo-Pacific region and furthers Cambodia’s Journey to Self-Reliance (J2SR) through sustainable development, strengthened sovereignty, and enhanced cooperation. USAID will work to achieve this goal through three complementary development objectives (DO): inclusive and sustainable economic growth broadened; health, education, and welfare of Cambodians improved through enhanced services; and human rights protected and government accountability advanced. Further, this goal reinforces the priorities of the Royal Government of Cambodia (RGC) as articulated in its own development strategy,¹ particularly with respect to enhancing livelihoods and welfare, improving efficiency and quality of government services, and promoting rule of law and human rights. This Cambodia strategy aligns with the RGC’s Rectangular Strategy for Growth, Employment, Equity, and Efficiency, Phase IV (RS-IV) and the corresponding National Strategic Development Plan (NSDP) 2019-2023, which has identified four “Strategic Rectangles” for development: 1) Human Resource Development; 2) Economic Diversification; 3) Promotion of Private Sector Development and Employment; and 4) Inclusive and Sustainable Development.

Cambodia’s J2SR Country Roadmap indicates the government has moderate capacity but low commitment. At the highest level, two overarching highlights of the Country Roadmap² are Cambodia’s low commitment scores for *Open and Accountable Governance* and low capacity scores for *Government Capacity* and *Civil Society Capacity*. Commitment to *Environmental Policy* is also very low, which reflects the country’s ongoing challenges with enforcing environmental protection laws, including those designed to prevent illegal logging and land grabbing, although the Ministry of Environment (MOE) is making reform efforts in this sector. The main capacity challenges are with *Civil Society & Media Effectiveness*, which reflects diminishing space in these sectors. The two areas of clear strength for Cambodia related to commitment are *Safety & Security* and *Information & Communication Technology (ICT) Adoption*, with the latter constituting an opportunity USAID is pursuing as a shift in the strategy. This strategy is designed to help address the biggest gaps in commitment and capacity while capitalizing on the country’s strengths.

Cambodia has made significant progress in some development areas, but still faces obstacles to resiliency and self-reliance. Apart from a 2020 downturn resulting from the global pandemic, the country has achieved robust economic growth over the past decade (an average annual growth rate of seven percent), in addition to significant progress in both health and education outcomes. However, these gains have not been

¹ [“Rectangular Strategy Phase IV,”](#) RGC, September 2018.

² [“Cambodia Journey to Self-Reliance: FY 2021 Country Roadmap,”](#) USAID, 2020.

equitable, with women, youth, and many marginalized and vulnerable groups at risk of being left behind. As the Coronavirus Disease 2019 global pandemic has made clear, the gains made thus far are vulnerable to external and internal shocks. Furthermore, opportunities for civic dialogue and protection of human rights guaranteed in the Cambodian Constitution can be improved. Government accountability and transparency pose significant development challenges, as Cambodia ranks 162 out of 180 countries in the 2019 Corruption Perceptions Index.³ Environmental threats, including the impacts of climate change and high rates of deforestation, threaten Cambodia's rich natural resources and economic sustainability. USAID is in a strong position to help Cambodia overcome these challenges and advance its self-reliance and contribute to overall U.S. government (USG) foreign policy objectives in Southeast Asia.

Cross-Cutting Approaches:

- **Redefining the Relationship:** USAID will help strengthen the RGC's capacity to deliver quality services and protect resources to increase government ownership and transparency and accountability to the Cambodian people. For example, in health, USAID will shift away from health financing and service delivery toward overall system strengthening. USAID will engage civil society to strengthen advocacy and defense of constitutional and other legal rights, as well as to support efforts to prevent illegal logging and encroachment in designated protected areas. USAID will also engage the RGC on critical reforms where there is need, interest, and commitment.
- **Private Sector Engagement:** Private sector engagement is integrated across the three DOs and will focus on collaborating with private sector actors whose interests and values align with those of the USG to catalyze investments into local systems and markets so that they become self-sustaining.
- **Transparency and Accountability:** Building coalitions of stakeholders across sectors, including women and youth-led organizations, labor unions, land rights organizations, and other actors is critical to achieving reforms that aim to increase transparency and improve government accountability within Cambodia. USAID will increase the capacity of Cambodian organizations and stakeholders to speak and act on behalf of citizens.
- **Inclusive Development:** USAID seeks for more Cambodians to participate in, contribute to, and benefit from the country's economic recovery and future economic progress, while exercising freedoms guaranteed by their constitution. USAID will strive to reduce barriers to women and youth to participate and lead in the political and civic space, the economy, biodiversity and natural resource conservation, and education and health services. USAID will also support innovative and cross-sectoral approaches to address the pervasive issue of gender-based violence (GBV). The strategy will also maintain a focus on the rights and participation of other marginalized populations, including indigenous populations, ethnic and religious minorities, people living with disabilities, and

³ ["Cambodia Country Data,"](#) Transparency International, 2019.

members of the Lesbian, Gay, Bisexual, Transgender, and Intersex (LGBTI) communities.

DO1: Inclusive and Sustainable Economic Growth Broadened. DO1 links to the CDCS goal by supporting the economic conditions necessary for increased prosperity and resilience in the country, and by focusing on good governance issues related to natural resource management. DO1 seeks to: 1) accelerate economic diversification through increased livelihood opportunities, which emphasizes working with businesses and communities to diversify the economy and focus on a markets-based approach in agriculture; 2) developing the capacity of Cambodians, especially youth and women, to get better paying jobs; and targeting investments in science and technology to accelerate the development of the digital economy; 3) improve the business climate to attract jobs and investment through an improved economic governance and business enabling environment; and 4) improve management and use of natural resources, including a focus on critically threatened landscapes and support for watershed management, to create a stronger foundation for inclusive and sustainable economic growth.

DO2: Health, Education, and Welfare of Cambodians Improved Through Enhanced Services. DO2 links to the CDCS goal by supporting the social and human development outcomes necessary for increased prosperity and resilience in the country. While continuing the shift from direct service delivery to improving health systems, in contrast to the previous strategy, DO2 will have an increased cross-cutting focus on improving the governance and accountability of Cambodia's health, education, and child protection systems. DO2 seeks to: 1) improve the quality and utilization of priority health services, including maternal and child health, infectious disease programs, and private sector services; 2) strengthen governance and accountability of health, education, and child protection systems, emphasizing the application of evidence to prioritize domestic resources at the provincial and district administration levels; and 3) improve the quality of education and child protection services through strengthening government service delivery system capacity while concurrently building the capacities and skills of professional educators and social service providers to enable greater access to quality services for all children, particularly those with disabilities and the most vulnerable.

DO3: Human Rights Protected and Government Accountability Advanced. DO3 links to the CDCS goal by supporting the civic engagement outcomes necessary for increased prosperity and resilience in the country, and for strengthened and more open governance through social accountability. In contrast to the previous strategy, the current approach focuses on stemming decreases in civic dialogue and creating opportunities for engagement. This strategy aims to increase civic participation and action to build broad public support for more responsive governance while supporting protection of rights. This DO seeks to: 1) empower rights defenders and organizations with economic incentives to claim rights (e.g., labor unions, grassroots groups involved in land disputes, others); 2) support advocacy for reform, including by non-governmental organizations (NGO) as well as women, youth, and marginalized populations; and 3) strengthen social accountability by expanding Cambodians' access to accurate and independent information and by enabling citizen monitoring of public services.

High-level Policy Considerations

Each DO strategically aligns to various high-level USG foreign policies, including the National Security Strategy (NSS),⁴ the State-USAID Joint Strategic Plan (JSP),⁵ and key priorities for the Indo-Pacific region. With respect to the NSS, the CDCS supports pillars II "Promote American Prosperity" and pillar IV "Advance American Influence." With respect to the JSP, the CDCS supports Goal 2 "Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation," Goal 3 "Promote American Leadership Through Balanced Engagement," and Goal 4 "Ensure Effectiveness and Accountability to the American Taxpayer." The strategy also supports the governance, economic, and security consistent with priorities for the Indo-Pacific region.

Work under DO1 will drive inclusive and sustainable development, open new markets, and promote market-oriented economic reforms. Under DO2, investments will promote healthy, educated, and productive populations, in addition to preventing the spread of infectious disease. Under DO3, the strategy will support efforts to combat corruption and promote transparency and accountability to help ensure the effectiveness and sustainability of development investments. Through private sector engagement, under all three DOs, USAID will promote free market competition, support technology and innovation, and incentivize private sector growth and market-based solutions. USAID will focus development investments to encourage choices that improve governance, rule of law, and sustainable development; promote core American principles of independence and respect for fundamental individual liberties; and support the mobilization of both public and private resources to maximize development outcomes and advance Cambodia's prosperity and self-reliance. In light of a weakened commitment to multi-party participation in governing institutions, the strategy will discontinue direct election support, including political party strengthening, unless there is an opening to work constructively with government authorities to make significant improvements in this area.

With respect to trafficking-in-persons (TIP), Cambodia is ranked on the Tier 2 Watch List of the U.S. State Department's Trafficking-in-Persons 2020 Report, marking its second consecutive year on this list. In response, the U.S. Embassy has developed a whole-of-mission effort to engage Cambodian authorities to implement the report's recommendations.

Cambodia has also been identified as a Country of Concern in the U.S. State Department's fourth annual report under the Eliminate, Neutralize, and Disrupt Wildlife Trafficking Act of 2016. In response, all USAID activities with a combating wildlife trafficking component will collaborate with other USG agencies and law enforcement entities in accordance with the "Strategy for Combating Wildlife Trafficking in Cambodia" (2018).

With regard to religious freedom, Cambodia is not recommended as a country of particular concern and is not on the State Department's watch list for the United States

⁴ "National Security Strategy of the United States of America," The White House, 2017.

⁵ "Joint Strategic Plan FY 2018 - 2022," U.S. Department of State & U.S. Agency for International Development, February 2018.

Commission on International Religious Freedom Annual Report.⁶ There are some legal protections for religious freedom and ethnic minorities in the country.⁷

Figure 1 summarizes the high-level goal, DOs, and intermediate results of the new strategic approach.

⁶ [United States Commission on International Religious Freedom: 2020 Annual Report](#), USCIRF, April 2020.

⁷ The Cambodian constitution provides for freedom of belief and religious worship as long as such freedom neither interferes with others' beliefs and religions nor violates public order and security.

Figure 1: CDCS Results Framework

GOAL: CAMBODIA BECOMES A MORE OPEN, PROSPEROUS, RESILIENT, AND INCLUSIVE PARTNER IN THE INDO-PACIFIC REGION		
DO 1: Inclusive and sustainable economic growth broadened	DO 2: Health, education, and welfare of Cambodians improved through enhanced services	DO 3: Human rights protected and government accountability advanced
IR 1.1: Accelerated economic diversification for improved livelihoods	IR 2.1: Improved quality of and access to priority health services	IR 3.1: Strengthened defense of constitutional and other legal rights
IR 1.2: Improved business climate to attract investment and create jobs	IR 2.2: Strengthened governance and accountability of Cambodia's health, education, and child protection systems	IR 3.2: Increased civic participation and action for reforms
IR 1.3: Improved management of natural resources for sustainable and accountable development	IR 2.3: Improved quality of education and child protection services	IR 3.3: Strengthened public oversight of government institutions

COUNTRY CONTEXT

In 2020, the United States and Cambodia commemorated 70 years since the opening of diplomatic relations. The USAID program traces its roots to humanitarian assistance and infrastructure construction (roads and bridges) activities in the 1960s and has evolved to a focus on Cambodia's journey to self-reliance. The United States helped negotiate and is a signatory to the 1991 Comprehensive Cambodian Peace Agreements,⁸ which were designed to ensure the sovereignty, independence, and neutrality of Cambodia. The agreements created a framework for the Cambodian Constitution to provide for the protection of fundamental rights and a liberal democracy based on pluralism.⁹ USAID re-opened in Cambodia in 1992. Since that time, the United States has provided over \$1.5 billion in development assistance to support the Cambodian people to lead increasingly healthy, prosperous, and resilient lives.

Salient Factors in Country Context

Cambodia lies at a crossroads in its journey to self-reliance. The country has achieved significant economic gains over the past decades, which are threatened by high economic inequality, low economic diversification, and increasing unsustainable economic development. USAID can play a pivotal role in targeted partnership with the Royal Government of Cambodia (RGC) to help ensure economic gains over the past decade become more sustainable and to further advance an open and prosperous country that has the potential to serve as a vital ally and Indo-Pacific partner. In some regards Cambodia has made impressive gains on its development journey toward self-reliance. As one of the fastest-growing economies in Southeast Asia, Cambodia has achieved impressive economic growth in excess of seven percent per year^{10,11,12} as it moved from a low-income to a lower middle-income country in 2015 and aspires to reach upper middle-income status by 2030. Despite these gains, the economy remains under-diversified and highly dependent on a few sectors (e.g., agriculture, tourism, garments). Multidimensional poverty in Cambodia is estimated at 37.2 percent,¹³ and approximately four million Cambodians live on less than \$1.25 per day.¹⁴ Furthermore, as the Coronavirus Disease 2019 (COVID-19) global pandemic has made painfully apparent, many recent economic gains are fragile and at risk of backsliding. The Asian Development Bank (ADB) predicts that Cambodia will experience a 4.0 percent contraction in its gross domestic product in 2020. However, it also estimates that the economy will rebound in 2021.¹⁵ Additionally, impacts from climate change and variability will continue to threaten these successes.¹⁶ In 2015 alone, adverse climate impacts resulted in losses of approximately \$1.5 billion, equivalent to ten percent of annual gross domestic product (GDP).¹⁷

⁸ Taing Rinith, "Embassies in Cambodia reaffirm commitment to the Paris Peace Agreements," *Khmer Times*, October 23, 2020.

⁹ "Agreement on a Comprehensive Political Settlement of the Cambodia Conflict," United Nations, Department of Public Information, January 1992, Retrieved from United States Institute of Peace: Peace Agreements Digital Collection.

¹⁰ "GDP growth (annual %) - Cambodia," World Bank National Accounts Data 2018, accessed February 18, 2020.

¹¹ "AMRO Annual Consultation Report: Cambodia 2017," The ASEAN+3 Macroeconomic Research Office, 2017, 7.

¹² "IMF Staff Completes 2019 Article IV Mission to Cambodia," IMF Press Release No. 19/370, October 11, 2019, 36.

¹³ "Human Development Report 2019: Cambodia," UNDP, 2019.

¹⁴ "Cambodia Country Development Cooperation Strategy 2014-2018 Midcourse Review," USAID, 2016.

¹⁵ "Asian Development Outlook 2020: Wellness in Worrying Times," Asian Development Bank, September, 2020.

¹⁶ "USAID/Cambodia Climate Risk Management Analysis," USAID, 2020.

¹⁷ "Cambodia Climate Risk Profile," USAID, 2019.

Opportunities exist, however, for Cambodia to embark on a sustainable and inclusive path toward economic growth. With targeted training and linkages to private sector needs, job creation in the formal sector could significantly improve the resilience of the Cambodian economy, especially for the country's dynamic and young workforce. With the pandemic reducing border trade, this is an opportunity for local producers and processors to improve their standards, which will increase competitiveness and access to both local and international markets (when they rebound).

Cambodia can improve on progress toward its goals of open, transparent, and accountable governance. A significant challenge to Cambodia achieving self-reliance is its lack of liberal democracy, weak independent media and civil society, and poor protection of human rights, as reflected in the low score on the Liberal Democracy Index (0.09 on a 0 to 1 scale).¹⁸ The Cambodian Constitution commits the country to liberal multi-party democracy.¹⁹ Even though the political landscape in Cambodia since 1979 has been mixed, one political party currently holds all 125 seats in the parliament and 58 of 62 seats in the senate.²⁰ In 2017, the primary opposition party was dissolved and its president arrested and charged with treason. Several media outlets were also shut down.

Government accountability and transparency are also areas that pose significant development challenges. According to Transparency International, Cambodia ranks 162 out of 180 countries in the 2019 Corruption Perceptions Index, ranking it, as per this index, one of the most corrupt nations in the world.²¹ Corruption, transparency, and rule of law are all areas where the RGC can improve to provide meaningful results to its citizens. Reliance on non-transparent external resources can also exacerbate corruption and pose a threat to the country's sovereignty. Many of these investments also lead to negative externalities such as crime, environmental degradation, and public concern with the pace and scale of advancing foreign interests.²²

There is room for optimism, however. Cambodians enjoy a high degree of access to the Internet²³ and information, especially through social media.²⁴ Given that social media users in Cambodia increase by 17 percent annually, social media and the Internet continue to provide an excellent opportunity to reach Cambodians with clear, transparent information that can improve their lives. Also, most Cambodians have a favorable view of the United States and consider the United States to be Cambodia's most preferred partner for both trade and security.²⁵ On Facebook, by far Cambodia's social media application of choice with half the population as users, the local language sites of Voice of America and Radio Free Asia are the second and third most popular

¹⁸ The third-party Liberal Democracy Index measures freedom of expression, freedom of association, suffrage, elections, rule of law, judicial constraints on the executive branch, and legislative constraints on the executive branch. Source: [Varieties of Democracy \(V-Dem\)](#).

