



FINAL PROJECT REPORT

**United Nations Development Programme
Cambodia**

**Insights for Action Initiative (IFA) Project
10-01-2005 – 31- 12-2010**

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Project ID: 00042787

Duration: 6 Years

Component (Strategic Plan)/Country Programme Outcome:

Total Budget: US\$ 4,811,600 (from the Prodoc)

Implementing Partners/Responsible parties: Direct Implementation by UNDP

List of Acronyms and Abbreviations

ADB	Asian Development Bank
AFD	Agence France Développement
AWP	Annual Work Plan
CNPA	Cambodia National Petroleum Authority
DEX	Direct Execution
DPs	Development Partners
HD	Human Development
ILO	International Labour Organisation
JICA	Japanese International Cooperation Agency
MDGs	Millennium Development Goals
MoP	Ministry of Planning
MEF	Ministry of Economy and Finance
MIME	Ministry of Industry, Mines and Energy
NGO	Non-Governmental Organisation
NHDR	National Human Development Report
NSDP	National Strategic Development Plan
OECD	Organisation for Economic Co-operation and Development
ODA	Official Development Assistance
PRSP	Poverty Reduction Strategy Paper
PT	Project Team
RGC	Royal Government of Cambodia
RULE	Royal University of Law and Economics
SNEC	Supreme National Economic Council
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNIDO	United Nations Industrial Development Organisation
WB	World Bank

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On the one hand, as illustrated in this report, the government has found value in the research and policy options developed by the IFA project. For example, the CEF is now a major policy event in Cambodia presided over by the Prime Minister, and used by him to discuss major policy issues and challenges. CEF is increasingly being managed by SNEC with less direct UNDP support. The competitiveness work by IFA contributed directly to policy discussions by government and the private sector on how to diversify Cambodia’s economy.....	14
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IFA was time intensive by its nature, due to the time required to complete high quality research. As a result, each time we start new initiative/research, we have to start from ground zero, e.g. ToR for the research as well as research teams (both international and national consultants), recruitment and build relation with the government counterparts. Lack of operational flexibilities constrained effective policy work, such as very short deadlines, changes in strategy/approach, and changed procurement rules.....	24
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Executive summary

The Insights for Action Initiative (IFA) was set up in Jan 2005 on a request by the Prime Minister of Cambodia. The project was designed as a quick response initiative that would offer the Royal Government of Cambodia (RGC) ideas rather than financial assistance. These ideas were expected to be innovative and creative in order to play a catalyzing role for policy implementation of the Rectangular Strategy.

IFA Initiative aimed at providing a facility that would generate innovative cutting edge ideas and policy options more systematically. Within the project cycle, IFA contributed with the development of relevant research aiming to support the RGC. Illustrative examples are the SWOT analysis of Cambodia economic, rural and agricultural development, studies on Cambodia's extractive industry and competitiveness as well as the socioeconomic impacts of the global financial and economic crisis. IFA aimed to be a source of insightful analysis on those issues that presented the greatest challenges to Cambodia. In order to share its findings, IFA promoted the Cambodia Economic Forum (CEF) and other high level conferences, as well as roundtable discussions and the UNDP Discussion Papers series.

IFA comprised two components, **Knowledge Generation** and **Knowledge Sharing**. To further build upon the previous success of IFA in 2007, and following recommendations from Senior Management, a third component, **Knowledge into Action** was added in 2009. This action was taken to ensure that suggested follow-up activities and policy recommendations generated from research were not only disseminated but also endorsed and more systematically mainstreamed into planning and programming activities by national counterparts and development partners.

IFA was an important program innovation for UNDP Cambodia. It succeeded to raise UNDP/UN's substantive profile through its various innovative policy research initiatives. IFA also received government's recognition for its remarkable contribution and valuable inputs to facilitate government policy making and planning, even though some explicit links were not always clear given the nature of policy formulation and practice in Cambodia (and many other countries).

IFA produced a large amount of high-quality research, such as the UNDP Discussion Paper Series, Policy Briefs, and the National Human Development Report 2007, resulting in major policy work that continues to positively influence Cambodia's policy dialogue. World class experts like Nobel Laureate Joseph Stiglitz were also mobilized at strategic moments to offer international perspectives and policy options on emerging issues in Cambodia.

