



# COUNTRY PORTFOLIO

## CAMBODIA



High-ranking German and Cambodian officials inaugurate a new road in Siem Reap Province.

## German Development Cooperation in Cambodia

### Providing opportunities for Cambodia's dynamic society

Chhan Dina's featured cover artwork "Phsar Ghatday" illustrates Cambodian society as we know it: a vibrant and resilient emerging marketplace seeking opportunity, while safeguarding tradition.

Freedom and security for all; a life without poverty, fear and environmental destruction – to move a little closer to these goals is the aim of Germany's development policy. The Federal Ministry for Economic Cooperation and Development (BMZ) develops the guidelines and the fundamental concepts for Germany's development policy. It devises long-term strategies and defines the rules for implementing the cooperation. In political and financial terms, the main focus is on bilateral official development cooperation, i.e. direct cooperation with partner countries. Our guiding principles will be protecting human rights and fostering our partners' sense of ownership and ability to help themselves. The huge development challenges can be only accomplished if the international community works together. Germany is willing to take responsibility and is making important contributions to achieving development goals agreed upon by the international community. Germany therefore is also involved in activities at the international level – for example through the EU's development policy and by providing substantial financial contributions to international organisations such as the United Nations and the Multilateral Development Banks.

Since the resumption of bilateral German Development Cooperation with Cambodia in 1992, Germany has provided a total of 298 million Euros

of Financial and Technical Cooperation to meet the needs of the Cambodian people. Germany therefore is one of Cambodia's largest bilateral donors.

Guided by the National Strategic Development Plan we tackle development challenges in the priority areas of health and rural development, which were agreed with the Royal Government of Cambodia. Germany also provides support to promote good governance, democracy and civil society. Based on agreements with the Royal Government of Cambodia, BMZ commissions the Gesellschaft für Internationale Zusammenarbeit (GIZ) and the German Development Bank KfW to execute these agreements and monitors the results of their work. The German Embassy in Phnom Penh coordinates the German Development Cooperation with Cambodia, leads the policy dialogue with the Royal Government of Cambodia and is responsible for coordination with other Development Partners. Together, our work considers each step of the development process, holistically approaching all projects we commit to.

As described in this brochure, the overarching objective of our work is to alleviate poverty. We support a diverse and competitive economy, stronger democracy as well as transparent and accountable institutions paving opportunities for all. Central to our outreach, this brochure summarizes German-Cambodian Development Cooperation on behalf of the German Government, through an introduction of its implementing agencies. More detailed project information can be found in the rear brochure folder.

**German Embassy  
Phnom Penh, Cambodia**



German-Cambodian Development Cooperation: A partnership built on mutual trust.

## GIZ – Technical Cooperation

### Setting standards in sustainable development

At GIZ, we take a lead in international cooperation services for sustainable development. As a federal, public-benefit company, we work primarily on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), but also for other federal ministries and public and private sector clients domestically and beyond. These include the governments of other countries, the European Commission, the United Nations and the World Bank. With the aim to promote (and set standards in) sustainable development, we are working in 130 countries worldwide.

Our success in international cooperation is built upon a strong foundation of technical experience and networks in partner countries. From small and medium businesses to research development, from cultural conservation to strengthening civil society, our work reaches just about every corner of society.

Technical expertise and know-how – it's our equation for success. Across the globe, we employ over 17,000 field experts, 70 percent of whom are working for us locally as national personnel. There are also around 1,000 development advisors working for GIZ. Additionally, CIM, the Centre for international Migration and Development – jointly run by

GIZ and the German Federal Employment Agency – places experts with local employers to support their work. And to prepare young women and men with invaluable international experiences, approximately 500 graduates are assigned abroad annually through our Weltwärts Programme.



Over 240 international and local staff work for GIZ in Cambodia.

### Effectiveness – our yardstick for quality

We aim to achieve maximum effectiveness. To ensure we are on the right track, our results-based monitoring system gauges the impacts of our interventions right from the planning phase. We set standards in accountability, and present our results to commissioning parties, partners and the general public. Our lessons learned are reapplied to our work, improving activity management and boosting our effectiveness.