¹⁹ "The Constitution of Cambodia," translated by the Constitutional Council, March 2010.

²⁰ Prak Chan Thul, "Cambodia's ruling party won all seats in July vote: election commission," *Reuters*, August 15, 2018.

²¹ "Corruption Perceptions Index," Transparency International, 2019.

²² Kimkong Heng, "Chinese investment strains Cambodian society," *Nikkei Asia*, July 22, 2019.

²³ "Internet subscribers in Cambodia grows 20 percent to 16.1 million in 2019," *Khmer Times*, March 6, 2020.

²⁴ Mobile telephone penetration has grown significantly in recent years—there are nearly 130 million mobile phone connections in Cambodia for a total population of 16.6 million—increasing the number of Cambodians who have access to the Internet and social media. 100 percent of social media users access social media via their mobile phones and Facebook reports being able to reach 76 percent of all Cambodians above the age of 13 via advertisements placed on its platform. Source: "Digital 2020: Cambodia," DataReportal.

²⁵ Richard Bush and Maeve Whelan-Wuest, Brookings Institution "How Asians view America (and China)," 2017.

among Cambodians (after the Prime Minister’s site).²⁶ These data points suggest that there is an expanding platform for communicating U.S. priorities in the Indo-Pacific and growing public interest in internet freedom and independent journalism. By leveraging technology, USAID can communicate the U.S. model of a free and open Indo-Pacific region based on transparent and rules-based decision making to a large audience of Cambodians.

Significant progress has been achieved in health and education, but challenges persist. In the health sector, Cambodia has made clear strides in addressing infectious diseases, including malaria,²⁷ human immunodeficiency virus (HIV),²⁸ and tuberculosis (TB).²⁹ The country has also seen a steady decline in maternal mortality over the last 15 years. Despite these gains, high out-of-pocket health care costs persist³⁰ and stunting rates in Cambodia are among the highest in the region. Due to poor sanitation, hygiene, and low-nutrient diets, one-third of all Cambodian children are stunted.³¹ Rates of anemia are also high—45.4 percent among women and 55.5 percent among children. The Cambodian government struggles to mobilize the necessary resources for the cross-sectoral approach required to address the causes of malnutrition.

In the education sector, Cambodia has made significant progress, achieving a 98-percent primary-net-enrollment rate in 2019.³² Cambodia has strengthened female enrollment and achieved gender parity (1.01)³³ in primary education. Nationwide data shows girls now complete lower secondary school nearly 20 percent more often than boys.³⁴ Despite these gains, Cambodia has the highest pupil-to-teacher ratios in the region and high dropout rates.³⁵ Only one in five students that start Grade 1 will complete Grade 12.

While the country faces health and education challenges, there remain many opportunities to advance the status of the Cambodian people. A committed Education Ministry is using USAID-supported curricula to rapidly scale nationwide early grade education. Decentralization and deconcentration are empowering district and provincial leaders to allocate health and education resources; decisions previously reserved by line ministries. Health leaders are quickly expanding the Health Equity Fund (HEF) to protect the most vulnerable populations, including those living with HIV.

Trafficking-in-persons (TIP) challenges continue, affecting the most vulnerable and marginalized Cambodians, yet there are signs of opportunity for improvements. Cambodia has reduced forced labor over the last 20 years, especially in the export garment sector, the sex trade, and among domestic household workers.

²⁶ “[Cambodia Facebook page statistics](#),” SocialBakers.

²⁷ Malaria-related deaths dropped from one in 2017 to zero in 2018 and 2019, and the country is on a path toward eliminating malaria nationwide. The 2019 Cambodia National Malaria annual report noted that the number of malaria cases detected per year was 31,971—a 49 percent drop compared to 2018. Source: Cambodia National Malaria Annual Report, 2019.

²⁸ Adult HIV prevalence has steadily dropped to 0.5 percent in 2019, with an estimated 73,000 people living with HIV. The number of new HIV infections has also dropped from 2,000 in 2010 to 780 in 2019—a 62 percent reduction. Source: [UNAIDS Cambodia Factsheet](#), 2019.

²⁹ The estimated annual TB incidence in Cambodia has declined from 575 in 2000 to 423 in 2011 and 326 per 100,000 population in 2017 with an average annual reduction rate of 2.5 percent. Source: [WHO World Health Data Platform](#).

³⁰ Out-of-pocket spending is about 60 percent of current health expenditure. Source: Cambodia National Health Accounts (2012–2016), The World Health Organization, 2019.

³¹ Cambodia Demographic Health Survey, DHS, 2015, 195.

³² “[Education in Cambodia Findings from Cambodia’s experience in PISA for Development](#),” OECD, 2018, 135.

³³ Ministry of Education, Youth and Sports Education Management Information System Data 2019-2020.

³⁴ “[Why are boys leaving lower secondary school early in Cambodia?](#)” UNICEF, 2020.

³⁵ “Cambodia Country Development Cooperation Strategy 2014-2018 Midcourse Review”, USAID, 2016, 9.

However, debt bondage persists in some sectors and human trafficking continues to be a significant development and human rights challenge. A source, transit, and destination country for human trafficking, Cambodia is evaluated as being on the State Department's TIP Report³⁶ Tier 2 Watch List for 2020, marking its second consecutive year on this list. According to the TIP report for Cambodia, authorities did not sufficiently demonstrate efforts to collect or share key information with law enforcement. Corruption continued to impede law enforcement operations, criminal proceedings, and victim service provision. Amid insufficient government oversight and accountability measures, authorities did not investigate credible reports of official complicity with unscrupulous business owners who subjected thousands of men, women, and children throughout the country to human trafficking in entertainment establishments and in brick kilns. In recent months, however, the RGC has shown more willingness to improve their counter-trafficking strategy and increase efforts to address this critical issue. These efforts included continuing to prosecute and convict traffickers; establishing a new five-year counter trafficking action plan; and utilizing new victim identification and data collection technologies.³⁷

High rates of deforestation and the effects of climate change present formidable challenges to sustainable economic development and environmental preservation, but opportunities exist. Cambodia's diverse forest landscapes are threatened by unsustainable economic interests such as illegal timber harvesting and export, conversion of forest land for agricultural production, expansion of industrialized agriculture, and mining exploration. Land security is also a major issue in Cambodia, fueled by economic land concessions, often to foreign investors, that have negatively affected livelihoods and economies of local communities. Cambodia's deforestation rate is the fourth highest among major forest countries, at over one percent loss per year.³⁸ According to official figures provided by the RGC for 2016, forests cover approximately 48 percent of the country. However, this figure includes environmentally unsustainable rubber and palm oil plantations and other perennial crops.³⁹ According to the Global Forest Watch, from 2001 to 2019, Cambodia lost 2.31 million hectares of tree cover; equivalent to a 26 percent decrease in tree cover since 2000. This resulted in an additional 973 metric tons of carbon dioxide (CO₂) emissions.⁴⁰ However, large tracts of forest still remain and contain biologically unique landscapes, are areas of significant cultural heritage, and provide homes and livelihoods to some of the poorest and most vulnerable Cambodian households. Indigenous communities who have lived in and around the forested areas for generations are facing the loss of their culture and tradition because of unsustainable large-scale development efforts.

In addition to the challenges that deforestation poses, climate change will continue to impact Cambodia with the largest impacts expected to be increases in both temperature and the intensity of heavy rainfall events.⁴¹ Projected temperature and rainfall changes

³⁶ "[Trafficking in Persons Report](#)," U.S. Department of State, June 2020.

³⁷ Ibid

³⁸ "118/119 Cambodia Tropical Forestry and Biodiversity Analysis," USAID, ICF, The Cadmus Group and ICEM, 2019, v.

³⁹ "[Cambodia Forest Cover 2016](#)," Ministry of Environment Measurement, Reporting, and Verification Team, March 2018, 13.

⁴⁰ "Tree Cover Loss Indicator," Global Forest Watch, 2019.

⁴¹ "USAID/Cambodia Climate Risk Management Analysis," USAID, 2020.

are expected to impact key sectors in Cambodia, including agriculture and food security, fisheries, ecosystems, health, and water resources.

Opportunities to bring about systemic change in Cambodia's sustainable landscape management are increasing due in part to new legal and regulatory changes at the national and sub-national levels and a recent increase in enforcement to combat land grabbing and deforestation in protected areas. In particular, the Ministry of Environment (MOE) is leading a significant and all-encompassing, though slow-moving, revision to the numerous laws that bridge economic development with conservation and forest protection. Generating revenue from conservation is an important counterbalance to economic development activities such as mining that threaten Cambodia's protected areas. With the initial success of Reducing Emissions from Deforestation and Degradation of forests (REDD+) carbon credit generation and sales in Cambodia, there is an opportunity to expand REDD+ to new areas in Cambodia and promote the private sector's interest in sustainable investment opportunities. Increasing the engagement of the private sector within livelihood activities in and around protected areas will strengthen sustainable economic activities such as ecotourism, sustainable agriculture and forestry, and other non-timber-based income opportunities.

The problem of wildlife trafficking has become more prominent in Cambodia. In the 2020 annual report to Congress under the Eliminate, Neutralize, and Disrupt Wildlife Trafficking Act of 2016, the State Department identified Cambodia as a Country of Concern.⁴² Cambodia is widely recognized as both a major source and transit country for illegal wildlife trade, with weak law enforcement and compliance with national laws and international agreements. Cambodia is a source for wildlife trafficked to Vietnam and China, with indiscriminate snaring in forests impacting both common and endangered forest-dwelling species. Furthermore, Cambodia is a significant transit country for many of the world's most trafficked wildlife and valuable species from Africa to Asian markets. Illegal logging of threatened timber species also continues throughout the country. While rural Cambodians consume and use wildlife products for food and traditional cultural practices, the scope of these activities is relatively small compared to the transnational illegal wildlife trade. All USAID activities with a Combating Wildlife Trafficking component will collaborate with other USG agencies and law enforcement entities in accordance with the "Strategy for Combating Wildlife Trafficking in Cambodia" (2018).

Women and marginalized groups continue to benefit the least from Cambodia's economic gains, but the large youth population represents an opportunity to advance inclusive growth and increased civic participation. In Cambodia, women, young people, indigenous peoples and ethnic minorities, Lesbian, Gay, Bisexual, Transgender, Intersex (LGBTI) people, and people with disabilities experience barriers that prevent them from fully participating in the nation's development. These groups are often marginalized through norms and cultural practices that promote gender inequality, legal exclusion, and identity-based discrimination. Gender equality is not just about women and girls; men and boys experience negative consequences from cultural and

⁴² Under the END Wildlife Trafficking Act, a "Focus Country" is defined as a major source, transit point, or consumer of wildlife trafficking products or their derivatives, but identification as a Focus Country is neither a positive nor a negative designation. A "Country of Concern," however, is defined as a Focus Country whose government has actively engaged in or knowingly profited from the trafficking of endangered or threatened species.

social norms, such as taking on risky, vulnerable, and at times, exploitative employment. Gender norms also restrict women’s participation at all levels of leadership—in government, the private sector, and civil society. Cambodia ranks 89 out of 153 countries on overall gender equality,⁴³ with lower performance in the score for labor force participation rate (57 out of 153) and a particularly low score for political empowerment (119 out of 153).⁴⁴ Cambodian women tend to lack skills and training needed in agriculture, entrepreneurship, natural resource management, and public health services. Additionally, gender-based violence (GBV) is a significant development and human rights challenge in Cambodia. One in five women reported experiencing sexual and physical violence from intimate partners and actions against the abusers are often resolved and mediated by male village chiefs. The restrictions on movement and increased levels of financial stress because of COVID-19 exposes women to greater risks of intimate partner violence at home and decreases options for seeking support services.⁴⁵ Women living with disabilities cited a much higher rate in all forms of violence.⁴⁶

Cambodians living with disabilities account for about 2.06 percent of the population (52 percent females). They face greater levels of discrimination due to limited access to information, health services, education, labor, and vocational training.⁴⁷ About ten percent of the Cambodian population are ethnic Cham, Vietnamese, and indigenous groups. They experience greater difficulties than other Cambodians in getting quality access to health services, education, and land rights. These challenges are in part due to their different language, culture, tradition, and religious practices.⁴⁸ While Cham Muslims enjoy Cambodian citizenship similar to the Khmer, the Vietnamese and their children do not, which limits their access to education and other services.⁴⁹ There is no accurate data about the number of LGBTI people, and Cambodia does not yet have legal recognition for this population. As a result, they continue to face social discrimination in and out of school and have narrow access to employment, social support services, and legal defense.

With respect to youth, approximately two-thirds of Cambodia’s population is under the age of 35⁵⁰ and engaging youth in U.S. government (USG) activities is essential to helping Cambodia develop and prosper. Cambodian youth represent a driving force for increasing actions for improving public services and reform. Support for women, youth, and other marginalized groups is a fundamental opportunity for the new strategy.

Cambodia’s National Development Priorities

At the highest level, the main driving force guiding Cambodia’s national development is the government’s Rectangular Strategy for Growth, Employment, Equity, and Efficiency,

⁴³ “[Global Gender Gap Report for 2020](#),” World Economic Forum, 2019.

⁴⁴ The number of women in public offices has increased from 32 to 41 percent in 2019. There are four women ambassadors, one woman deputy prime minister, three women ministers, 53 secretaries of states and 73 under-secretaries of state. Source: Niem Chheng, “[Calls for more women in leadership positions](#),” *Phnom Penh Post*, March 12, 2020.

⁴⁵ “[CARE Rapid Gender Analysis for Covid-19: Cambodia](#),” CARE, July 2020.

⁴⁶ “[Support to Cambodians seeking to end violence towards women and girls](#),” Australian Aid, Accessed on November 3, 2020.

⁴⁷ “USAID/Cambodia Gender and Inclusive Development Analysis,” USAID, 2020.

⁴⁸ Ibid

⁴⁹ Ibid

⁵⁰ Demographic data is sourced from the “Cambodia Demographic and Health Survey” (2014). While the census was completed in 2019, official data is expected to be released in the spring of 2021.

Phase IV (RS-IV)⁵¹ and the corresponding National Strategic Development Plan (NSDP) 2019-2023.⁵² Within the RS-IV and NSDP, the RGC has identified four strategic goals: sustainable economic growth, job creation, poverty reduction, and strengthening the capacity and governance of public institutions for effective public service delivery and an improved business environment. Complementing the strategic goals, the RS-IV also identifies four priority areas, or “Strategic Rectangles”, for development: 1) Human Resource Development; 2) Economic Diversification; 3) Promotion of Private Sector Development and Employment; and 4) Inclusive and Sustainable Development. The RGC has also developed the Cambodia Sustainable Development Goals, which are the Cambodia-specific goals under the United Nations’ (UN) global Sustainable Development Goals,⁵³ and is in the process of finalizing a post-COVID-19 socio-economic recovery plan.

Key Priorities in the Indo Pacific Region

The U.S. aims to promote a free, open, and fair Indo-Pacific region that advances Cambodia's development and self-reliance to promote an independent, strong, and prosperous country. In 1997, the United States provided trade benefits to Cambodia under the Generalized System of Preferences and is currently Cambodia’s largest export market.⁵⁴ Significant opportunities exist to strengthen the partnership between the United States and Cambodia by supporting Cambodia in becoming a more open, prosperous, resilient, and inclusive partner in the Indo-Pacific region.

By focusing on inclusive economic growth, natural resources management, and governance, USAID aims to support Cambodia’s sustainable development. By seeking to broaden inclusive and sustainable economic growth, USAID will advance economic and security priorities in the Indo-Pacific region by both improving natural resource management (including wildlife trafficking) and building a framework for diversifying the economy. By promoting improved standards for public investments and transparent and citizen-responsive governance throughout its development objectives, USAID/Cambodia will advance improved governance. Under this strategy, USAID will also expand its cooperation with other bilateral and multilateral development partners through both formal mechanisms and informal approaches to share practices, coordinate effectively, and take collective actions or positions to promote shared objectives.

Journey to Self-Reliance (J2SR): Country Roadmap Analysis

Cambodia's [J2SR Country Roadmap](#) indicates it has moderate capacity but low commitment. At the highest level, two overarching highlights of the Country Roadmap that underlie the goal and strategic approach are Cambodia’s low commitment scores for *Open and Accountable Governance* and low capacity scores for *Government Capacity* and *Civil Society Capacity*.