Generating strategic knowledge contributed to the formulation of inclusive policy actions for the effective implementation of the NSDP/CDMGs. The project provided a platform for constructive policy debate, discussion and knowledge through the organization of forums and high level consultations like: the regular Cambodia Economic Forum (2006, 2008 and 2009), consultations with Nobel Laureate Dr. Joseph E. Stiglitz on the "Outlook for the Global and Regional Economies, Emerging Opportunities and Risks, and Policy Implications for Small Developing Countries" (2007), the first International Conference and Oil and Gas Revenues (2008), the first International Conference on Mining (2010), and various substantive sessions with the National Assembly/senator, private sector, university students and NGOs.

IFA influenced policy dialogue through an ongoing and strategic partnership with a national think tank on issues such as the competitiveness of the Cambodian economy, rural development investments and human development, the impact of the economic downturn, responsible development of the extractive industry sectors, and the need for social safety nets for the poor. Such partnership translated into new commitments by government in each of these areas.

IFA has also developed and implemented a follow-up plan to maximise the project's impact. The emphasis has been on targeted advocacy with influential stakeholders. Some successes include the

incorporation of the findings into multiple working groups of the Government-Private Sector Forum, NGOs, as well as with government officials from the Supreme National Economic Council and relevant ministries.

IFA's key results for the last six years of implementation can be summarised as below:

Economic Governance

- IFA in close collaboration with the PM's think tank (SNEC) has catalyzed valuable policy debate at higher levels of government.
- IFA substantive work is frequently acknowledged in public policy statements (Oil & Gas, rural development, Human Development, Cambodia Competitiveness, economic diversification and so on)
- High level policy impact through CEF and the SNEC partnership which resulted in respect and trust, access to raise policy options on emerging issues.
- The project gives credibility to UNDP on policy work with high level government officials.
- The work on Cambodia Competitiveness has opened doors for policy dialogues
- Cambodia Competitiveness influenced private sector strategic thinking and approach.
- The Rice policy and increased donor focus on agriculture resulted from the 2nd CEF and the NHDR 2007.
- The Crisis Impact Watch kept UNDP, DPs and government partners updated on the impacts of the crisis and Cambodia's response to it.
- Government partners are now able to conduct the CEF and develop policy with less support from UNDP.
- Capacity development on cost/benefit analysis of public investment has been greatly appreciated by key Senior officials who have demanded more training.

Extractive Industries

- Prime Minister engaged with UNDP on EI issues
- Public commitment to sustainability, accountability, transparency
- Dialogue space on sensitive EI matters opened
- UNDP a respected EI partner – government, private sector, civil society
- 'South-south' best practices on oil & gas shared with SNEC/ CNPA
- Parliamentarians informed/engaged on EI issues
- EITI awareness improved
- Gender and EI issues newly opened for discussion
- UNDP is DP lead on mineral and oil & gas policy
- International network created to advise Cambodia on EI
- Human capital –ITC geology school programming influenced
- Advice provided to MOE on environmental assessments for EI

Human Development Report

- The 2007 NHDR on Expanding Choices for Rural People was used by civil society,
- Ministry of Planning took great ownership of the report. Policy recommendations accepted by the MoP and presented to provincial, district and commune councils, as well as civil society.
- The 2010 NHDR on Climate Change process is building alliances with stakeholders and increasing awareness of the human development impacts of climate change.

I. Context

The Government has embraced economic liberalization and integration in the global economy as a means to stimulate economic growth and reduce poverty. The main policies for economic growth in the Government's Rectangular Strategy and the NSDP have been a focus on rapid growth in the industrial and service sectors, as the keys to employment creation and income generation, relying on the private sector as the true engine of growth, and an increase in agricultural production and productivity, especially in rice. To achieve these goals and enhance inward investment, a number of structural issues must be addressed, including compliance with international food, safety and trade standards.

Over the past decade, this strategy has resulted in robust economic growth, driven by an open economy and a stable macroeconomic environment. Economic growth during the mandate of the Third Legislature, 2003-2008, averaged around 10 percent per year, with a record high annual rate of growth of 13.3 percent in 2005.

This high economic growth has reduced overall poverty figures at the national level from 47 percent in 1993 to 30 percent in 2007. However, poverty rates remain very high, with increasing inequality between and within urban and rural areas, and among regions and social groups.