## Tailor-made services

Demand-driven and tailor-made: Our effective services promote sustainable development. Our principles are based on the values upheld in German society. By including stakeholders' voices, we facilitate change and empower women and men to take ownership of their own sustainable development processes.

Our work considers political, economic, social and ecological complexities that challenge development. Based on partners' needs we tailor our services to meet policy goals – at all levels.



GIZ – a leading provider of international cooperation services for sustainable development.

## A partnership based on mutual trust – our work in Cambodia

Mutual consultation, trust and partnership are the core of our work with the Royal Government of Cambodia, where we have been based since 1994.

Our ongoing work in rural development and health and social security responds to the needs of the Cambodian people, supporting them to recover from the years of political strife and poverty. To provide a steady foundation during this period of transition, we also work in the area of good governance as a cross-cutting issue, to promote gender equality, political participation, transparency and to counteract corruption.

In Phnom Penh, our office works with approximately 140 national professionals and nearly 100 international staff. Our presence in the nation's capital since 2001 has helped build our close working relationship with the government and has fostered our cooperation with local partners.

Since pacification in 1993, Cambodia has demonstrated tremendous economic growth and has steadily worked towards national development goals. Nonetheless, poverty and insufficient social services prevail throughout the rural areas, hampering successful development. We believe that there's no hurdle Cambodia cannot overcome, as the country has transformed from battle-scarred to a stable, functioning government system.

The results: Our work has assisted Cambodia to reduce infant mortality, promote gender-responsive justice systems and secure access to land and security of tenure. Our support in the area of regional economic development helped Cambodians to increase their annual income and cross the poverty line. With our assistance to the Royal Government of Cambodia, Cambodian citizens will be able to enjoy progressively more accountable, efficient and transparent administrative systems and government services.

Together with the Royal Government of Cambodia, our work fosters peace, justice and reconciliation.



South-South Cooperation – exchanging expertise, innovating and sharing experiences.

# KfW – Financial Cooperation



KfW – Germany's carrier of Financial Cooperation worldwide.

This includes the promotion of fairer globalization, natural resource protection and poverty reduction.

Our subsidiaries, KfW IPEX-Bank and DEG, complement KfW's international business by providing international export and project finance and private sector development as well. These investments support, among others, private enterprise development that in return, contributes to economic growth.

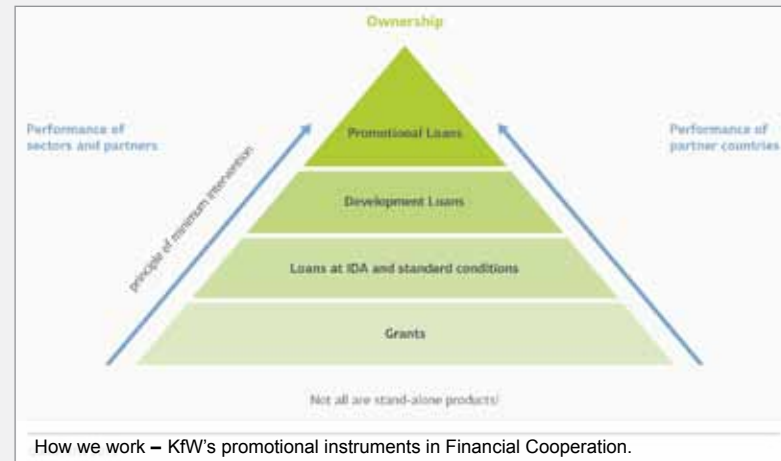
## Efficient and sustainable Financial Cooperation

### Public interest – it's our priority

Imagine a bank that makes public interests and social welfare a top priority. Established by public law in 1948, we are fully state-owned. At KfW, we invest 70 to 80 billion Euros annually to public welfare. In Germany, we promote energy efficient housing solutions and offshore wind parks among others. We also refinance small and medium-sized enterprises (SME). These investment activities make roughly three-quarters of our annual investment budget.