⁵¹“Rectangular Strategy Phase IV,” RGC, September 2018.

⁵²“[National Strategic Development Plan](#),” RGC, July 25, 2019.

⁵³

“[Cambodia Sustainable Development Goals](#),” RGC, 2020.

⁵⁴“[Cambodian Exports to the US Soar](#),” The Phnom Penh Post, February 13, 2020.

Table I: Summary of Cambodia’s J2SR Strengths and Challenges

	Challenges	Strengths
Commitment	<ul style="list-style-type: none"> • Liberal Democracy (0.09) • Open Government (0.06) • Social Group Equality (0.34) • Business & Investment Environment (0.27) • Trade Freedom (0.46) • Environmental Policy (0.11) 	<ul style="list-style-type: none"> • Economic Gender Gap (0.73)
Capacity	<p><i>Clear Challenges</i></p> <ul style="list-style-type: none"> • Civil Society & Media Effectiveness (0.33) • GDP per Capita (0.35) 	<p><i>Clear Strengths</i></p> <ul style="list-style-type: none"> • Safety & Security (0.59) • Information and Communication Technology (ICT) Adoption (0.54)
	<p><i>Moderate Challenges</i></p> <ul style="list-style-type: none"> • Government Effectiveness (0.41) • Child Health (0.73) 	<p><i>Moderate Strengths</i></p> <ul style="list-style-type: none"> • Tax System Effectiveness (0.35) • Education Quality (0.44)

Note: Relative challenges and strengths are determined based on Cambodia’s score for the different sub-dimensions compared to the Average Score for Low and Middle-Income Countries for that sub-dimension, as identified on the Country Roadmap. “Moderate Challenges/Strengths” are identified for scores near the average, whereas “Clear Challenges/Strengths” are well below average.

Commitment

Although the RS-IV recognizes principles of multiparty democracy and the rule of law embodied by the Cambodian Constitution, the extremely low scores for both the *Liberal Democracy* and the *Open Government* sub-dimensions indicate a need for greater action. While the trajectory for improvement in these components is not promising in the short-term, the strategic approach is designed to support Cambodia to advance them in the long-term. Cambodia’s next biggest challenge in these metrics is *Environmental Policy*, which reflects the country’s ongoing challenges with enforcing a plethora of environmental protection laws, including those designed to prevent illegal logging. It is too early to tell whether the MOE’s efforts to revise the numerous laws will result in an improved score for this component and increased conservation and forest protection. While the metric for the *Economic Gender Gap* sub-component is rated high, numerous data sources confirm that this is disconnected with the reality on the ground. Significant challenges still exist in this area based on additional analysis.⁵⁵

Capacity

Cambodia’s performance on the capacity metrics is more nuanced. The main challenge is with *Civil Society & Media Effectiveness*, which reflects a constrained environment in these sectors. This metric is not expected to substantially improve over the life of the strategy. However, the aim of the strategy is to maintain the current civic space and

⁵⁵ “USAID/Cambodia Gender and Inclusive Development Analysis,” USAID, 2020.

expand it if the opportunity allows. For several sub-components—including *Government Effectiveness*, *Tax System Effectiveness*, *Education Quality*, *Health Quality*, and *Export Sophistication*—scores are near the average for Low and Middle-Income Countries. Lastly, the two areas of clear strength for Cambodia related to commitment are *Safety & Security* and *ICT Adoption*, with the latter constituting an opportunity USAID is pursuing as a shift in the strategy.

Country Transition Planning

USAID expects the following strategic and programmatic transitions to occur at varying times and levels during the implementation of the strategy:

- A new focus on economic growth will include immediate livelihoods support to mitigate the secondary impacts of COVID-19. Activities in the medium-term will support partnerships and approaches that mobilize private capital and deepen trade relationships and access to international markets, while not exacerbating challenges Cambodia has faced in expanding access to finance, particularly related to household over-indebtedness;⁵⁶
- A new cross-cutting focus on workforce development will elevate partnerships and exchanges in science, technology, and innovation, including a focus on ICT;
- In multiple sectors—including health, education, agriculture, and environment—USAID will strongly advocate with the national government, via engagements with line ministries, for the commitments to transparency and accountability through needed policy and governance reforms;
- Complementing efforts to strengthen accountability and transparency within the government, USAID will continue efforts to strengthen civil society and independent media to address ongoing challenges in *Open and Accountable Governance* identified in the Country Roadmap;
- USAID will continue supporting the Cambodian people’s aspirations through support for the Cambodian government’s increased leadership in addressing, managing, and funding the country’s development; and
- As part of the New Partnerships Initiative, USAID will continue working closely with local organizations in the co-development of new activities to strengthen locally owned and led development models that put local actors in the lead to address their own challenges.

⁵⁶ “[Microfinance and Household Welfare Cambodia Policy Note](#),” World Bank Group, 2019.

STRATEGIC APPROACH

USAID’s strategic focus areas align to the RGC’s RS-IV to further Cambodia’s J2SR through sustainable development and strengthened sovereignty. This strategy seeks to redefine the relationship with the government, the private sector, and local organizations to broaden inclusive and sustainable economic growth; improve the health, education, and welfare of Cambodians through enhanced services; and protect human rights and advance government accountability. Figure 2 summarizes the high-level development objectives (DO) and goal of the new strategic approach.

Figure 2: Strategic Approach



USAID’s DOs are necessary to achieve the Country Development Cooperation Strategy (CDCS) goal and align with the development priorities in the RGC's RS-IV. The new CDCS also maintains a commitment to upholding human rights and rule of law, as enshrined in the Cambodian Constitution. Consistent with the sub-dimensions in the country roadmap, USAID will support better economic policy; strengthen the capacity of the economy; foster economic growth; and, improve natural resources management , through DO1: Inclusive and sustainable economic growth broadened. USAID will strengthen citizen capacity (J2SR) through the health, education, and child protection components of DO2: Health, education, and welfare of Cambodians improved through enhanced services and livelihoods components of DO1. DO2 will also support *Financing Self-Reliance* (FSR) through its overarching focus on systems strengthening in health and education. USAID will strengthen democratic systems; improve open and accountable governance; promote government effectiveness; build civil society capacity; and, strengthen human rights protections including counter-trafficking in persons (C-TIP), through DO3: Human rights protected and government accountability advanced.

See Table 2 for a summary of how USAID’s results framework aligns with Agency priorities, including key priorities for the Indo Pacific region, J2SR, and RGC strategic priorities.

Table 2: Alignment of the USAID Development Objectives with High-Level USG and USAID Policies and Host Country Government Priorities

CDCS DOs	J2SR Sub-Dimensions	Key Priorities: Indo Pacific Region	RGC RS-IV Alignment
DO 1: Inclusive and sustainable economic growth broadened	<p><i>Commitment:</i></p> <ul style="list-style-type: none"> • Inclusive Development • Economic Policy <p><i>Capacity:</i></p> <ul style="list-style-type: none"> • Government Capacity • Citizen Capacity • Civil Society Capacity • Capacity of the Economy 	<ul style="list-style-type: none"> • Governance • Economic: Trade & Competitiveness • Security: Natural Resources Safeguards and Security 	<p><i>Core Environment Priorities</i></p> <ul style="list-style-type: none"> • Strengthening of Private Sector Governance • Strengthening of Work Effectiveness <p><i>Overarching Environment Priorities</i></p> <ul style="list-style-type: none"> • Favorable Environment for Business, Investment, and Development <p><i>Strategic Rectangles</i></p> <ul style="list-style-type: none"> • Human Resource Development • Economic Diversification • Promotion of Private Sector Development and Employment • Inclusive and Sustainable Development
DO 2: Health, education, and welfare of Cambodians improved through enhanced services	<p><i>Commitment:</i></p> <ul style="list-style-type: none"> • Open & Accountable Government • Inclusive Development <p><i>Capacity:</i></p> <ul style="list-style-type: none"> • Government Capacity • Civil Society Capacity • Citizen Capacity 	<ul style="list-style-type: none"> • Governance • Economic: Trade & Competitiveness 	<p><i>Core Environment Priorities</i></p> <ul style="list-style-type: none"> • Strengthening of Cleanliness in the Public Administration <p><i>Overarching Environment Priorities</i></p> <ul style="list-style-type: none"> • Strengthening Ownership and Partnership in Development and International Cooperation <p><i>Strategic Rectangles</i></p> <ul style="list-style-type: none"> • Human Resource Development • Promotion of Private Sector Development and Employment • Inclusive and Sustainable Development
DO 3: Human rights protected and government accountability advanced	<p><i>Commitment:</i></p> <ul style="list-style-type: none"> • Open & Accountable Government • Inclusive Development • Economic Policy <p><i>Capacity:</i></p> <ul style="list-style-type: none"> • Government Capacity • Civil Society Capacity • Capacity of the Economy 	<ul style="list-style-type: none"> • Governance 	<p><i>Core Environment Priorities</i></p> <ul style="list-style-type: none"> • Strengthening of Cleanliness in the Public Administration <p><i>Overarching Environment Priorities</i></p> <ul style="list-style-type: none"> • Peace, Political Stability, and Public Order (including liberal multiparty democracy, respect for human rights, and free and fair elections) <p><i>Strategic Rectangles</i></p> <ul style="list-style-type: none"> • Inclusive and Sustainable Development

Redefining the relationship with the RGC to improve governance and build commitment toward self-reliance. USAID works closely with the RGC’s donor coordination structure to implement and align programming with RGC priorities. USAID also has collaborative working relationships with several line ministries and the Council for the Development of Cambodia. To address the challenges related to commitment and capacity, as highlighted in the J2SR Country Roadmap, USAID will support both civil society and the RGC in support of the aspirations of the Cambodian people. Civil

society will be engaged to strengthen the defense of constitutional and other legal rights, complementing diplomatic efforts to advance these priorities directly with the RGC. Citizens will also be engaged and supported in their efforts to improve government services and accountability, increase publicly available information, and communicate with their leaders. In a complementary effort to promote self-reliance, USAID will build the RGC's capacity to both deliver quality services and protect resources in a way that increases government ownership and is transparent and accountable to the Cambodian people.

USAID will also engage the RGC on critical reforms in key ministries where there is need, interest, and commitment. To advance DO1, working with the MOE and Ministry of Agriculture, Forestry, and Fisheries (MAFF) is critical to ensuring sustainable and inclusive economic growth, enhancing the private sector enabling environment, and strengthening environmental protection. To advance DO2, USAID will maintain productive relationships with the Ministry of Health (MOH) and Ministry of Education, Youth, and Sport (MOEYS), which have yielded key policy reforms, including the transition of ownership of a health financing program to MOH and adoption of early-grade reading standards by MOEYS. USAID will work with reformers and key policy makers within these ministries and other RGC stakeholders to advance accountability and transparency, and to increase financial self-reliance and ownership over critical programs in these key sectors. The economic advancement under DO1 will also support long-term financial self-reliance through a broadened tax base and economic output. DO3 efforts at improving accountability are aligned with the RGC's reforms to promote greater local leadership and accountability.

Private sector engagement supports the delivery of development solutions across the three DOs. USAID's approach to private sector engagement will focus on collaborating with private sector actors whose interests and values align with those of the United States to catalyze investments into local systems and markets such that they become self-sustaining, and to accelerate Cambodia's progress on the J2SR.

Under DO1, USAID will continue to engage the private sector along horticulture value chains to strengthen the market system and support sustainable and inclusive economic growth and food security. USAID will also continue to strengthen private sector engagement to broaden sustainable and inclusive livelihoods (e.g., non-timber forest products) and combat deforestation and climate change. Going forward, USAID will support market-driven agriculture diversification to promote food security, economic growth, job creation, and trade opportunities and explore partnerships with Cambodian and U.S. firms for increased employment and economic opportunities for Cambodians and Americans, including in ICT. USAID will also incentivize private sector entities to create or expand sustainable businesses that generate benefits for communities and preserve Cambodia's biodiversity.

Under DO2, USAID will continue to encourage policy reform within the Cambodian healthcare system to enable private sector involvement in policy and guideline development, service coverage, and quality improvement. As the majority of Cambodians utilize private health services, USAID will support private sector actors and build their capacity to deliver quality health services that complement the public system,

offering expanded choice to individuals. In education, USAID will engage private sector actors and stakeholders to support the MOEYS to implement key education reforms necessary for long-term sustainability of the early grade reading program. USAID will also enlist private sector actors and stakeholders to directly support and extend the early grade reading program.

Under DO3, USAID will continue to engage Cambodia's private sector to empower female entrepreneurs, encourage civic participation, and promote rights as well as partner with Cambodia's technology sector to promote social accountability and public sector transparency. Going forward, USAID will look for opportunities to partner with Cambodia's technology sector and a U.S. higher education institution to promote independent media.

Opportunities for engaging the private sector under each DO are listed in Table 3 below.

Table 3: Strategic Approach to Private Sector Engagement in the DOs

Opportunities for Private Sector Engagement	
DO 1	<ul style="list-style-type: none"> ● Consult and engage with local private sector companies and organizations in the co-development of a new activity that will provide Cambodian youth with enterprise-driven information technology, critical thinking, and soft skills and connect them to job opportunities in the digital economy. ● Support sustainable investment practices and promote the development of enterprises that provide market-based viable alternatives to illegal timber and wildlife income sources within protected areas and extended landscapes. ● Partner with the private sector in agriculture on areas including farm mechanization, transport, cold-storage, and other initiatives that will increase the competitiveness of private businesses to create more jobs and employment opportunities. ● Work with input suppliers, collectors, buyers, processors, agricultural cooperatives, and other market system actors to increase the capacity for market participation, market linkages, and private investment.
DO 2	<ul style="list-style-type: none"> ● Engage and strengthen health professional associations and private health services in policy development processes to ensure the safety and quality of private health services. ● Support private sector actors and build their capacity to deliver quality health services that complement the public system, offering expanded choice to individuals. ● Leverage private sector resources, innovation, and investments through a mix of financial and non-financial approaches to support sustainable, government-led implementation of integrated early childhood development services. ● Leverage public-private partnerships to support the development and operationalization of the national scale-up of the early grade reading program, strengthen digital and distance learning, and support students identified via initial screening processes to appropriate referral services and access to adaptive technology.
DO 3	<ul style="list-style-type: none"> ● Work with trade unions and businesses, especially in the manufacturing and apparel sector, to curb abuses at the workplace and promote respect for labor rights. ● Assist women and women-owned micro and small businesses with incubator and accelerator programs. Partner with women's business associations to provide mentoring and coaching to promote the expansion of micro and small businesses owned by women. ● Partner with Cambodian technology companies to promote social accountability, public sector transparency, and digital empowerment.

The CDCS supports FSR as a complement to Private Sector Engagement (PSE).

This support is both direct and indirect, through working to improve public revenues and ensuring that these public resources are spent on services that benefit the Cambodian people in an accountable and transparent manner, as well as creating the enabling conditions under which the private sector can operate effectively. The cross-cutting approach to PSE directly supports Pillar IV: "Enabling environment for private investment" of the FSR framework.⁵⁷ Programs under DO1 will seek to improve the

⁵⁷ ["U.S. Agency for International Development Strategy for Financing Self-Reliance,"](#) USAID, January 2020.

business enabling environment through policy reform and increase commitment toward greater diversification of the economy. Additionally, by improving the enabling environment for the private sector and encouraging more diverse and sustainable FDI into Cambodia, USAID will work to expand the domestic resources available for the RGC to support social services under DO2 (Pillar I: "Domestic revenue mobilization"). In fact, the RGC has developed clear plans to improve quality services and take greater responsibility for the assumption of payments for and administration of USAID-supported interventions in the health, education, and child protection sectors. Thus, DO2 aims to capitalize on this progress and push for greater domestic revenue mobilization under Pillar 1 to finance essential services. Finally, the lack of transparency and accountability in public procurement is also a major challenge and thus addressing Pillar 3: "Fiscal Transparency and Accountability" is cross-cutting across DO1 and DO3. The business enabling environment policy reforms under DO1 will also complement the approach in DO3 to build the capacity of civil society and the media to improve government accountability for services and monitoring government transparency in policy development and implementation, including budget development and financial management.

Engaging stakeholders in the private sector, civil society, media, labor unions, land rights organizations, and other actors to improve transparency and accountability. Efforts to strengthen and build transparency and accountability as a cross-cutting priority throughout the strategy will give Cambodians the information and tools they need to advocate for and contribute to their country's sustainable and inclusive economic growth. Building coalitions of stakeholders across sectors, including women and youth-led organizations, labor unions, land rights organizations, and other actors is critical to achieving reforms that aim to increase transparency and improve government accountability within Cambodia. USAID will build the capacity of Cambodian organizations and stakeholders to speak and act on behalf of citizens, which will also be key to promoting resilience.