The recent global financial and economic crisis threatened to undermine Cambodia's hard-earned achievements. The Royal Government of Cambodia (RGC) has done a commendable job in combating the negative impact of the crisis by maintaining macroeconomic stability and mitigating the adverse impact on peoples' livelihoods and well-being. In Cambodia, the structural changes resulting from the global economic crisis seem to indicate a shift from a garment export-led growth to a more broad-based growth, with diversifying agriculture and tourism and emergence of the energy, mining and oil/gas sectors as possible engines of future growth. Diversification is the key to insulating Cambodia against future economic shocks. Diversification can be achieved by developing new sectors as well as expanding existing sectors by broadening export markets, increasing product variation and sophistication, and developing domestic supply chain linkages.

Though the economy is showing signs of recovery, the global economic downturn has exposed the country's over-reliance on only a few engines of economic growth. There has been limited success in diversifying sources of growth and the economy remains vulnerable to possible future shocks. New sources of growth need to be identified and developed, and national competitiveness needs to be improved for the country to achieve high and sustained economic growth in the post-crisis global economic environment.

In support of the implementation of the Government Rectangular Strategy on Growth, Employment, Equity and Efficiency, HE Prime Minister requested that UNDP provide innovative ideas to help implement the strategy, particularly for achieving progress towards the Millennium Development Goals (MDGs). Knowledge sharing was identified as critical for raising public awareness and developing common understandings and support among the people for the needed actions.

In 2004 and in response to the Prime Minister's request to UNDP Cambodia to provide a facility that would generate innovative cutting edge ideas and policy options to help effectively implement key aspects of the Rectangular Strategy, the Insights for Action (IFA) Initiative was designed and launched in Jan 2005.

IFA was created to undertake critical and timely policy research to catalyze and facilitate policy dialogue on key development issues between the Royal Government of Cambodia (RGC), Cambodian

society and Cambodia's development partners. Research focused on providing policy options to accelerate progress toward Cambodia's Millennium Development Goals (CMDGs) and human development in Cambodia.

The project objectives and outputs:

Component 1: Knowledge Generation

Objective 1: To generate innovative policy ideas, creative approaches and practical knowledge for the rapid and successful implementation of the Rectangular Strategy, especially those aspects of the Strategy with greatest scope for rapidly advancing progress towards the CMDGs and substantially improving human development in Cambodia.

Output 1.1 Knowledge Generation component set up and operational

Component 2: Knowledge Sharing

Objective 2: Further development and enrichment of the policy formulation and implementation process through the mobilization and sharing of innovative ideas, creative approaches, valuable information and practical knowledge across a wide spectrum of Cambodian society.

Output 2.1 Development of a multi-faceted Knowledge Sharing platform

Component 3: Knowledge into Action

Objective 3: Engaging in follow-up activities of policy recommendations with UNDP, the RCG and other development partners.

In line with ongoing consultations with the RGC, and guidance from the Senior Advisory Group and other concerned partners on emerging development issues in Cambodia, IFA contributions were focused in the areas of economic governance (diversification, Cambodian competitiveness, and rural development), Extractive Industry, and the preparation of the National Human Development Report.

The project contributes to one outcome of the United Nations Development Assistance Framework (UNDAF).

In 2006, the Cambodia UN Development Assistance Framework (UNDAF) was introduced with the concomitant Country Programme Action Plan (CPAP), a logic framework defining priorities, outcomes and outputs. The IFA Initiative supports:

UNDAF Priority 4: The national development plan and its implementation serve as an effective guide for sector plans and related budgets, as well as reflecting Cambodia's obligations in relation to human rights and the country MDGs.

The input from UNDP under IFA is part of the wider UN effort in Cambodia and is directly related to the United Nations Development Assistance Framework (UNDAF) for the period 2006-2010. The knowledge generation and knowledge sharing platform is available for use by other UN agencies to spotlight their inputs and studies related to the Rectangular Strategy and the CMDGs.

IFA contributed to the ongoing dialogue with other UN agencies such as UNICEF, ILO, WFP and UNV. For example, in 2006, in cooperation with UNICEF, a "Debt for Education" mission of a Harvard University research team was completed. In 2009, one staff member was allocated to support the UN Coordination Office on the analysis and mapping of Cambodian social safety net issues. IFA also conducted the analytical study and published the report entitled "The Global Economic Downturn: Crisis or Opportunity?" as a UN Coordination Office product.

