

Annual Project Review Report Insights for Action Initiative

DATE: 10 November 2006

Award ID: 00042787

Description: Insights for Action Initiative: Catalyzing Policies and Action for Achieving Cambodia's Millennium Development Goals (CMDGs)

Implementing Partner: DEX

Period Covered: 01 January to 31 December 2006

1. Project Issues:

<p>Status of Project Risks & Risk Management Strategy:</p> <p>The 'Insights for Action Initiative' was created to help facilitate informed policy dialogue in critical but sometimes politically difficult areas between the Cambodian Government, its society, and its development partners. The project risks were identified as follows:</p> <ol style="list-style-type: none"> 1. The goal of IFA is to identify innovative policy responses and practical solutions to key development challenges, as well as to motivate the needed action and implementation. There is risk: that the RGC does not agree with or accept the research results produced by IFA, due to its political sensitivity, uncertainty about accuracy or style of presentation. Related to this risk is the ability of IFA to gain access to up-to-date reliable data and information needed to adequately confirm research results and communicate such results effectively in a politically useful manner for facilitating the required decisions and actions. 2. Financial risk: IFA is a new project and it is difficult to show its impact in a short period. It might, therefore, not as yet attract major donors for the needed resources. So far, only core resources have been allocated to the project and those resources were almost fully spent in 2006. There is, thus, limited funding available to implement its planned activities during 2007. If more, non-core resources are not mobilised this year, the project might have to tone down its planned scope. Therefore, non core resource needs to be mobilised for which resource mobilisation strategy should be devised. <p>Technical risk: Generally, experts/consultants do not produce high quality reports with critical analysis and practical recommendations. Therefore, the research reports are unable to create the necessary impact. This risk can be overcome by carefully selecting the consultants/experts, by allowing enough time and resources for the recruitment process. The real solution lies in creating capacities locally.</p>	<p>Open Project Issues & Issue Management Strategy: <i>Issue=arising during project implementation, not foreseen</i></p> <p>The programme has been somewhat behind time as the recruitment and joining of two of the three current staff members has been several months behind time.</p> <p>Additionally, the Unit being small, has been handicapped by its smallness – both, the administration and professional work is shared by the same persons,</p> <p>The time between the conception of an idea and its execution could be reduced somewhat,</p> <p>The disbursements in 2006 of the IFA were somehow delayed due to the need for careful process management in initiating work, in sometime sensitive areas as well as the time gap between the departure of the former project manager (end of August 2006) and arrival of the present project manager (20 March 2006). We had a total approved budget US\$620,600 for the initial 12 months (January 2005 to January 2006) of which 42% was invested in important areas with the remainder carried over to finance the activities in 2006.</p>
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2. Project Performance

OUTPUT 1: Policy research findings and recommendations inform the development of a sound strategy for effective use of natural resources revenues.

2006 target: At least three policy researches were conducted, to generate significant findings that would serve as inputs for development of NHDR and CMDG, based on National Strategic Development Plan.

1. NHDR 2007 development is based on recent research papers and supplementary targeted researches.
 - Improve Farm Family Income study
 - Access to Land, land Ownership and Human Development study
 - Socio-economic Implications on Cambodia of Recent Discoveries Offshore Oil and Gas
 - Improving Secondary Education Through Institutional Innovation

Activity ID # 1.1:

Design and implement selected applied policy research in high priority target areas.

IFA has generated valuable new knowledge and insights in several critical areas, through practical action-oriented research in collaboration with the Supreme National Economic Council (SNEC) and other government institutions. Valuable applied research completed in 2006 are:

- Improve Farm Family Income research was conducted in March 2006. The report reveals several inter-dependent socio-economic constraints that could be overcome to contribute to rural economic growth.. These include the unusually high cost of electricity/energy and transportation, especially in contrast to most other ASEAN countries. Electricity, gasoline and diesel fuel prices range from 50% to 150% higher than in neighbouring countries. The cost of shipping a container from Phnom Penh to a mother ship in Singapore via Sihanoukville is some 70% more expensive than via Ho Chi Minh City. Much of the cost differentials relate to unofficial transactions fees, informal road and port charges, etc. In addition, much better access to basic education, extension services and available knowledge on the internet appears critical to enabling farm families to take advantage of the opportunities emerging from liberalization
- **Land** and Human Development study was initiated in June, until September/October 2006. The study has been concentrating at the rapid rate of landlessness in the recent years, posing a serious threat to rural livelihoods, social well-being and ultimately, long-term socio-economic stability. An analysis of official household survey data suggests that 20% of the population own some than 70% of available land, up from 59% in 1999. If data on various types of economic and land concessions could be taken into account, land concentration would likely appear even more worrisome
- Improving secondary education through institutional innovation was conducted in August 2006, jointly supported by UNDP and UNICEF. The objective of the mission was to assess the present state of education in Cambodia and to make recommendations for how new investment might be used effectively to promote continued reform through institutional change. The mission was initiated based on the backdrop of ongoing negotiations between the US and Cambodia over several "humanitarian" loans made to the government during the Lon Nol time (1970-1975). There is also bipartisan interest in the US Congress in allocating these payments to support Cambodia's continued development. It has been suggested that if and when Cambodia agrees to a repayment scheme, the United States might use these repayments to endow a special vehicle to support education in Cambodia. The report has layout recommendations that the Cambodia Debt Repayment money should pursue a three-pronged strategy, consisting of activities on support education for all, create a teachers college, and create a magnet secondary school. The mission also recommends that international academic institutions be selected to serve as "anchor partners" in the teachers college and the magnet secondary school.
- Analytical study on Socio-economic Implication of Offshore Oil and Gas in Cambodia was initiated in August 2006 and will continue until February 2007. This ongoing research includes important quantitative

and qualitative work on the socio-economic implication for Cambodia of future oil and gas revenues, and how these might best be invested for the achievement of the CMDGs and improved human development.