The goal of strengthening prosperity, resilience, and openness in Cambodia must focus on inclusivity to be effective. To ensure broad development impact, USAID will strive to reduce barriers to women and youth to provide leadership and participation in public policy processes; seek to improve their capacity to meaningfully participate in the economy (both rural and urban); support their engagement in decision-making and leadership in activities that support biodiversity and natural resource conservation; and facilitate necessary access to education and health services to thrive. In coordination with the RGC, private sector, and civil society partners, USAID will support efforts to implement national gender equality policies, and, where appropriate, support capacity-building to do so. The strategy will also maintain a focus on the rights and participation of other marginalized populations, including indigenous populations, ethnic and religious minorities, people living with disabilities, and members of the LGBTI community.

Inter-agency partners and priorities are complementary to USAID's strategic approach. USAID will continue working closely with inter-agency partners in support of complementary goals and objectives, as outlined in the Integrated Country Strategy (ICS). A summary of this collaboration is presented in Table 4.

Table 4: Summary of Inter-Agency Priorities, Partners, and Links to the CDCS

ICS Goal	Inter-Agency Priorities and Partners	CDCS Linkage
Mission Goal 1: Advance American influence by engaging with the next generation of Cambodian leaders to lay the foundation for a more democratic future.	<ul style="list-style-type: none"> • Mission Objective 1.1: Influence future leaders to shape perceptions of the United States through education; technical assistance; support to civil society, youth, entrepreneurs, and women; and increased understanding of U.S. culture and values through exchanges. • Partners: State Department, Office of Defense Cooperation, U.S. Peace Corps 	DO 3: Human rights protected and government accountability advanced.
Mission Goal 2: Economic growth and trade: advance U.S. business interests and Cambodia's economic growth.	<ul style="list-style-type: none"> • Mission Objective 2.1: Open new opportunities for U.S. business by promoting greater industrial development and economic diversification through increasing bilateral trade and investment and facilitating legitimate travel to the United States. • Mission Objective 2.2: Improve Cambodia's regulatory, labor, and economic environment, increasing transparency and providing greater access for U.S. exports; and promote entrepreneurship. • Partners: State Department, Justice Department, Foreign Agricultural Service, Foreign Commercial Service 	DO 1: Inclusive and sustainable economic growth broadened.
Mission Goal 3: Preserve peace and <u>security</u> and protect the homeland.	<ul style="list-style-type: none"> • Mission Objective 3.1: Improve the responsiveness of the Cambodian government to natural disasters and health security threats. • Partners: Centers for Disease Control, Naval Medical Research Unit Two, National Institutes of Health, Department of Agriculture Animal and Plant Health Inspection Service 	DO 2: Health, education, and welfare of Cambodians improved through enhanced services.

Supporting Cambodia to combat TIP. Given Cambodia's ongoing challenges in preventing TIP, the U.S. Embassy has developed a whole-of-mission effort to engage Cambodian authorities to convince them to adopt and implement the 2020 TIP report recommendations, thereby taking steps needed to avoid a downgrade to Tier 3 and the resulting restrictions on foreign assistance. The RGC response has been promising. For the first time in several years, the Ministry of Justice is providing data on trafficking investigations, prosecutions, and convictions for the first half of 2020—the top request in the TIP report. The RGC has been more willing than before to acknowledge gaps in their counter-trafficking strategy and increase collaboration with non-governmental

organizations (NGO) to meet the report's other recommendations. Further details of USAID's approach to addressing TIP can be found under the narrative for DO3.

Scenario Planning

One of the most significant challenges facing USAID's programming in Cambodia is ongoing pressure on natural resources, most notably forests, and the RGC's lack of consistent enforcement of policies and regulation governing protected areas to prevent illegal logging. Civil society has reported on the increase in government actions against civil society actors in this sector.⁵⁸ USAID will explore a potential scenario that analyzes options and reactions if ongoing programming for sustainable, transparent, and inclusive protection of natural resources becomes increasingly difficult.

⁵⁸ ["Cambodia: Youth targeted in 'shocking' wave of arrests,"](#) Amnesty International, September 10, 2020.

RESULTS FRAMEWORK

Goal: Cambodia Becomes a More Open, Prosperous, Resilient, and Inclusive Partner in the Indo-Pacific Region

USAID's goal is to support Cambodia in becoming a more open, prosperous, resilient, and inclusive partner in the Indo-Pacific region and ensure that Cambodians have the ability to thrive despite uncertainties and shocks related to economic, political, and social factors. Achieving this goal requires a more inclusive and broader-based economy, improved access to quality health, education and protection services, and greater transparency, accountability, and responsiveness of the government to the Cambodian people, thereby advancing the country's self-reliance. By focusing on inclusion,⁵⁹ USAID seeks to ensure more Cambodians to participate in, contribute to, and benefit from the country's economic recovery and future economic progress while exercising constitutional freedoms. Significant challenges to achieving this goal include the impacts of COVID-19; human rights concerns, including GBV; high levels of social and economic inequality; ongoing threats to tropical forests, water resources, and biodiversity, including the impacts of climate change; and a decades-long cycle of opening and restricting civic space. To strengthen resilience in Cambodia, USAID will support strengthened food security, economic diversification, the protection of human rights, increased transparency of public systems, improved government accountability, and inclusive access to quality health, education, and child protection services for citizens through the public and private sectors. In addition, over the next five years USAID will intentionally and systematically promote gender equality and social inclusion across all sectors. The country has made significant strides in controlling infectious diseases, including malaria and HIV/AIDS, and improving maternal and child health. Opportunities exist to sustain these impressive gains and recover economic progress, while mitigating backsliding, by focusing on opportunities to promote good governance in sectors such as education, health, agriculture, and environment. Efforts to strengthen and build transparency and accountability as a cross-cutting priority in these sectors will build the resilience of the Cambodian people and enable individuals to contribute to economic growth, actively engage in public processes, and advocate for constitutional rights. Empowering Cambodian organizations to speak and act on behalf of citizens will also be key to realizing this goal.

DOI: Inclusive and Sustainable Economic Growth Broadened

Despite an average annual GDP growth rate of seven percent across the past ten years, Cambodia's economy is heavily reliant on unsustainable FDI and lacks diversification and resilience.⁶⁰ Cambodia's economy highly depends on tourism and light manufacturing tied to regional supply chains—industries that have been devastated by COVID-19. As a result, Cambodia is expected to register its first year of negative economic growth since 1994. Moderate ratings in the *Economic Policy* sub-dimension from the J2SR Country Roadmap reflect the lagging RGC commitment to an enabling

⁵⁹ By inclusion, USAID specifically means the inclusion of women, youth, marginalized, and vulnerable groups. These groups include indigenous people, the LGBTI community, ethnic and religious minorities, and people with disabilities. Also included are people who have not benefited from Cambodia's economic growth up to this point, e.g., the poor and those living in rural areas who lack access to essential services and economic opportunities.

⁶⁰ "Asian Development Outlook 2020: Wellness in Worrying Times," Asian Development Bank, September 2020.

environment for inclusive and sustainable economic growth, especially for private sector-led growth, sustainable livelihoods, and a modernized agriculture sector.⁶¹ Furthermore, the economic gains of the previous decade are not equally enjoyed by the entire population as shown by moderate scores for *Inclusive Development* sub-dimension and a low rank of 121 out of 157 on the Commitment to Reducing Inequality Index.⁶² Economic disparities along gender lines also are prominent, and although women’s participation in the economy is high—Cambodia has a relatively high score on the *Gender Economic Gap* sub-dimension—women earn on average 80 percent of men’s earnings, own less land, have more limited access to finance, and continue to carry the greatest burden of unpaid household work, among other persistent inequalities.⁶³

Gaps also exist in environmental protection. Cambodia has one of highest rates of deforestation in the world. From 2001 to 2019, Cambodia lost 2.31 million hectares of tree cover—equivalent to a 26 percent decrease since 2000—resulting in an extra 973 metric tons of CO₂ equivalent emissions.⁶⁴ This deforestation is largely driven by economic incentives⁶⁵ which belies the need for more sustainable livelihoods for communities that are dependent on the forest. These significant challenges are reflected in Cambodia’s low score for the *Environmental Policy* sub-dimension. Diverse ecosystems in Cambodia may also be threatened by the adverse effects of climate change. Increased temperatures and prolonged drought are projected to increase biodiversity losses as well as increase the risk of forest fires.⁶⁶

Finally, the J2SR Country Roadmap shows that the *Capacity of the Economy* dimension is below average, reflecting that this aspect of Cambodia’s capacity is not sustainable and is vulnerable to shocks and stresses, such as economic down-turns, climate-change related natural disasters, political shifts, and others. COVID-19 has exposed the flaws of an economy overly dependent on select sectors and inequitable distribution of economic gains among the population. In addition, while Cambodia’s debt is currently 30 percent of GDP and while the risk of debt distress is low, the external debt puts Cambodia at higher risk as a developing economy to external shocks like COVID-19. Moreover, overdependence on any single country for investment and economic growth will threaten its sovereignty, economic independence, and resilience. Transactions that are not transparent and competitively bid reduces the appetite for more sustainable investors to enter this market. An opportunity for potential growth exists in the large youth population, even though they are currently ill-prepared for the economic challenges of the future.⁶⁷ The official Youth Unemployment Rate is low at 1.1 percent,⁶⁸ but this number does not reflect recent findings⁶⁹ that 41 percent of youth are employed informally and 75 percent are underemployed. The recent USAID Youth Assessment and the extensive pre-CDCS stakeholder consultations both reinforced this

⁶¹ Secondary metric analysis reveals Cambodia’s 2018 *Doing Business* score at 52 out of 100 (*World Bank*) and an Enabling Business of Agriculture Score of 39.5 out of 100. Source: *World Bank Data*.

⁶² “[Commitment to Reducing Inequality Index 2018](#),” Oxfam International, October 8, 2018.

⁶³ “CDCS Sector Analysis Report: Gender and Inclusive Development,” USAID/Social Impact, 2020.

⁶⁴ “Tree Cover Loss Indicator,” Global Forest Watch, 2019.

⁶⁵ “Foreign Assistance Act 118/119 Tropical Forest and Biodiversity Analysis,” USAID, 2019.

⁶⁶ “USAID/Cambodia Climate Risk Management Analysis,” USAID, 2020.

⁶⁷ The secondary metric “Quality of Vocational Training” is scored at 3.7 out of 7. Source: World Economic Forum.

⁶⁸ “World Development Indicators,” World Bank.

⁶⁹ “[Key Issues affecting Youth in Cambodia](#),” OECD.

finding, concluding that youth generally feel they are unprepared for employment and find it difficult to secure good-paying jobs.⁷⁰

Maintaining a high agricultural growth rate is a top priority for the Cambodian government. Agriculture still accounts for a large share of GDP, trade, and the labor force, and a strong agricultural sector remains a key to further reduction in poverty. The agriculture sector is extremely vulnerable to climate change-induced increases in temperatures and changes in rainfall patterns in addition to flooding, impacts from extreme weather events such as typhoons, and sea-level rise.⁷¹ To succeed, the Cambodian agricultural sector will need to embrace the principles of sustainability, productivity, competitiveness, and income growth.

Collectively, pre-CDCS stakeholder consultations and internal program reviews show that solutions are needed to expand and diversify economic opportunities for more Cambodians, including broadening support to the agriculture sector beyond the traditional farm-level approaches of the previous CDCS and focusing on market-based agribusiness development.

Development Hypothesis

In response to these challenges, USAID will prioritize "DO1: Inclusive and Sustainable Economic Growth Broadened," which links to the CDCS goal by supporting the economic conditions necessary for increased prosperity and resilience in the country, and by focusing on good governance issues related to natural resource management.

The DO1 development hypothesis states that *if* the economy is more diversified, the business enabling environment is improved, and natural resources are more sustainably managed, *then* Cambodia's economic growth will be more inclusive and resilient.

The three interrelated and mutually reinforcing approaches underlying the DO1 development hypothesis will empower diverse actors to support Cambodia's economic recovery from COVID-19 and build a foundation for sustainable, broad-based growth. First, "Accelerated economic diversification for improved livelihoods" intermediate result (IR) 1.1 emphasizes working with businesses and communities to diversify the economy by focusing on a markets-based approach in agriculture that seeks to facilitate linkages between suppliers and local and international buyers as well as improving farmers' access to more efficient and sustainable agricultural technologies; developing the capacity of Cambodians, especially youth and women, to get better paying jobs; and targeting investments in science and technology to accelerate the development of the digital economy.⁷² Second, "Improved business climate to attract investment and create jobs" (IR 1.2) targets economic governance through improving the business enabling environment. This focus aligns with the World Bank Group's finding that improving the business enabling environment in Cambodia is critical to support the emergence of high-potential, growth-oriented and globally competitive enterprises.⁷³ Third, "Improved

⁷⁰ USAID/Cambodia Cross-Sector Cambodia Youth Assessment. 2019.

⁷¹ "USAID/Cambodia Climate Risk Management Analysis," USAID, 2020.

⁷² The strategic importance of upgrading and diversifying the economy as well as building a skilled and productive workforce to promote sustainable and inclusive economic growth is also emphasized by the ADB and other multilateral and development agencies. Sources: "[Cambodia, 2019–2023: Inclusive Pathways to a Competitive Economy](#)," ADB, 2019, 12; and "[Cambodia Economic Update: Recent Economic Development and Outlook](#)," World Bank Group, 2018.

⁷³ "[Entrepreneurial Cambodia: Cambodia Policy Note](#)," World Bank Group, July 2018.

management of natural resources for sustainable and accountable development” (IR 1.3) focuses on the sustainable and accountable use of Cambodia’s rich natural resources to create a stronger foundation for inclusive and sustainable economic growth. USAID anticipates broadening partnerships with the private sector and working through the New Partnerships Initiative in support of this DO. Table 5 summarizes key assumptions and risks identified for the implementation of DO1.

Table 5: Key Assumptions and Risks for DO1

Assumptions	Risks
<ul style="list-style-type: none"> ● World economy rebounds from COVID-19, restoring market demand for Cambodian-made products and recovering income levels. ● Opportunities exist to engage with reform-minded leaders to enforce laws and ensure effective governance of natural resources. 	<ul style="list-style-type: none"> ● World economy recovery from COVID-19 is slow and continues to impact international tourism and demand for Cambodian-made products. ● Unsustainable foreign investments and developments, especially along the Mekong, have potential to decrease incentives for conservation and threaten livelihoods. ● RGC may restrict activities of local groups, civil society organizations, and other stakeholders.

How DO1 Advances Cambodia’s J2SR

An analysis of Cambodia's J2SR Country Roadmap reveals gaps in government commitment to *Inclusive Development* and stronger *Economic Policies*, including *Environmental Policy*, which scores the lowest in that sub-dimension. While Cambodia has some capacity, the *Capacity of the Economy* is not sustainable and is vulnerable to shocks and stresses. The stress of COVID-19 has highlighted the over dependence on select sectors and lack of equal participation in past economic gains.

Private sector engagement is a critical component and FSR pathway under this DO, and there are extensive linkages with the other DOs, particularly, engaging the private sector in health systems strengthening (DO2) and generating demand for increased transparency and accountability (DO3). The outcomes of this DO directly support Pillar IV: "Enabling environment for private investment" of the FSR framework. By improving the enabling environment for the private sector and encouraging more diverse and sustainable FDI into Cambodia, USAID works to expand the domestic resources available (Pillar I: "Domestic revenue mobilization") for the RGC to support social services under DO2. Specifically, sub-IR 1.2.1 is focused on engaging and partnering with the private sector to push for reforms to strengthen markets and trade. The health and education objectives of DO2 are also essential to strengthening the human capital necessary for effective workforce development priorities in DO1. Finally, governance is a cross-cutting theme across all three DOs, and IR 1.2 aligns with this objective and synergizes with the accountability and transparency activities of DO3.

Table 6 summarizes how DO1 will contribute to each of the J2SR components:

Table 6: J2SR Components for DOI

J2SR Component	DOI Approach
Redefining the Relationship	Engage on reform with critical ministries such as MOE and MAFF and externally with the private sector and civil society, to advocate for favorable policy/regulation changes that promote economic growth and environmental protection, where commitment is evident.
Financing Self-Reliance	Improve the private sector enabling environment to encourage more private investment, which, coupled with more transparent processes, may produce broader revenue streams for financing essential government services.
Private Sector Engagement	Partner with Cambodian and U.S. firms to explore joint venture partnerships for increased employment opportunities for Cambodians and Americans. Catalyze private sector partnerships in agriculture and environment sectors.
Effective Partnering and Procurement Reform	Continue to explore new partnership opportunities with non-traditional partners such as through the Development Impact Bond. Expand REDD+ and carbon credit sales targeting major private sector businesses from the United States and other like-minded countries.