In addition to our domestic finance activities, the other quarter, or 20 billion Euros, is taken for international promotion and investments and is supported by a net of over 70 representations worldwide. The areas of international Financial Cooperation that the KfW Development Bank invests in are exclusively focused on developing and transitional countries and are on behalf of the German Federal Government.

We are committed to long-term and low-cost poverty reduction strategies. This is the first step we take towards building new opportunities for impoverished people – worldwide. We contribute to this by taking into account local development situations and the specific needs of our partners in developing and transitional countries. As a result we are tailoring our promotional instruments (see box) adequately to implement our development projects and related investments.



KfW Headquarters in Frankfurt, Germany – a place for innovation and decision making.

For more sustainability and promotion of domestic ownership, investment projects are jointly identified and mainly implemented by local or by our national partners. During project implementation, KfW closely monitors the process to meet safety and governance quality standards. When needed, KfW supports the partner government in the project implementation process. We do this through international experts with professional experience worldwide.



Financial Cooperation through KfW in Cambodia – connecting rural communities to electricity grid in Kampot Province.

## Thinking globally, acting locally – the Cambodia context

Financial Cooperation with Cambodia through KfW began in the 1960s, but was suspended due to discontinuity of bilateral relations until 1993.

Decades of difficult and turbulent political history left Cambodia struggling to meet development goals. With this in mind, the KfW's support to Cambodia is all through non-repayable grant schemes from the German Federal Ministry for Economic Cooperation and Development (BMZ) in the areas of health and rural development.

Over the past two decades, more than 160 million Euros were contributed towards providing rural homes with electricity, roads connecting villages to trading centers and health care schemes for women and men living in poverty. We also supported ACLEDA Bank during its establishment, which has become one of the most successful microfinance institutions worldwide. Today, it receives long-term loans for SME finance through DEG.

And since 2003, our local representation in Phnom Penh with a dedicated staff has allowed us to partner and work closely with national and local government agencies. Our office team also monitors and coordinates project implementation, identifies risks and ensures quality delivery. The office acts as an important link between KfW headquarters in Frankfurt and local partners and stakeholders in Cambodia.

Our commitment to improving health conditions of Cambodians is reflected, for instance, in a substantial decrease of the national maternal mortality rate over the last ten years. We also support our partner in raising household incomes of the population, and build essential infrastructure such as roads, bridges and markets that connect people and support business activities. Furthermore, we provide access to the national electricity grid, so people's daily lives are made easier at the community level.

In fact, our investment in infrastructure and sexual and reproductive health has positively contributed to reinforce women's welfare and to diminish gender gaps in access to education and health.

Our German-Cambodian Cooperation is making a difference. We are working hand-in-hand with local partners towards our common goals in projects: economically viable and socially equitable investments that effectively reduce poverty, promote gender equality and boost growth.



Technical experts provide advisory support to local health care providers. It's our way of finding a solution together.

# RURAL DEVELOPMENT

## Equitable development for all

Cambodia has experienced significant economic development over the past decades. However, development indicators reveal that at least 30 percent of Cambodia's population still lives below the poverty line. This is coupled with the fact that an estimated 90 percent of the poor live in rural areas and the majority relies on agriculture for their livelihoods.



As Cambodia's economy begins to take off, we strive to ensure that the rural poor are not left behind. Our support in rural development is focused on regional economic development and land sector reform.

Investing in rural infrastructure and rural electrification as well as in developing capacities of rural enterprises and public and private sector institutions: These are the areas where we focus our commitment to Cambodia's regional economic development. Our aim is to significantly contribute to poverty reduction.

We finance the construction of rural roads, marketplaces and bridges and provide technical support to the Royal Government of Cambodia in their effort to introduce a countrywide road maintenance system. With better and all-season roads, farmers have easier access to markets, while students and patients can more easily access schools and health care facilities. This leads to a significant increase in local incomes, higher school completion rates and reduction of gender

gaps in access to education and other public services.