Main outcome and output(s) expected as per the approved Country Programme Action Plan (CPAP):

Under the Country Programme Action Plan (CPAP) 2006 – 2010, IFA contributed to Outcome 9 “Improved monitoring of NSDP and CMDGs including broad-based policy dialogue and participatory reporting.” and to Output 9.1. “Provide Policy advice to government, private sector and civil society on emerging issues”.

In April 2009, the country office conducted the CPAP Mid-term result assessment (2006 -2008). The results assessment showed that the CPAP of UNDP Cambodia was in a need of a stronger focus. Therefore, as part of the Mid-term review, the CPAP outcomes were reduced from ten to five. IFA then contributed to the **CPAP Outcome 5:** National and local authorities are better able to manage development effectiveness; and the **Output 5.4** - Policy options on managing sustainable development provided.

In compliance with UNDP’s emphasis on results-based management, IFA merged with the Poverty Unit in 2008 for greater alignment and project assurance. (Prior to that time, IFA reported directly to the UNDP Resident Coordinator.) Due to IFA’s cross-cutting nature, further alignment continues within the UNDP Programme and UNCT to maximize focus and impact.

Development challenges:

According to the IFA Project Document, the “project is aimed at responding to the Prime Minister’s request by providing a facility that will more systematically generate innovative cutting edge ideas and policy options to help effectively implement key aspects of the Rectangular Strategy to achieve greater growth, employment, equity and efficiency. Special attention will be focused on those aspects of the Strategy with greatest scope for rapidly advancing progress towards the CMDGs and substantially improving human development in Cambodia.”

The development challenges that were the key drivers for IFA were:

- (1) limited progress in reducing Cambodia poverty and inequality, despite steady economic growth;
- (2) the narrow base of Cambodia’s economic growth (subsistence agriculture, garments, tourism, construction);
- (3) poor public sector governance, and corruption that was holding back development; and
- (4) a weak policy process in Cambodia, and very limited public sector capacity.

Key partners:

The key partners of IFA were the Ministry of Finance and Economy (MEF), Supreme National Economic Council (SNEC) Ministry of Planning (MoP), National Cambodian Petroleum Authority (CNPA), Ministry of Industry, Mine and Energy (MIME), ADB, and WB.

1. **The Supreme National Economic Council (SNEC)**, a cross-ministerial advisory council that reports directly to the Prime Minister, is involved in many activities with IFA. This includes support to the Cambodian Economic Forum, Human Resource Development Study, oil and gas, and so on. SNEC officials had also been trained by the project on oil and gas through a study tour to Norway, Capital Expenditure Decisions through short-term course training in USA, and Computerized General Equilibrium in Phnom Penh. A website was developed to distribute the knowledge generated.

2. **The Economic and Finance Institute (EFI)** has worked with IFA to build capacity of the Ministry of Economy and Finance officials: around 100 officials from there and another 37 officials from relevant provincial departments attended the training on capital expenditure decisions. Improving public financial management is crucial for a developing country but particularly for a country on the

culp of generating revenues from oil and gas which must be soundly managed and used for the Rectangular Strategy and to help achieve the CMDGs.

3. **Ministry of Planning** was engaged on the development of the sixth NHDR, to carry out the launch and distribution of NHDR in 2007, with participation from senior officials from the government institutions, development partners, and civil society organizations including NGOs academia, and media. The Ministry was involved in the field study, editing, finalizing, and dissemination of the report. With IFA support, a national-level conference was organized by SRE KHMER, a contracted local NGO to launch this report to 120 participants from 60 NGOs including International NGOs in 2008.

4. **Cambodian National Petroleum Authority (CNPA)** is the lead public sector oil and gas sector regulator. IFA provided training opportunities to the Administration and Information Division Director on oil and gas through a short-course training in USA. As a result of the training course, a trained trainer has provided training to 140 government officials from line department offices. A national conference on oil and gas was organized to disseminate report findings to various actors in 2008. CNPAs website was substantially updated in 2010 contributing to improved transparency

5. **Ministry of Industry, Mines and Energy (MIME)** – IFA partnered with MIME to co-host Cambodia’s first international mining conference in 2010. The event endorsed the importance of responsible mineral development in Cambodia that is transparent, accountable and sustainable. Capacity development of Ministry staff in the areas of mineral policy and artisanal and small scale mining is continuing.