How DOI Advances a Free and Open Indo-Pacific Region

Currently, the lack of transparent and accountable systems for private sector growth discourages U.S. investments in Cambodia. Therefore, this DOI will help to level the playing field for U.S. companies investing in the country, advance the Transparency Initiative (TI), and serve as a response to potential non-transparent and unaccountable commercial activities which can undermine local markets and hamper sustainable investment. The approaches under this DOI will improve the business enabling environment, work to build resilient market systems that preserve the sovereignty of the Cambodian state and unlock the power of private enterprise-led diversification and growth, and allow Cambodia to pursue accountable public investments that yield the best value. Finally, USAID will work to improve the management of natural resources and advance the security pillar focus area of natural resources safeguards and security through increased transparency and accountability of the RGC in enforcing environmental regulations and protecting critical landscapes and watersheds while at the same time advancing the governance pillar by supporting civil society to engage in government oversight.

Host Country Government Priorities

The objectives of USAID's new DO1 are closely aligned with the RGC's sector strategies, as outlined in Table 7, related to Human Resource Development, Economic Diversification, Promotion of Private Sector Development and Employment, and Inclusive and Sustainable Development. USAID's new approach to economic growth advances these priorities by enhancing Cambodia's economic recovery from COVID-19 through promoting a more diversified and resilient economy that increases sustainable livelihoods for the Cambodian people.

Table 7: DO1 Alignment with Key RGC Sector-Level Strategies

Key RGC Strategies	Alignment with DO1
Industrial Development Policy	IR 1.1, 1.2
Agricultural Sector Strategic Development Plan	IR 1.1
Cambodia Climate Change Strategic Plan	IR 1.3

Other Development Actors

USAID will work within the aid coordination structure that was set up by the RGC through the technical working groups, specifically for agriculture, forestry, fisheries, water, and climate change. USAID will continue to coordinate with like-minded donors including the World Bank, ADB, UN Agencies, European Union (EU), Germany, and Switzerland. Based on comprehensive CDCS consultations and a population-based survey to identify priorities for sustainable economic growth in Cambodia, improvement in roads and infrastructure is a critical need. However, since other donors and investors are contributing to infrastructure development, USAID's comparative advantage is to support strengthening environmental and social safeguards to ensure the sustainability of these investments. In addition, USAID has a comparative advantage in supporting the expansion of employment opportunities and enhancing food and water security, which are critical concerns for low-income Cambodian households and key elements to creating a foundation for resilient, broad-based economic growth.

IR 1.1: Accelerated economic diversification for improved livelihoods

To broaden inclusive and sustainable economic growth, it is necessary to broaden market-based growth in the agriculture sector by upgrading from farm-level interventions to more value-added private sector-led interventions; build the capacity of the Cambodian workforce through improved skills and job training in growth sectors; and harness the potential of science and technology through the development of the digital economy, especially for women and youth. Cambodia has favorable market conditions for expanding the digital economy, including high levels of digital literacy among youth. However, only about 20 percent of tech startup founders are women, reflecting a need to address barriers that women face in developing a career in tech.⁷⁴

⁷⁴ Bora Kem, et. al, "[Startup Kingdom: Cambodia's Vibrant Tech Startup Ecosystem In 2018](#)," Mekong Strategic Partners, January 2019; Tiffany Tsang and Chansocheata Poun, "[Factors Affecting Women Engaging in Tech Careers in Cambodia](#)," Development Innovations, June 2018.

Some of the major challenges facing Cambodia in its road to economic diversification include lack of infrastructure development, weak human capacity and skills gaps, and an over-reliance on select sectors that limits the economy and exposes it to outside shocks and stresses. In addition, GBV and early child marriage are pervasive issues that must be addressed to successfully expand educational achievement and labor force participation of women and youth. The RGC is continuing its Industrial Development Policy from 2015-2025 that focuses on increasing and diversifying non-textile manufacturing exports and boosting agricultural processed goods exports. The IR aligns with this policy by building the skills of Cambodian citizens in science and technology for better employment opportunities and engaging with the private sector to broaden market-based agriculture sector growth. We will also work with the government to improve the business enabling environment through policy reform and increase commitment toward further diversifying the economy. The sub-IRs under this IR will also contribute to nutrition outcomes through agriculture-led growth and sustainable livelihoods that continue USAID's work on horticulture and foods that promote nutrition. This work will directly link with and complement the work to be done under IR 2.1, which focuses on improving quality and utilization of health services, including nutrition.

Sub-IR 1.1.1: Broadened market-based agriculture sector growth

Sub-IR 1.1.2: Expanded market-relevant job skills

Sub-IR 1.1.3: Strengthened capacity in science, technology, and innovation for women and youth

The ability for Cambodia to achieve accelerated economic diversification is closely linked to climate change impacts, including slow-onset events (e.g., sea level rise) and discrete, extreme climate events (such as heavy rainfall or flooding). Changes to temperature and precipitation patterns could greatly impact output of the agricultural sector, therefore potentially limiting economic growth. Additionally, migration of people from one place to another, due in part to flooding or drought occurrence, may broadly impact the workforce of Cambodia. As the RGC has tried to implement measures addressing climate change impacts, most noticeably in the recent droughts and flooding, this provides an opportunity through which to engage in management options. These could include building in opportunities for crop insurance programs, encouraging climate smart agriculture techniques, and providing training and capacity-building programs to incorporate climate information into workforce development.

IR 1.2: Improved business climate to attract investment and create jobs

IR 1.2 supports the sustainability of expanded economic diversification and opportunities under IR 1.1 by promoting critical business enabling environment reforms to attract investment and create jobs. By working with change agents both within the government and externally (such as the private sector and civil society), IR 1.2 will support improved policies for free and fair trade and investment and strengthen capacity and accountability for public investment including infrastructure. Cambodia ranks low on the overall Doing Business Index (144 out of 190) and scores comparatively low on Getting Electricity (146), Starting a Business (187), Trading Across Borders (118), and Enforcing Contracts (182)—all key areas that are needed to further enhance economic

growth.⁷⁵ The lack of transparency and accountability in public procurement is also a major challenge.

There is also a critical need to promote decent work that provides pay equity, flexible schedules, skills retraining of current workers, and work environments that are safe and free from harassment to improve inclusion and empowerment of women and marginalized populations.⁷⁶ The pandemic has highlighted the need to diversify the economy and pursue opportunities to promote government transparency and business-enabling policy improvements through targeted engagement with reform-minded technocrats within the government, such as the Ministry of Economy and Finance and the Ministry of Commerce. This IR will help address the dependence on unsustainable foreign investment, increase transparency, and make the environment more favorable for U.S. companies to do business with Cambodia.

Sub-IR 1.2.1: Improved policies and implementation for free, fair, and open trade and investment

Sub-IR 1.2.2: Strengthened capacity and accountability for public investment, including infrastructure development

IR 1.3: Improved management of natural resources for sustainable and accountable development

Much of Cambodia's economic growth has been tied to exploitation of its rich natural resources.⁷⁷ Continued gains will depend on the sustainability of investments, which should be transparent and accountable to citizens. IR 1.3 will support local and indigenous communities on expanding sustainable livelihoods to combat deforestation (such as through ecotourism, non-timber forest products, carbon credit sales, and other income-producing activities);⁷⁸ improve government capacity and accountability for protection of critical landscapes and watersheds including countering wildlife trafficking; and advance private sector-led low emissions development through interventions such as sales of carbon credit and promoting innovative solutions through renewable energy. This IR will also shift USAID's approach to natural resources management and environmental protection to move away from a focus only on a limited number of defined landscapes, which was the approach under the previous strategy.⁷⁹ Sub-IR 1.2.2 will strengthen biodiversity conservation and

Sub-IR 1.3.1: Expanded sustainable livelihoods for vulnerable populations

Sub-IR 1.3.2: Strengthened capacity and accountability for biodiversity conservation and watershed management

Sub-IR 1.3.3: Private sector-led low emissions development advanced

⁷⁵ "[Ease of Doing Business Rankings](#)," World Bank, 2020.

⁷⁶ "USAID/Cambodia Gender and Inclusive Development Analysis," USAID, 2020.

⁷⁷ "Country Partnership Framework for Kingdom of Cambodia 2019-203," The World Bank Group, May 1, 2019, Retrieved from - <https://openknowledge.worldbank.org/handle/10986/31789>.

⁷⁸ A multi-year impact evaluation of similar sustainable livelihoods interventions aimed at linking conservation efforts to poverty alleviation found a significant impact on livelihoods compared to controls. Clements, et al, "[Measuring impacts of conservation interventions on human well-being and the environment in Northern Cambodia](#)," 3ie, March 2020.

⁷⁹ A landscape-based approach has also been shown to be less effective at preventing deforestation than a more community-centered approach. [Porter-Bolland L, et al](#), *Forest Ecology and Management*, 268:6-17, 2012.

reduce wildlife trafficking through improved law enforcement cooperation between the communities and local officials. The focus on watershed management is a new target area to focus resources on key waterways like the Mekong and Tonle Sap, in alignment with the new Mekong-U.S. Partnership,⁸⁰ both vital for livelihoods (e.g., fishing and fisheries) and a major source of nutrition for the Cambodian people.⁸¹

Cambodia lacks sufficient resource allocations to manage and protect wildlife sanctuaries and protected areas in the country with an average of only one ranger for every 5,763 hectares⁸²—far below the global recommendation of three rangers for every ten hectares. Lack of capacity among government counterparts to manage natural resources along with lack of accountability and transparency are the main governance challenges within natural resource management. These challenges contribute to illegal logging, illegally cleared forest land for agriculture use, illegal trafficking of wildlife, issuance of economic land concessions, and mining and transmission lines within protected areas. Within the RGC, there are multiple ministries that have responsibilities related to natural resources management beyond the MOE that include the MAFF, Ministry of Mines and Energy, and the Ministry of Water Resources and Meteorology, among others. More transparent decision-making systems and improved public participation as well as effective coordination across these government entities would improve both conservation of natural resources and sustainable development.

Improving management of natural resources for sustainable development is closely linked to climate variability and change.⁸³ Biodiversity, watershed management, and fisheries management will also be impacted by changes in temperature, rainfall patterns, and flooding. USAID is well positioned to support the incorporation of climate change into line ministries and encourage best practices to incorporate climate information into conservation and biodiversity work and other initiatives.

USAID’s Comparative Advantage in Economic Growth, Agriculture, and Environment

USAID is viewed favorably among many government ministry counterparts, which facilitates our ability to effectively develop activities in the economic growth, agriculture, and environment sectors. In addition, based on our partnerships with companies, relationships with business associations, and a new strategic focus on workforce development, USAID has a demonstrated strength in private sector engagement. These relationships place USAID in the unique position of being able to work effectively across a broad spectrum of stakeholders.

How will USAID redefine the relationship with local actors to broaden inclusive and sustainable economic growth?

USAID will seek to partner with the private sector and business organizations in all aspects of the DO. This will include launching programs that leverage private sector funding to match technical vocational training with employment initiatives, addressing

⁸⁰ “[The Mekong-U.S. Partnership: The Mekong Region Deserves Good Partners](#),” U.S. Department of State Press Statement, September 14, 2020.

⁸¹ Fish accounts for 37 percent of total protein and 67 percent of animal protein in a Cambodian’s diet. Source: World Fish Center.

⁸² Cambodia currently has 1,260 rangers under the MOE, all of whom are tasked with protecting 69 biodiversity corridors covering an area of about 7.3 million hectares. Source: Ministry of Environment.

⁸³ “USAID/Cambodia Climate Risk Management Analysis,” USAID, 2020.

infrastructure challenges in the agriculture sector including transportation and cold storage, and partnering with financial institutions to expand investment opportunities in higher value processing and export-oriented sectors. With regards to the enabling environment, interventions will work through the chambers of commerce and other influential business organizations to advocate for improved business enabling environment reforms. These would include public-private dialogues, partnering with think tanks and other NGOs on economic analysis on non-tariff barriers to trade, and working with the government on capacity-building for public investments, including for infrastructure. With regards to improved natural resource management, interventions will take a markets-based approach toward improving livelihoods by linking buyers with local communities on non-timber forest products, linking tourism operators with ecotourism initiatives to promote both local and international tourists, and working with multinational companies on carbon credit sales. USAID will also support civil society organizations to help improve accountability and transparency related to watershed and landscapes management.

DO2: Health, Education, and Welfare of Cambodians Improved Through Enhanced Services

Cambodia has made significant achievements on its health, education, and child protection outcomes. USAID has been a key RGC partner to support significant gains on reducing infant, under-5, and maternal mortality, and TB, HIV/AIDS, and malaria infections. USAID has strengthened national policies and systems, expanded community outreach, and improved access to quality services. With more than 30 years of investment, USAID has worked closely to help Cambodia more than double the rate of deliveries assisted by a skilled provider from 32 to 89 percent, and the use of modern contraceptives from 19 to 39 percent between 2000 and 2014.⁸⁴ The estimated annual TB incidence in Cambodia has an average annual reduction rate of 2.5 percent, and efforts have been successful to contain multidrug-resistant TB.⁸⁵ Adult HIV prevalence has steadily dropped to 0.5 percent in 2019, with a 61 percent reduction in the number of new HIV infections from 2,000 in 2010 to 780 in 2019. Cambodia has had no malaria-related deaths since 2017 and the country is on a path toward eliminating falciparum malaria by 2023. USAID has developed effective models that reduced stunting by 19 percent in target districts and assisted in the expansion of the HEF to all health facilities nationwide, increasing access to more than three million poor Cambodians to health services free of charge. In education, the RGC sees this sector as a core driver of Cambodia's development and achieved the Millennium Development Goal in universal primary education in 2015. The RGC has since steadily improved access to education with net enrollment rates in 2019 reaching 97.3 percent for primary, 59.9 percent for lower-secondary, and 30.9 percent for upper-secondary education.

However, disparities persist between rural and urban populations, and amongst marginalized and vulnerable groups. In health, government health expenditures have

⁸⁴ The roadmap sub-metric Child Mortality is scored at 94 out of 100 with a trend of improved score over time (reduced child mortality). Source: CIESIN, Natural Resource Protection and Child Health Indicators, 2018.

⁸⁵ World Health Organization (WHO).

not maintained pace⁸⁶ as out-of-pocket expenditures continue to rise.⁸⁷ Additionally, in education, most Cambodian students face a learning crisis and cannot meet the minimum mathematics and reading standards. Cambodia's child protection system is also challenged with high rates of children living in institutional care and children continue to experience high rates of violence, with high poverty and low access to education being key drivers of the institutionalization of children.⁸⁸ Violence against children, child trafficking, child labor, child marriage, and online child sexual exploitation remain issues of concern in Cambodia.⁸⁹

Development Hypothesis

Responding to these many challenges and building on previous investments and successes, USAID will prioritize “DO2: Health, education, and welfare of Cambodians improved through enhanced services,” which links to the CDCS goal by supporting the social and human development outcomes necessary for increased prosperity and resilience in the country. While continuing the shift from direct service delivery to improving health, education, and child protection systems⁹⁰, in contrast to the previous strategy, DO2 will have an increased cross-cutting focus on improving the governance and accountability of Cambodia's health, education, and child protection systems.

The DO2 development hypothesis states that *if* Cambodia's health, education, and welfare systems have greater capacity and commitment to respond to citizens needs *and if* the Cambodian people are empowered to advocate for improved service delivery, *then* the health, education, and welfare of the population will improve through access to enhanced services.

To solidify progress toward this multifaceted development objective and to build resilience to shocks, such as COVID-19, USAID/Cambodia will focus on achieving the following key results over the next five years. First, the quality and utilization of priority health services must be increased (IR 2.1). This includes maternal and child health, infectious disease programs, and improving private sector services. It also requires behavior change such that citizens demand and seek quality health care from the public and private sectors. Second, the governance and accountability of health, education, and child protection systems must be strengthened (IR 2.2). As provincial and district administrations accept increased responsibilities, once wielded exclusively by line ministries (Health, Education, and Social Affairs), they must apply evidence to prioritize domestic resources for health, education, and child protection to break the cycle of donor dependence, build resilience against financial, pandemic, and other shocks, and strengthen sub-national systems to further Cambodia's journey to self-reliance. To complement work with the government, support to Cambodian citizens and civil society organizations must focus on providing quality oversight to increase access to services.

⁸⁶ Government expenditures toward health are 1.4 percent of GDP and have been mostly unchanged over the past decade. Source: World Development Indicators, World Bank, 2017.

⁸⁷ Out-of-pocket expenditures are 60 percent of total health expenditures, which have increased over the previous decade. Source: World Development Indicators, World Bank, 2017.