Gender issues are mainstreamed in all the researches, in both quantitative and qualitative analysis.

Activity ID #1.2: National Human Development Report 2007 is being produced and disseminated for broad policy debate.

In partnership with the Ministry of Planning and SNEC, prepare National Human Development Report for 2007 under the theme "Natural resources and Rural Development". The report is expected to be a key document to foster economic development in Cambodia. The report is proposed to be released in March or April 2007.

- The Senior Economist was recruited in September 2006 to facilitate the report development.
- In order to ensure a nationally owned policy analysis and independence of the document, an NHDR Advisory panel, composed of leading intellectuals, senior government officials and personal from the international community in Cambodia, has been constituted.
- Various consultation meeting on the report, concepts and outlines were carried out with different groups such as UNDP programme staff and advisors, the UN Head of Agency, UN CMDG advisory committee, government officials, International and National NGOs, etc.

Governance and gender issues cross cut through the report.

OUTPUT 2: Effective use of natural resource revenue, esp. oil and gas: This issue is widely debated among government officials, donors and communities, academia and civil society.

2007 Target:

With collaboration with SNEC, at least one Cambodia Economic Forum and a number of meeting/workshops are conducted to discuss and debate on new issues emerges and the research findings.

2007 Achievement:

Through 2006, the *Insights for Action* initiative has developed a range of knowledge-sharing activities and modalities, including the Cambodia Economic Forum (CEF) which was successfully launched in January 2006, media conferences, website development, and the beginning of a series of *Insights for Action* publications. Notably, the Cambodia Economic Forum served to open to public and media, the debate on emerging opportunities and threats related to discoveries of offshore oil and gas. Development of committed and accountable constituencies within and outside government to transform this new knowledge into effective actions is part of this process.

Activity ID # 2.1:

Deliverable Description: **Development of multi-faced knowledge sharing platform**

1. Knowledge sharing network is developed and step by step initial with core of substantive professionals in the focal area of applied research, including from the policy wings of government ministries, national academic, think tanks, resident development partners, and other key stakeholders.
 2. Lead support for the publication and broad sharing of quality knowledge pieces, esp. NSPD, CMDG related policy papers.
- Successfully launched the first Cambodia Economic Forum (CEF) in January 2006 with the participation of Prime Minister Hun Sen, a range of Senior Ministers, the international development community as well as universities and NGOs.
 - In collaboration with the Governance Cluster and Communication unit, organised a highly successful round table discussion with parliamentarians and senators and in August on the Strengths, Weaknesses, Opportunities and Threats (SWOT Analysis) facing the Cambodian economy. The event was very much appreciated by the government.
 - Continue to share and discuss with students and teachers of the Royal University of Law and Economy on

SWOT Analysis of the Cambodian Economy. There were a hundred Master and Baccalaureate students and university teachers who participated in the event.

- In collaboration with SNEC, The Cambodian Economic Forum website was updated and improved to introduce a CEF online forum/discussion. The idea of designing the CEF online forum is to provide a possibility for discussion of CEF related research papers to the public as well as interaction within the government institutions
- Printing, publication and communication of research materials: Six research reports, including the report that presented in the first Cambodia Economic Forum in January 2006 were translated into Khmer language and will be published with support from the Communication Unit. The six study reports are:
 1. Avoiding the resource curse: Lessons learned from International experiences
 2. SWOT analysis of the Cambodia economy
 3. Review of development prospects and options for the Cambodian oil and gas sector
 4. Raising Farm Family Income
 5. Improve secondary education through institutional innovation
 6. Land and Human development

Activity ID #2.2: Develop any needed proposals for follow-up programme/project interventions by UNDP and other development partners to help RGC implement valuable policy ideas for the advancement of the Rectangular Strategy and CMDGs.

(Direct Human Resource Capacity Development Activities).

- Supported two government officials from Supreme National Economic Council (SNEC) and Cambodia National Petroleum Authority (CNPA) to attend a two week training course at the Duke University on Project Appraisal and Risk Management in June. The training course is essential to ensure that public sector investment project linked to the oil resource development are designed and implemented in a manner to maximise the financial and economic benefits to the Cambodia.

3. Lessons Learned

1. This project could work in closer collaboration with other programme units within UNDP.
2. The programme must maintain its flexibility and lead time, to raise resources according to felt needs.

4. Financial Report *Please attach Annual Financial Report*

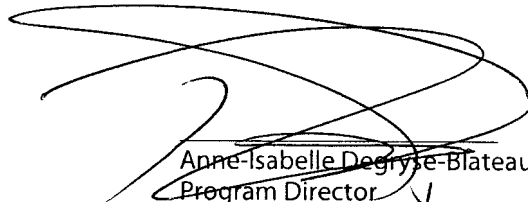
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