With limited access to electricity, everyday life is difficult. By supporting the Royal Government of Cambodia with technical expertise and investments in the national electricity grid, households have fewer burdens, less cost and an easier daily life and work than before. As a result, women have more chances to access to formal economy and become more active in the public sphere.

We advise public and private sector decision-makers on measures to promote pro-poor growth. We foster better cooperation within value chains, promote partnerships between the public and private sectors and capacitate business federations to provide services to their members.

Through better access to technical know-how and innovations, thousands of female and male rural entrepreneurs increase the volumes and the competitiveness of their products and access new markets. This contributes to agricultural growth and increased rural employment of women and men that are crucial for poverty reduction.

Access to land is one of the crucial areas for the development of any agricultural-based economy. This also includes the realization of the human right to food. Therefore, we support Cambodia in its comprehensive land sector reform. Major components of this reform aim at a transparent system of land administration, secure land tenures as well as distribution of land to the landless.



# HEALTH

## Health as a human right is our entry point

Health care and social protection for Cambodians have improved during the last decade; but challenges still lie ahead in accessing quality health services. Top on the list of areas to improve include maternal and newborn mortality as well as infectious and non-communicable diseases, which remain a daunting reality for many people.



The Cambodian-German Social Health Protection Programme supports the Royal Government of Cambodia to improve the quality of and access to health services mainly for vulnerable people and those living in poverty, using a multi-level approach of policy advice and practical implementation.

Our efforts closely align with the Ministry of Health's Strategic Plan and strengthen the capacity of national and sub-national institutions to protect the health of women, men, young people, children and the elderly.

Social health protection programmes enable people to access health care when needed without the risk of impoverishment or other financial burden. With our contributions, we lay the foundations for a comprehensive social health protection system linked to systematic quality improvement in health care. We assist with the design of national strategies, clinical guidelines and tools to promote



sexual and reproductive health, patients' rights and clients' satisfaction and apply a mainstreaming approach to ensure the inclusion of people with disabilities and the elderly.

Germany further supports the Fast Track Initiative of the Royal Government of Cambodia to improve maternal and newborn health. Vouchers improve access to family planning and pre-and post-natal health services, and promote reproductive health at the community level.

Nurses, midwives and doctors are capacitated to provide quality services in our target areas. Our joint efforts address critical gaps in emergency obstetric care, family planning and sexual and reproductive health, which are vital areas for improving women's rights.





# GOOD GOVERNANCE

## Developing constructive relations between state and society

Governance is the way in which a society organises itself to make collective decisions and take joint action for the benefit of its citizens. Cambodia began the process of improving governance over 20 years ago and has a way to go before all citizens benefit from a fair and equitably democratic society. Amidst relatively high economic growth, Cambodia still faces many development challenges, particularly regarding human rights, social equity and widespread poverty.



In 2007, the Royal Government of Cambodia and the Federal Government of Germany agreed to prioritize good governance in their development cooperation. Germany cooperates with the government in carrying out several governance reforms, for example, to bring government closer to men and women, to make public administration more efficient and accountable, to establish a more transparent and efficient system of public finances, and to build an independent and fair legal and judicial system.



Understanding that there is no definitive path for a country to achieve good governance, Cambodia is now working towards establishing its own approach. Our role in this process is to offer options and to provide advice on how to develop a governance system that meets the needs of Cambodian people as well as the strategic needs of Cambodian women and people from socially disadvantaged groups.

German development cooperation also promotes good governance in all areas we work in. This includes our priority sectors health and rural development, as well as specific programmes in the fields of decentralisation and promotion of local government, women's empowerment, access to justice, good financial governance and poverty reduction.



We contribute to improving governance by promoting citizen participation, transparency, accountability, inclusiveness, human rights and gender equality, with the aim to develop constructive relations between state and society.



# COUNTRY PORTFOLIO CAMBODIA

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