⁸⁸ According to a 2015 mapping, there were 639 residential care facilities, housing 26,187 children, with 63 percent of these children residing in institutions. The primary reason for children being placed in a residential care institution was poverty, including access to education for 75 percent of the children placed. This results in 79 percent of children in residential care institutions having at least one living parent.

⁸⁹ “[Cambodia's Violence Against Children Survey 2013](#)”, UNICEF, October 2014.

⁹⁰ USAID recognizes the importance of a health systems strengthening approach. “[USAID's Vision for Health Systems Strengthening](#),” USAID, 2019.

This approach represents the intersection of service delivery, good governance, and accountability. Third, the quality of education and child protection services must be improved (IR 2.3). This requires increasing and strengthening government service delivery system capacity while concurrently building the capacities and skills of professional educators and social service providers to enable greater access to quality services for all children, particularly children with disabilities and the most vulnerable. This approach will require USAID to partner with civil society, the private sector, communities, and the RGC to increase responsiveness and strengthen institutions' capacity to protect children from violence, abuse, and exploitation. Table 8 summarizes key assumptions and risks identified for the implementation of DO2.

Table 8: Key Assumptions and Risks for DO2

Assumptions	Risks
<ul style="list-style-type: none"> ● RGC maintains an adequate level of domestic resources (budget) to prioritize health, education, and child protection programs despite economic setbacks from COVID-19. ● RGC remains committed to investing in priority social sectors and maintains a current course of allowing more autonomy and responsibility for local governments to provide services. ● RGC maintains robust cooperation and commitment in the health sector. 	<ul style="list-style-type: none"> ● Redirection of RGC resources to address COVID-19 economic shocks at the expense of investments in health, education, and child protection. ● Lack of clear RGC guidance on how decentralized structures will administer responsibilities at the local level, resulting in a deterioration of service provision. ● Incomplete data sharing and other information gaps could impede donor efforts to collaborate and promote transfer of USAID investments to RGC ownership and promote the expansion and inclusion of marginalized populations. ● Policy reforms for increased transparency and accountability are not undertaken.

How DO2 Advances Cambodia’s J2SR

As shown in Cambodia's J2SR Country Roadmap, *Citizen Capacity* is still relatively low, and gaps exist in *Education Quality* and *Child Health*. Additionally, *Government Capacity* to support quality services remains unsatisfactory. Despite efforts to improve

services and improve access, COVID-19 highlighted that certain groups of children and families—including those: 1) living in remote areas; 2) from low socioeconomic families; 3) who are disabled; and 4) from ethnic minority communities—remain excluded and disproportionately disadvantaged in access to quality services. Furthermore, COVID-19 has underscored the need for greater resilience of service delivery systems to ensure that Cambodians can continue to access services during natural disasters, health pandemics, and other emergencies.

The mutually reinforcing IRs will support the RGC to break the cycle of donor dependence, build resilience against financial and pandemic shocks, and strengthen sub-national systems to further Cambodia’s journey to self-reliance. Additionally, by investing in citizen responsive policies and accountability of service providers accountable for the provision of quality care and services, USAID will demonstrate a clear path to self-reliance based on accountable and transparent systems which allow for civil society to have meaningful dialogue.

RGC commitment to key reforms and quality improvements is high in relevant RGC line ministries. However, key capacity gaps exist and USAID will continue to focus on building RGC capacity. Table 9 summarizes how DO2 will contribute to each of the J2SR components.

Table 9: J2SR Components for DO2

J2SR Component	DO2 Approach
Redefining the Relationship	Strengthen core RGC capacities and leverage commitment to (a) improve transparency and accountability and (b) develop and scale up RGC-owned policies and programs.
Financing Self-Reliance	Support Cambodia’s ability to achieve the proper balance between foreign assistance, domestic public resources, and private sector resources necessary to move toward determining and financing inclusive development.
Private Sector Engagement	Leverage private sector resources for quality improvements and support an appropriate mix of public and private sector partners.
Effective Partnering and Procurement Reform	Strengthen RGC budget administration and execution that maintains transparency and accountability. Build line ministries capacity to effectively meet international standards for financial management and procurement.

How DO2 Advances a Free and Open Indo-Pacific Region

Health, education, and child protection are necessary foundations for the resilience of the Cambodian people to achieve longer-term goals that contribute to building human capital and economic growth critical to a free and open Indo-Pacific region. The approaches in this DO will support the RGC to break the cycle of dependence on

foreign investments, build resilience against financial and pandemic shocks, and strengthen sub-national systems to further Cambodia’s journey to self-reliance. The systems strengthening approach, as well as citizen engagement to strengthen constructive oversight of public services to ensure transparency and accountability advances democratic governance and IPTI through citizen-responsive policies. USAID investments in the health and welfare of Cambodians demonstrates a long-term approach as a sustainable and impactful choice.

Host Country Government Priorities

The RGC is increasingly taking on more of a leadership and partnership model in the health, education, and child and social protection sectors. The RGC has developed clear plans to improve quality services and take greater responsibility for the assumption of payments for and administration of USAID-supported interventions, including: 1) the HEF; 2) the conditional cash transfers program; and 3) procurement of TB and HIV drugs. In support of Cambodia’s path to self-reliance, the USG has strengthened health and education financing systems to use domestic resources more effectively.⁹¹ These sectors continue to remain high priorities and have experienced the lowest funding cuts due to the RGC economic constraints from COVID-19.

Commitment by the RGC demonstrates that strengthening government capacity to deliver services, applying appropriate data, and using domestic resources is the appropriate strategy to strengthen governance and accountability of Cambodia’s health, education, and child protection systems.

Table 10: DO2 Alignment with Key RGC Sector-Level Strategies

Key RGC Strategies	Alignment with DO2
<ul style="list-style-type: none"> ● The Fourth Health Strategic Plan (2021-2030) ● The Fifth National Strategic Plan for a Comprehensive and Multi-sectoral Response to HIV/AIDS (2019-2023) ● Malaria Elimination Action Framework 2 ● National Health Strategic Plan for TB (2021-2030) 	IR 2.1
<ul style="list-style-type: none"> ● Education Strategic Plan (2019-2023) 	IR 2.2 & IR 2.3
<ul style="list-style-type: none"> ● RGC Inter-ministerial Action Plan to Prevent and Respond to Violence Against Children (2017-2021) 	IR 2.2 & IR 2.3

Other Development Actors

USAID priorities are closely aligned and coordinated with a highly engaged group of development actors presented in Table 11. Through multiple formal and informal coordination fora that bring together donors and civil society to coordinate with the RGC, partners engage the RGC to achieve key reforms. In the child protection sector, USAID funds coordination and planning meetings between civil society, donors, and the

⁹¹ The RGC has increased health funding from \$278 million in 2016 to \$513 million in 2020. The RGC has increased education funding from \$334.65 million in 2014 to 827.37 million in 2020.

RGC as part of efforts to establish coordination mechanisms and advance key policy and reform initiatives. These coordination fora support USAID efforts to mitigate risks identified in Table 8. While there are other bilateral sources of assistance in these sectors, the nature and sustainability of such assistance is unclear and not coordinated within traditional mechanisms. USAID’s assistance is focused on increasing self-reliance and fully coordinated with the RGC and other donors.

Table 11: Summary of Donor Coordination Efforts in DO2

Sector	Key Donor Partners	Coordinating Mechanisms
Health	GFATM, World Bank, DFAT, KfW, GIZ, WHO, UNICEF, and UNAIDS	Health Development Partners Group; Health Technical Working Group
Education	EU, JICA, KOICA, Swedish Embassy, World Bank, ADB, Global Partnership for Education, UNICEF, and UNESCO	Education Sector Working Group; Joint Technical Working Group
Child Protection	UNICEF, EU, Swedish Embassy, and JICA	Informal Child Protection Working Group

IR 2.1: Improved quality of and access to priority health services

IR 2.1 will sustain the gains in maternal and child health and infectious disease programs (malaria, TB, HIV), and improve complementary service delivery through the private sector to meet Cambodians’ needs. USAID will leverage behavior change communication strategies to help Cambodians demand and seek quality health care from the public and private sectors. USAID will collaborate with both public and private sector healthcare providers and facilities, including engagement of professional associations, in policy development processes, to support improved licensing and regulation of health services to ensure public safety and improve the service quality. IR 2.1 will include a focus on providing quality health services to the survivors of GBV. Further, the cross-cutting systems strengthening approach in this DO will help address bureaucratic and structural barriers.

Sub-IR 2.1.1: Health system capacity to deliver high-quality maternal, child health, and nutrition services improved

Sub-IR 2.1.2: Health system capacity to detect, diagnose, and treat infectious diseases improved

Sub-IR 2.1.3: Equitable access to high-quality health products and services improved

Sub-IR 2.1.4: Health seeking behaviors among key populations improved

Improving the quality of, and access to, priority health services could be limited or become increasingly difficult due to climate stresses that disrupt access to health services or place strain on public health budgets.⁹² There is an opportunity to coordinate

⁹² “USAID/Cambodia Climate Risk Management Analysis,” USAID, 2020.

with key international donor groups such as the World Health Organization, the United Nations Children’s Fund, and more, to help strengthen the resilience of health programs. Additionally, incorporating the use of technology to maintain provision of services following extreme climate events like flash flooding can serve as an effective management option.

IR 2.2: Strengthened governance and accountability of Cambodia's health, education, and child protection systems

For IR 2.2, USAID will continue to leverage the RGC’s commitment in the health, education, and child protection sectors by utilizing a systems-strengthening approach and advocating for greater domestic resource mobilization (FSR). USAID collaborates very closely with the Global Fund for AIDS, TB & Malaria (GFATM) in Cambodia and serves on the GFATM Country Coordination Council. GFATM recognizes the value of health-systems strengthening as the best practice worldwide.⁹³ In recent months, the RGC has instituted a policy of decentralization and deconcentration that affords district and provincial governments the authority to make program and budget decisions once reserved for line ministries. While many structures and systems for implementation have been established, many have yet to be fully or successfully implemented. As provincial and district administrations accept increased responsibilities, USAID will support key stakeholders to strengthen the capacity of health, education, and social service professionals, and to apply evidence and data for decision making to prioritize domestic resources in these sectors and improve budget execution and utilization of existing resources. USAID will seek to increase transparency, citizen involvement in decision-making, especially participation of women and marginalized populations, and accountability at the sub-national level (including private sector resources) to serve Cambodians. USAID’s objective is to directly link those who are governed with those who are responsible to provide services so that Cambodian citizens can equitably participate in and benefit from legal and regulatory frameworks that improve service delivery, provide quality oversight, and increase equitable access to target services.

Sub-IR 2.2.1: Utilization of domestic resources for priority health, education, and child protection programs and services improved

Sub-IR 2.2.2: Data-driven decision making by Government of Cambodia improved

Sub-IR 2.2.3: Capacity of health, education, and social service professionals strengthened

A systematic review found that a positive effect of decentralization on the health sector is an increase of community participation on health issues. In addition, an increase in health finances at the local level and reduced out-of-pocket expenses suggests USAID’s support for these efforts is appropriate and may also help advance financial self-reliance.⁹⁴

⁹³ “Resilient & Sustainable Systems for Health,” GFATM, 2020.

⁹⁴ Cobos Muñoz D, et al. “[Decentralization of health systems in low and middle income countries: a systematic review](#),” Int. J. Pub. Health, 2017.

IR 2.3: Improved quality of education and child protection services

For education and child protection, USAID will focus on increasing and strengthening government service delivery system capacity while concurrently building the capacities and skills of professional educators and social services providers to enable greater access to quality services for all children, particularly children with disabilities and the most vulnerable. USAID will partner with civil society, the private sector, and communities to increase equitable access to quality services and strengthen public and private institutions' capacity to protect children from violence, abuse, and exploitation. Low teacher capacity remains a constraint to education reforms to improve student learning.⁹⁵ The poor quality of education impacts all children in Cambodia. Although girls have achieved educational parity with boys at the primary level, girls are dropping out of school due to early marriage and the burden of domestic work. At the secondary school level, more boys drop out than girls because of the higher expectations placed on them to work. Education programs need to target boys and girls and address the gender-specific barriers that influence their educational aspirations.⁹⁶

Sub-IR 2.3.1: Education and child protection systems capacity to provide high-quality services improved

Sub-IR 2.3.2: Capacity of individuals, communities, and institutions to protect children from violence, abuse, and exploitation improved

Sub-IR 2.3.3: Equitable access to high-quality education and child protection services improved

Under this IR, USAID seeks to improve foundational learning outcomes for children via stronger government capacity; strengthen school-based management and increase social accountability between schools and communities; improve education system resilience to provide equitable educational services for all students; and increase equitable access to quality educational services for children with developmental delays and disabilities through government systems. Efforts to strengthen child protection services will build off USAID investments since 2009 to promote the care and protection of children in Cambodia. USAID will partner with the RGC and civil society to reduce the number of children growing up outside of safe, nurturing, and family-based care. USAID will work to prevent unnecessary child-family separation; reduce the number of children living in orphanages and other residential care institutions; increase the number of children reintegrated into appropriate, protective, and permanent family-based care; and reduce the number of orphanages and other residential care institutions in Cambodia. Significant delays in the development and approval of essential guidelines have resulted in a fragmented landscape with varying levels of quality. As child protection cuts across ministries, additional effort is needed to bring together all ministries concerned with the care, education, and health of children with disabilities.

⁹⁵ "Education Sector Plan (ESP) 2019-2023," RGC MOEYS, June 2019.

⁹⁶ "Why Are Boys Leaving Lower Secondary School Early in Cambodia?" UNICEF Cambodia, August 2020.

USAID’s Comparative Advantage in Health, Education, and Child Protection

With over 30 years of high quality support from USAID, Cambodia has made dramatic improvements in health, education, and child protection outcomes. With strong mechanisms to improve policies, guidelines, and standards for streamlined quality, USAID partners have successfully strengthened RGC capacity in core areas and have long-standing relationships with key entities in the MOH, MOEYS, and the Ministry of Social Affairs, Veterans, and Youth Rehabilitation. USAID has identified opportunities to support the RGC in strengthening implementation and enforcement of the regulatory framework, strengthening coordination, and building RGC capacity, including in foundational numeracy and literacy, and supporting care reform. USAID has convening authority that has effectively brought together civil society, private sector partners, donors, and the RGC to collectively design and identify interventions to address key reform priorities. The RGC sees USAID as a key strategic partner to strengthening the health, education, and child protection systems that promote quality services to the Cambodian people.

How will USAID redefine the relationship with local actors to improve the health, education, and welfare of Cambodians?

Cambodia has made significant progress in transitioning from an over-reliance on civil society and NGOs to providing greater government services to the Cambodian people. USAID initiated consultative processes to identify the key constraints and develop plans to address major reforms and strengthen systems, policies, and governance to improve the quality of services. This has created greater cohesion within these sectors and strong working partnerships. In partnership with development partners, quality improvements have increased access to quality services in public facilities.

Private sector engagement also remains a fundamental approach under DO2. Most Cambodians continue to seek health services and a growing number are seeking education services from the private sector due to perceptions of lower quality in the public sector, resulting in a rampant and unregulated private sector. USAID’s approach will enlist the private sector, establish professional and accreditation standards, and provide digital tools and training to increase case detection, referral services, treatment, and follow-up. USAID continues to see the need for ongoing engagement and partnership with civil society, NGOs, and faith-based organizations to build RGC capacity in key areas where human resources are still limited, including support for children with disabilities. USAID will leverage existing mechanisms and create new partnerships with the RGC, in close collaboration with like-minded bilateral and multilateral partners, to expand the transfer of USAID investments to RGC ownership and promote the expansion and inclusion of marginalized populations.

DO3: Human Rights Protected and Government Accountability Advanced

While Cambodia has an active civil society, USAID’s stakeholder consultations revealed that democracy, human rights, and governance concerns were the most frequently discussed amongst participants, demonstrating awareness amongst the general public on these issues and a desire to address these concerns. For the past 20 years, Cambodia has been rated “Not Free” in the “Freedom in the World” report, Freedom

House's annual study of political rights and civil liberties worldwide, scoring a 5 out of 40 for political rights and 20 out of 60 for civil liberties.⁹⁷ In addition, according to Transparency International, Cambodia ranks 162 out of 180 countries on the Corruption Perceptions Index,⁹⁸ and has consistently scored low since the genesis of that index. Limits on freedoms of expression and assembly have continued during—and in some cases are exacerbated by—COVID-19.^{99,100}

According to the Cooperation Committee for Cambodia, there are approximately 3,500 registered civil society organizations (CSO) and associations in Cambodia (likely less than half are active), many of which are local entities.¹⁰¹ Over the last decade, the capacity of local civil society has grown substantially.¹⁰² Human rights organizations have professionalized their data collection and monitoring related to issues such as economic land concessions, prison conditions, and freedom of expression, while service delivery organizations play a critical role in improving the health and education services for Cambodians across the country. There are also many local capacity service providers that are helping to grow Cambodia's civil society and public and private sectors. Despite the many common interests among Cambodia's vibrant civil society, a lack of cohesion among these actors hampers development outcomes across the various technical sectors, such as distinctions between service delivery and advocacy groups. Service delivery organizations may be more reluctant to openly raise sensitive issues than advocacy organizations. Often, these advocacy organizations are scrutinized more closely. Therefore, while issues related to corruption, environmental degradation, and government accountability are cross-cutting in nature, there is rarely any meaningful interaction between CSOs working within different technical sectors. This type of coalition building would also help the RGC to consider and address civil society input and feedback on policies or decisions in a holistic manner.

Accountable and transparent governance welcomes and encourages a robust civil society sector and free and open media. According to the J2SR Country Roadmap, Cambodia's *Civil Society Capacity* is also well below the global average.¹⁰³ Indeed, civil society is limited in several ways.¹⁰⁴ Furthermore, Cambodia has experienced declining press freedom and independent media over the past decade as shown by the secondary metric *Press Freedom Index* score of 45 out of 100 (a score of 0 is best).¹⁰⁵ However, in analysis of the stakeholder consultations data, "civil society and media" is one of two themes where opportunities far outweigh challenges, indicating a strong focus area for USAID and a viable strategic direction.¹⁰⁶ In fact, USAID has long supported civil society in Cambodia and our investments have resulted in increasing capacity despite the challenges. USAID will continue to capitalize on this success.

⁹⁷ ["Cambodia,"](#) Freedom House.

⁹⁸ ["Our Work in Cambodia,"](#) Transparency International.

⁹⁹ Secondary metric: Electoral Democracy Index, Freedom of Expression 2019 score is 0.314 out of 1. The trend has been worsening over the previous decade.

¹⁰⁰ ["Cambodia: Covid-19 Spurs Bogus 'Fake News' Arrests,"](#) Human Rights Watch, April 29, 2020.

¹⁰¹ ["Home,"](#) Cooperation Committee for Cambodia.

¹⁰² Increase in CSO organizational capacity from 2017-2020, *Cambodian Civil Society Strengthening Activity*, 2020.

¹⁰³ Secondary metric on CSO Financial Viability is also moderate: the 2018 score was 5.2 out of 7. Source: FHI 360 CSO Sustainability Index.

¹⁰⁴ ["Cambodia's Closing Space—Assessing the Operational Capacity of Civil Society,"](#) International Republican Institute, 2018.

¹⁰⁵ ["Reporters Without Borders,"](#) Press Freedom Index, 2020.

¹⁰⁶ ["USAID/Cambodia Country Development Cooperation Strategy Analytical Summary Document: Democracy, Human Rights, Rule of Law, and Governance,"](#) Social Impact, Inc., 2020.

Development Hypothesis

In response to this multitude of challenges, USAID will prioritize “DO3: Human rights protected and government accountability advanced,” which links to the CDCS goal by supporting the civic engagement outcomes necessary for increased prosperity and resilience in the country and for strengthened governance through social accountability. The new approach will focus on mitigating increasingly closed civic space in the country.

USAID aims to increase civic participation and active engagement to build broad public and private sector support for more responsive governance while supporting defense of rights. Cambodia's greatest deficit on its J2SR Country Roadmap is in government commitment to *Open Government and Liberal Democracy*. This DO employs complementary and mutually reinforcing IRs intended to support advocacy for human rights and increase government accountability, advancing USAID's goal of helping Cambodia achieve higher government commitment. Achievement of DO3 is linked to cross-cutting efforts under DO1 and DO2 to support the RGC's responsibility for quality public services.

The DO3 development hypothesis states that *if* more Cambodians use mechanisms available to them to increase and coordinate action to advance democratic processes, defend rights, and monitor public institutions, *then* they will spur greater government responsiveness to the people and respect for civil liberties under Cambodian law, including the country's constitution.

First, rights defenders and organizations with economic incentives to claim rights (e.g., labor unions, grassroots groups involved in land disputes, others) should be empowered. These groups should be encouraged to coalesce and dialogue with the RGC for stronger human rights protections that support Cambodia's J2SR (IR 3.1). Second, actions for reform should be broadly supported for an array of groups including traditional NGOs as well as women, youth, marginalized populations, and organizations that promote their interests. Examples of marginalized populations include LGBTI, ethnic and religious minorities, and people with disabilities (IR 3.2). Third, social accountability must be strengthened by expanding Cambodians' access to accurate information and independent media and by enabling citizen monitoring of public services (IR 3.3). Social accountability includes cross-cutting investments under DO1 and DO2 to promote transparent governance in reform-leaning sectors (e.g., education). Recent policies delegating health, education, and other functions to subnational governments may afford USAID opportunities to engage the RGC in pursuing accountability for public services.

As shown in the J2SR Country Roadmap, Cambodia has an above-average score on the *Economic Gender Gap* (0.74). Unfortunately, the economic gains for women are not reflected by political participation. Varieties of Democracy's (V-Dem) Women's Political Empowerment Index 2019 score is still low at 0.589 out of 1, while the Power Distributed by Gender (V-Dem) 2019 score is only -0.3 (0 is average), with a trend that has worsened over time.¹⁰⁷ USAID's Gender and Inclusive Development Analysis has also detailed that restrictive gender norms in addition to low perceptions (by both men

¹⁰⁷ Secondary metrics from the V-Dem index.

and women themselves) of women's ability to serve in decision-making roles are significant contributors to women being on the sidelines in terms of civic participation.¹⁰⁸ Cambodia has below-average scores for *Social Group Equality* (0.34) and a low ranking of 121 out of 157 on Oxfam's Commitment to Reducing Inequality Index.¹⁰⁹ Inclusion challenges persist for indigenous people, ethnic and religious minorities like the Cham people, and members of the LGBTI community. Finally, youth represent the largest portion of Cambodia's population but are also being left behind economically and politically. The Youth Progress Index 2017 score for Cambodia is only 47.14 out of 100.¹¹⁰ However, the large youth population also represents the greatest opportunity for USAID to support a new generation of change agents in Cambodia.¹¹¹

There are several critical assumptions that underlie our hypothesis and risks to DO3's success, which are outlined in Table 12 below. The greatest risk to DO3 is that meaningful space for civil society to operate could be further restricted. The RGC has recently shown an increased willingness to engage with NGOs on certain issues, such as its C-TIP strategy. USAID will work with the interagency (and other) partners to ensure this risk remains low and will revisit this and other assumptions annually as part of portfolio reviews and adapt.

Table 12: Key Assumptions and Risks for DO3

Assumptions	Risks
<ul style="list-style-type: none"> Government will allow some space for independent civil society and media (including social media) to operate. Government remains tolerant of feedback not currently deemed 'political' (e.g., public service quality). 	<ul style="list-style-type: none"> Government could begin penalizing citizens for feedback on issues not currently deemed 'political' (e.g., complaints about public services). Government could further restrict civil society, trade union, and media operations. New laws could further restrict constitutional freedoms.

How DO3 Advances Cambodia's J2SR

Ultimately, DO3 activities will advance Cambodia on its journey to self-reliance by strengthening public engagement toward a stronger commitment to *Open and Accountable Governance*. This will be achieved through working with civil society actors acting in concert with one another to advance democratic processes. Supporting civil society's ability to encourage and advocate for greater government commitment will require a sustained and long-term approach that includes a focus on mitigating inherent risks for human rights activists on the frontlines.

¹⁰⁸ "USAID/Cambodia Gender and Inclusive Development Analysis," USAID, 2020.

¹⁰⁹ "[Commitment to Reducing Inequality Index](#)," Oxfam, 2020.

¹¹⁰ "[Secondary metric: Youth Progress Index](#)," Deloitte, 2017.

¹¹¹ "USAID/Cambodia Youth Assessment," Social Impact, 2019.

Under this DO, USAID is enhancing its support for young people’s organizations—especially young women entrepreneurs—to promote the democratic values of civic engagement, participation, initiative, and respect for the rule of law. Table 13 summarizes how DO3 will contribute to each of the J2SR components.

Table 13: Journey to Self-Reliance Components for DO3

J2SR Component	DO3 Approach
Redefining the Relationship	Focus on enhancing public oversight of government institutions and engaging government agencies.
Financing Self-Reliance	Increase transparency and accountability in government functions to foster greater efficiency in operations and allow for more funds to be spent on financing self-reliance.
Private Sector Engagement	Engage and leverage private sector resources to help provide skills, technology, and access to capital necessary to support women-owned businesses and advance civic engagement. Facilitate work between the private sector and unions to increase government accountability to uphold labor rights.
Effective Partnering and Procurement Reform	Engage a broad array of actors, including other donors, multilateral institutions, and regional institutions to advance governance reforms.

How DO3 Advances a Free and Open Indo-Pacific Region

DO3 focuses on strengthening democratic systems by addressing transparency and accountability issues in alignment with the TI. USAID’s strategic approach in this DO aims to promote a positive enabling environment for inclusive civic participation to promote greater citizen oversight in government services and guaranteeing the rights afforded by the Cambodian Constitution, which will improve citizen-responsive governance. Building the capacity of civil society, including women- and youth-led organizations, will allow more open, constructive dialogues between the government and civil society. This approach provides an alternative to more authoritarian models which pose significant risks to sustainable development, sovereignty, and citizen-responsive governance. Increasing access to reliable information will also enhance the ability of Cambodians to engage effectively as knowledgeable citizens. By increasing information on government services and public investments, including infrastructure transactions, civil society will be greater able to engage in public debate and address issues critical to sustainable and inclusive development. A more capable independent media will allow Cambodians to engage more effectively with their government to advance fundamental freedoms and increase government transparency and accountability—both of which are necessary to further Cambodia’s self-reliance.

Host Country Government Priorities

The RGC has stated a commitment to social accountability initiatives and publicized some technological tools to advance social accountability. While these efforts have,

thus far, focused on sectors that are seen as apolitical, e.g., education, sanitation, and agriculture, there is room for greater action in areas such as environmental conservation, land rights, and logging, which have not seen similar levels of government commitment. Under this DO, USAID will advance social accountability initiatives, particularly under IR 3.3, with an eye toward empowering citizens in accountability measures where they can have meaningful impact.

The enabling environment for civil society is dynamic in Cambodia and has been increasingly more restrictive in recent years (as per the aforementioned Freedom in the World report), impacting access for citizens in such areas as public accountability, government transparency, and citizen engagement in the formation of public policy. Media and civil society groups working on democracy or human rights issues are also constrained.¹¹² On one hand, citizens have been prosecuted on defamation, disinformation, and incitement charges.¹¹³ On the other hand, the RGC has entered into dialogues with civil society on public laws such as the Law on Non-governmental Organizations and has an interest in improving services to citizens.

Other Development Actors

Other donors and development partners in this space include the EU, Sweden, Australia, the World Bank, and the Office of the United Nations High Commissioner for Human Rights (OHCHR). USAID regularly engages other donors to ensure assistance is coordinated and non-duplicative. In addition, USAID draws on its extensive experience funding civil society groups for over two decades, often offering its assessment of the civil society landscape to other donors. USAID's approach is complementary to these other donors' approach in two ways: 1) USAID often identifies new civil society organizations through its long-standing work strengthening civil society, and 2) USAID is able to provide targeted assistance to the long-standing CSOs it supports by focusing on outreach efforts of these CSOs in various provinces throughout the country. Lastly, USAID partners with other development partners to promote a united message of human rights protection.

¹¹² Secondary metric: Civil Society Participation Index. V-Dem 2019 score: 0.394 out of 1. The trend is decreasing over time with some yearly fluctuation.

¹¹³ ["Universal Periodic Review Second Cycle: Cambodia,"](#) OHCHR, 2019.

IR 3.1: Strengthened defense of constitutional and other legal rights

The proposed approach for IR 3.1 is to empower rights defenders and organizations with economic incentives to advance legal rights (e.g., labor unions and grassroots groups involved in land disputes). USAID will support these groups in their efforts to coalesce and advocate for stronger human rights protections. While the Cambodian constitution provides robust human rights protections, the J2SR Country Roadmap indicates the enforcement of these rights as a challenge.¹¹⁴ Historically, the government's policies on the labor and land sectors have constrained Cambodians' ability to exercise their rights. For example, the trade union law has made it more difficult for

Sub-IR 3.1.1: Strengthened organizations that advocate for fundamental rights

Sub-IR 3.1.2: Increased advocacy for labor rights

Sub-IR 3.1.3: Increased advocacy for land rights

Sub-IR 3.1.4: Increased advocacy for victims of trafficking

Cambodia's workers to unionize and seek redress for labor rights violations. Similarly, the independence of the judiciary has been called into question as it often rules against Cambodians dispossessed of their land in economic land concessions.¹¹⁵ There are opportunities for citizens to better engage with their government on these issues, which will be supported through this IR.

USAID believes there is an opportunity for actors that are driven primarily by economic incentives, like the labor and land rights sectors, to partner with other human rights organizations to promote rights under Cambodian law. Land rights and land titling was identified as a significant issue during the pre-CDCS consultations across the entire country, including rural areas like Mondulkiri and burgeoning urban centers like Sihanoukville.¹¹⁶ In addition, the expansion of the garment sector in the last decade has brought labor rights, worker protections, and the need to address gender inequality to the forefront as women make up about 85 percent of the workforce in this sector but are underrepresented in management and leadership roles.¹¹⁷ The legal issues around labor and land rights are an opportunity to expand the coalitions of organizations seeking to address issues of concern with the government. USAID will also continue its work in bolstering the capacity of human rights organizations it has already supported.

As aforementioned, although the RGC maintains policies and laws governing C-TIP, implementation has been uneven and weak. This IR will also address C-TIP measures. USAID's contribution to the U.S. Embassy's whole-of-mission effort involves working through local partners to uphold the rights of the human trafficking survivors, including those affected by labor and sexual exploitation, by working on prevention, prosecution, protection, and partnership. Partners will educate communities on safe and unsafe migration, closely monitor human trafficking cases and advocate for government action to hold perpetrators accountable, and provide legal support and aid to trafficking victims

¹¹⁴ "Cambodia: Journey to Self-reliance Country Map 2021," USAID.

¹¹⁵ "Human Rights Watch World Report 2020," Human Rights Watch, 2019.

¹¹⁶ "USAID/Cambodia Country Development Cooperation Strategy Analytical Summary Document: Democracy, Human Rights, Rule of Law, and Governance." Social Impact, Inc., 2020.

¹¹⁷ "New report 'shines a light' on gender dynamics in Cambodia's garment factories," BetterWork, March 7, 2018.

and their families to strengthen their claims for justice and reparations. This work will also support reintegration for trafficking survivors, including the promotion of livelihoods and training to prevent trafficking survivors from succumbing to additional labor abuses. Lastly, USAID will provide technical assistance to the National Committee for Counter Trafficking on TIP data management and reporting, which includes data and efforts related to victim protection and assistance.

IR 3.2: Increased civic participation and action for reforms

Actions for reform under IR 3.2 must be increasingly supported by an array of groups, including: traditional NGOs, women, youth, marginalized populations, and organizations that promote their interests. Activities planned under this IR will assist marginalized groups to protect themselves in civic space and promote broader respect for differences within Cambodian society. Examples of marginalized populations include LGBTI, ethnic and religious minorities, and people with disabilities. In addition, activities under this IR will strengthen ties between civil society organizations and media to create media platforms and content that is more factual, compelling, and informative on civic issues.

Women face many barriers to social, economic, and political participation in Cambodia, as described in the development hypothesis section above and in detail in USAID’s Gender and Inclusive Development Analysis.¹¹⁸ Overcoming these barriers is a key long-term objective of this strategy. Building the capacity of women- and youth-led organizations and organizations that advocate for inclusion and non-discrimination will broaden their civic participation and ability to push for reforms from the RGC. Another challenge in this IR is ensuring a high degree of youth participation in these activities. USAID will address this through creative programming that appeals to the interests of Cambodian youth. Indeed, the Cross-sector Youth Assessment identified that engaging youth requires specialized programming, and USAID will work to build these types of programs.¹¹⁹ The objectives of this IR are also complementary to the inclusive economic growth, livelihoods, and natural resource management outcomes in DO1.

Sub-IR 3.2.1: Strengthened ability of women to advocate for reforms

Sub-IR 3.2.2: Strengthened ability of youth to advocate for reforms

Sub-IR 3.2.3: Increased advocacy for inclusion and non-discrimination

¹¹⁸ “USAID/Cambodia Gender and Inclusive Development Analysis,” USAID, 2020.

¹¹⁹ “USAID/Cambodia Cross-Sector Youth Assessment,” USAID, 2019.

IR 3.3: Strengthened public oversight of government institutions

Social accountability must be strengthened by expanding Cambodians' access to information and independent media and by enabling citizen monitoring of public services. USAID will also aim to improve access to information on government processes and performance and strengthen independent media and reporting. A key finding from the pre-CDCS consultations is that there is a perception that the general public does not understand what actions they can take to address concerns with government services or sources of information to help them do so.¹²⁰

Transparent information about government data, budget, and governmental policies and decisions is essential for citizens and journalists to evaluate public services and policies and ensure constitutional rights are respected. In 2017, 19 newspapers and radio stations were forced to close. However, opportunities to address these challenges exist. For example, the government promotes social accountability efforts in some areas. USAID will support those opportunities, particularly in the areas of education, agriculture, and waste management to further support citizens' ability to exercise their oversight functions. Furthermore, power dynamics in the country result in women and marginalized groups (e.g., people with disabilities, ethnic, religious, and gender minorities) having limited ability to engage in public oversight. Efforts to include them as active participants must be grounded in activities that ensure safety and security and promote an expansion of leadership opportunities.¹²¹

Climate events that disrupt or place strain on local government function, including the delivery of public decentralized services and local infrastructure and natural resource management, could constrain service delivery and public oversight of government institutions.¹²² Supporting early warning systems that can both provide lead time to prepare for such events and their potential impacts and advocating for the use of climate information to adequately plan for delivery of public services and interventions can help to reduce those risks.

USAID's Comparative Advantage in Democracy, Rights, and Governance and C-TIP

The USG has been supporting human rights defenders for years and USAID has a strong working relationship with these groups as well as other civil society organizations and labor unions. We will leverage these past successes and USAID's reputation to expand our partner base and build broader coalitions to effectively and constructively engage with the RGC in support of reforms. USAID has a long history in the country of providing this type of support, which is a notable comparative advantage. USAID supported the campaign to reform the NGO law, which saw an increased amount of

Sub-IR 3.3.1: Improved access to information on government processes and performance

Sub-IR 3.3.2: Increased advocacy for and feedback about public services

Sub-IR 3.3.3: Improved access to independent media reporting

¹²⁰ USAID/Cambodia. Country Development Cooperation Strategy Analytical Summary Document: Democracy, Human Rights, Rule of Law, and Governance. Prepared by Social Impact, Inc., 2020.

¹²¹ "USAID/Cambodia Gender and Inclusive Development Analysis," USAID, 2020.

¹²² "USAID/Cambodia Climate Risk Management Analysis," USAID, 2020.

civic participation from actors across the country. USAID also has a comparative advantage regarding its convening power as part of the USG. The U.S. Ambassador recently convened C-TIP inter-ministerial meetings using a whole-of-government approach in which multiple USG agencies and multiple ministries gathered to develop an action plan to further C-TIP efforts in Cambodia.

How will USAID redefine the relationship with local actors to protect human rights and advance government accountability?

IR 3.1 aims to build coalitions between different groups that do not normally partner with each other to find common cause to advocate for and enforce the rule of law and legal and constitutional rights. The widespread concern over land and labor rights may offer an opportunity to strengthen advocacy and engagement among citizens and government to enforce legal protections by building networks between stakeholders that would not regularly be working together. To support this work, new approaches may focus on broadening civil society coalitions that include both “development” and “democracy and human rights” civil society organizations, journalists, women groups, youth groups, marginalized groups, indigenous minority groups, and the private sector to allow for greater engagement and dialogue. Engaging youth and women, who have the most to gain from improvements in democracy and human rights, is critical to achieve this IR. Civil society organizations are stronger when they act together and collectively address constraints to civic space by working to effectively and constructively engage the RGC. USAID will support alliances that are broad and inclusive including formal and informal civic actors and within communities. Continued diplomatic and assistance support to civil society organizations post-adoption of restrictive law is critical to keep their concerns heard and help safeguard their security. In IR 3.2, USAID will strengthen the capacity of women-led organizations, youth-led organizations, and organizations that advocate for inclusion and non-discrimination. This IR will expand USAID's partner base to include representatives promoting civic participation and reforms that will benefit women, youth, and marginalized groups. USAID also supports women- and youth-led organizations but will expand our partners and build the capacity of this new cohort of organizations to complement the consensus-building outcomes in IR 3.1 and social accountability outcomes in IR 3.3. In IR 3.3, USAID is partnering more with a broader range of local NGOs than ever before. USAID is doing so in close coordination with other donors and the OHCHR, to avoid duplication of efforts and to develop a strategy that maximizes the strengths and comparative advantages of each donor involved.

MONITORING, EVALUATION, AND LEARNING (MEL)

USAID will undertake various MEL efforts to facilitate strategic learning and adaptive management of the CDCS. External evaluations and research, in particular, will be used to independently investigate and verify the effectiveness of interventions. Other research tools and methods will be used to generate evidence to inform CDCS implementation, including political economy analyses, sectoral assessments, case studies, opinion polls, participatory methods, rapid appraisals, and population-based surveys. The following table summarizes illustrative high-level evaluation questions that may be explored as part of USAID’s learning agenda:

Evaluation Learning Questions	
DO 1	<ul style="list-style-type: none"> • How have USG-funded economic growth activities improved the livelihoods of people? • How have USG-funded activities influenced policy changes to build effective economic and environmental governance for sustainable economic growth? • How have USG-funded <u>activities built</u> capacity and commitment for economic and environmental governance?
DO 2	<ul style="list-style-type: none"> • Have investments in the quality of health care in both the public and private health sectors improved local ownership and sustainability? • What are the most effective approaches to building effective governance and accountability in the health, education, and child protection sectors? • To what extent does private sector engagement improve our development outcomes?
DO 3	<ul style="list-style-type: none"> • What are the most effective methods of supporting human rights defenders and CSOs <u>in light of</u> restrictions on operations? • What context-specific factors drive effective engagement with the private sector to advocate for governance and accountability of public service provision from the RGC? • What is the effective PSE approach or combination of approaches for enabling women's empowerment and inclusive civic participation?
Cross-Cutting	<ul style="list-style-type: none"> • How do gender dynamics in the host government structure affect the country's capacity and commitment? How can USAID and partners influence gender consideration and women empowerment at all levels? • What types of development interventions are most effective in contributing to Cambodia's ability to finance its own development? • How effective has diversifying the partner base been in achieving development outcomes?

ANNEX I: Cambodia Journey to Self-Reliance: FY 2021 Country Roadmap

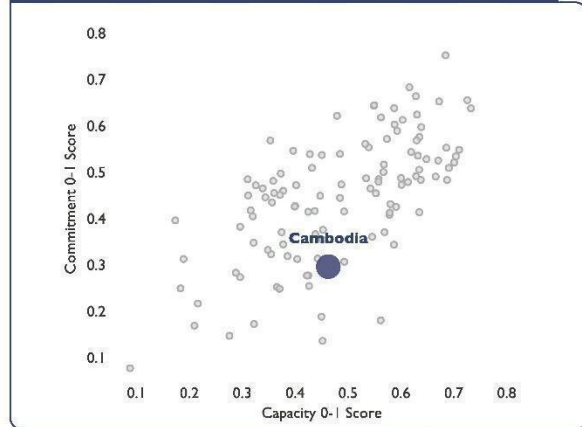


CAMBODIA JOURNEY TO SELF-RELIANCE: FY 2021 COUNTRY ROADMAP

LEGEND

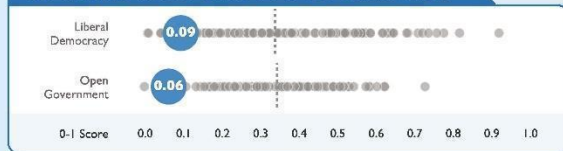


LOW- & MIDDLE-INCOME COUNTRY SNAPSHOT



COMMITMENT

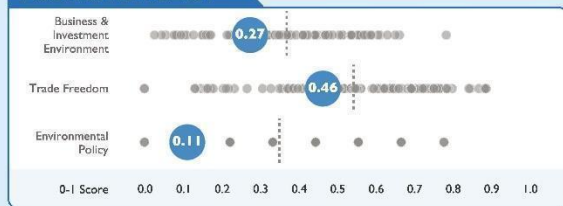
OPEN AND ACCOUNTABLE GOVERNANCE



INCLUSIVE DEVELOPMENT



ECONOMIC POLICY

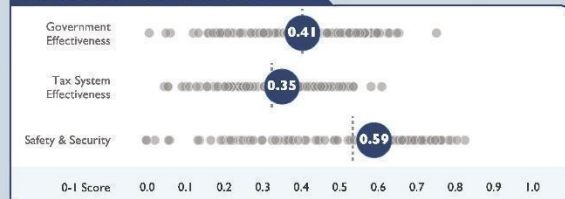


RISK OF EXTERNAL DEBT DISTRESS

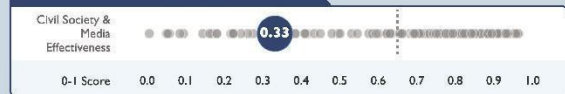


CAPACITY

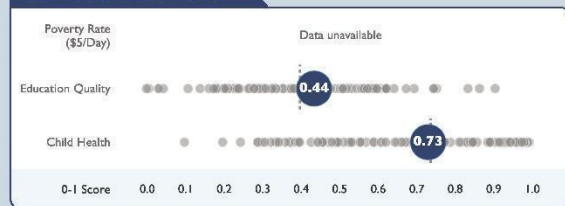
GOVERNMENT CAPACITY



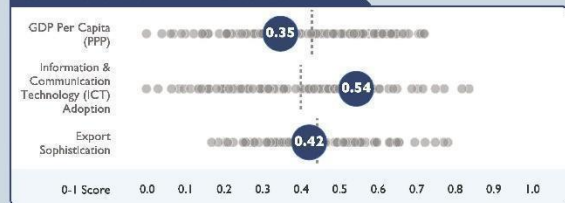
CIVIL SOCIETY CAPACITY



CITIZEN CAPACITY



CAPACITY OF THE ECONOMY



CAMBODIA

JOURNEY TO SELF-RELIANCE: FY 2021 COUNTRY TRENDS

LEGEND



COMMITMENT

OPEN AND ACCOUNTABLE GOVERNANCE



INCLUSIVE DEVELOPMENT



ECONOMIC POLICY



METHODOLOGICAL NOTES

FY 2021 Country Roadmap results (darker shaded points) and prior year results (lighter shaded points) are normalized in the same manner to ensure comparability. In some instances, USAID has taken several additional measures to maximize comparability of results across time, including adjusting source reporting year to actual year of measurement and removing historical data that are no longer comparable due to methodological revisions. For more detail, please see the [USAID J2SR Country Roadmap Methodology Guide](#).

CAPACITY

GOVERNMENT CAPACITY



CIVIL SOCIETY CAPACITY



CITIZEN CAPACITY



CAPACITY OF THE ECONOMY





SELF-RELIANCE ROADMAPS

INDICATOR DEFINITIONS AND SOURCES

The FY 2021 Country Roadmaps draw on the latest data available as of July 1, 2020, with latest results typically covering the 2019 or 2018 period. All source data are derived from third-party institutions. All indicators are weighted equally in the calculation of the overall Commitment and Capacity scores. Map boundary representations are not necessarily authoritative.

For more information on definitions and sources, please visit selfreliance.usaid.gov.

COMMITMENT

OPEN AND ACCOUNTABLE GOVERNANCE

Liberal Democracy: Measures freedom of expression, freedom of association, suffrage, elections, rule of law, judicial constraints on the executive branch, and legislative constraints on the executive branch. Source: Varieties of Democracy (V-Dem).

Open Government: Measures the degree to which a government shares information, empowers people with tools to hold the government accountable, and fosters citizen participation in public policy deliberations. Sub-factors include: publicized laws and government data, right to information, civic participation, and complaint mechanisms. Source: World Justice Project, Rule of Law Index.

INCLUSIVE DEVELOPMENT

Social Group Equality: Measures political equality with respect to civil liberties protections across social groups as defined by ethnicity, religion, caste, race, language, and region. Source: Varieties of Democracy (V-Dem), Social Group Equality in Respect for Civil Liberties.

Economic Gender Gap: Index comprising five components: (1) wage equality between women and men for similar work; (2) the ratio of female estimated earned income to male income; (3) the ratio of female labor force participation to male participation; (4) the ratio of female legislators, senior officials, and managers to male counterparts; and (5) the ratio of female professional and technical workers to male counterparts. Source: World Economic Forum, Global Gender Gap Report, Economic Participation and Opportunity Sub-Index.

ECONOMIC POLICY

Business & Investment Environment: A composite measure gauging the conduciveness of a country's (1) enterprise conditions—the degree to which market, entrepreneurial, tax, labor, and other regulations enable businesses to start, compete, and expand—and (2) investment environment—the extent to which investments are protected adequately through the existence of property rights, investor protections, and contract enforcement, as well as the availability of domestic and international capital. Source: Legatum Institute, Prosperity Index.

Trade Freedom: Measures a country's openness to international trade based on average tariff rates and non-tariff barriers to trade. Source: Heritage Foundation, Index of Economic Freedom.

Environmental Policy: Gauges the soundness of environmental stewardship and natural resource management, factoring a wide array of macroeconomic policies with environmental consequences, such as energy and tax policies, and incentives at the firm and household levels. The metric also factors whether legislation and regulations are effectively executed, as well as the influence of societal stakeholders beyond the government, including the private sector and civil society. Source: Bertelsmann Stiftung Transformation Index (BTI).

RISK OF EXTERNAL DEBT DISTRESS

Rates a country's risk of public sector debt distress on a four-tier scale: "low risk", "moderate risk", "high risk", and "in debt distress". Ratings are based on countries' debt and market structures, fiscal and macroeconomic outlook, and institutional capacity to manage debt burden. Ratings help guide the borrowing decisions of lower-income countries to meet development needs while reducing the chances of excessive debt build-up. Ratings are shown for 66 lower-income countries for which the IMF prepares risk ratings and are not scored components of Commitment or Capacity. Source: International Monetary Fund, Debt Sustainability Analysis for Low-Income Countries.

CAPACITY

GOVERNMENT CAPACITY

Government Effectiveness: Measures the quality of public services, the quality of the civil service and its independence from political pressure, the quality of policy formulation and implementation, and the credibility of the government's commitment to its stated policies. Source: World Bank, Worldwide Governance Indicators.

Tax System Effectiveness: Ratio between a country's actual tax collection and the estimated level of tax revenue that a country could achieve, given its macroeconomic, demographic, and institutional features. Source: USAID, Collecting Taxes Database, Tax Effort Indicator.

Safety & Security: Measures the degree to which individuals and communities are free from war and civil conflict, terrorism, politically related terror and violence, violent crime, and property crime. Source: Legatum Institute, Prosperity Index.

CIVIL SOCIETY CAPACITY

Civil Society & Media Effectiveness: Measures the range of actions and mechanisms that citizens, civil society organizations, and an independent media can use to hold a government accountable. The mechanisms include using informal tools such as social mobilization and investigative journalism. Source: Varieties of Democracy (V-Dem), Diagonal Accountability Index.

CITIZEN CAPACITY

Poverty Rate (\$5/Day): Measures the percent of the population living under \$5/day in purchasing power parity (PPP) terms. Source: World Bank, PovCalNet.

Education Quality: Gauges both the quality of education—using harmonized scores across major international student achievement testing—and the quantity of schooling received—using age-specific enrollment rates—to evaluate the relative performance of educational systems worldwide. Source: World Bank, Human Capital Index, Learning-Adjusted Years of Schooling Indicator.

Child Health: A composite measure that aggregates child mortality, access to at least basic water sources, and access to at least basic sanitation facilities. Source: Columbia University Center for International Earth Science Information Network (CIESIN).

CAPACITY OF THE ECONOMY

GDP Per Capita (PPP): Measures the flow of resources available to households, firms, and government to finance development as the country's total Gross Domestic Product (PPP) divided by the country's population. Source: World Bank, World Development Indicators.

Information & Communication Technology (ICT) Adoption: Index comprising: (1) mobile-cellular telephone subscriptions; (2) mobile-broadband subscriptions; (3) fixed-broadband internet subscriptions; (4) fiber internet subscriptions; and (5) internet users. Source: World Economic Forum (WEF), Global Competitiveness Index.

Export Sophistication: Measures the diversity and ubiquity of a country's exported goods, key markers that can help gauge economic sophistication and resilience. Source: Center for International Development at Harvard University, Economic Complexity Index.