II. Performance review

Progress review

This section assesses the overall progress of the project towards different development outcomes and the overall capacity development process.

1. Overall progress towards the UNDAF outcome

IFA’s actions were slotted into this schema under UNDAF priority 4: The national development plan and its implementation serve as an effective guide for sector plans and related budgets, as well as reflecting Cambodia’s obligations in relation to human rights and the country MDGs.

UN Country Team Financial Crisis and Social Safety Net Position Papers – IFA contributed to the preparation of the UNCT response to the financial crisis, including a matrix of UN agency activities. UNCT support also included outlining a position on and an inventory for social safety nets. A four-page cover story in Economics Today quoted extensively from materials IFA prepared in response to their questions on social safety nets.

2. Overall progress towards the CPAP outcome and output(s) relating to your project

CPAP Outcome 5: National and local authorities are better able to manage development effectiveness.

Output 5.4 - Policy options on managing sustainable development provided.

Since Jan 2005, IFA facilitated unique missions to Cambodia by leading international experts, who meet with key policy makers to learn from RGC and offer their perspectives on high-priority development issues that support the Rectangular Strategy and more rapid achievement of the CMDGs.

IFA worked with internationally renowned researchers and leading academics to promote a common understanding among government and non-government stakeholders on priority development issues, and to develop broad support for policy recommendations.

Since established, IFA produced a number of policy based research papers under the UNDP Discussion Paper series, policy briefs and economic snapshots, which focused on the themes of Economic governance (diversification, agriculture and rural development, land and human development), Extractive industry (oil and gas and mining), National Human Development Report on "Expanding Choices for Rural People" and "Climate Change", and other emerging issues such as Global financial and economic crisis and Cambodian competitiveness.

In collaboration with the government partners, IFA has played a key role in leading economic forums, lectures, dialogues, high-level consultations, seminars, round table discussions, workshops, report launches, and conferences aimed at promoting policy debates and sharing of ideas, so that the research conducted with national counterparts can help support policies that further the socio-economic development of the country.

IFA organized and supported many policy dialogues/sharing forums which brought together policy makers, development practitioners from relevant stakeholders including government, development partners, and civil society organizations, for example, the first Cambodia Economic Forum (CEF) on oil and gas, the second CEF on agriculture and rural development, the third on Increasing Cambodia's Competitiveness, the fourth on Cambodia Economy in Post Crisis Environment which helped to refocus development partners and relevant government Ministries on rural development, an international conference on fueling poverty reduction with oil and gas revenue in 2008, an international conference on responsible mining in 2010, and round table discussions for the National Assembly and Senators, development partners, government ministries, civil society and student forums.

Priorities to be researched were derived from both informal and formal communications with individual government officials, or were suggested by the Senior Advisory Group. Moreover, there were official requests made from the government (Supreme National Economic Council or SNEC) to carry out research: topics included A SWOT Analysis of the Cambodian Economy, Raising Rural Incomes in Cambodia, Land and Human Development in Cambodia, Improving Secondary Education through Institutional Innovation, and Labor Market and Youth Employment, etc. The priority ideas were sometimes politically sensitive which need to handle carefully and in acceptable ways by the government policy makers. Report on oil and gas, and on artisanal and small scale mining (ASM), and the National Human Resource Development (NHDR) report were very timely and useful to Cambodian decision-makers.

IFA generated knowledge in an attempt to promote improvement in productivity so that Cambodia has better chances to meet both economic and governance challenges. It took an innovative approach to knowledge generation and sharing by providing a strong base for participation of the public and government in order to implement the Rectangular Strategy, enhancement of agriculture, private sector development and employment generation, continued rehabilitation and construction of physical infrastructure, and capacity building and human resource development. The project has also been able to promote wide participation and enhanced sharing of information through publications, seminars, conferences, dialogues, and website based media as an element to promote good governance (which is seen to be the most important pre-condition to economic development with sustainability, equity, and social justice).

Different political perspectives have created diverse scenarios for development and consequently the process for getting policy developed took some time to complete. For example, Cambodia took four years or so to develop the Fisheries Law and more than ten years to draft the Anti-Corruption Law.

However, IFA provided momentum for raising awareness on issues to be debated and dialogued prior to being brought forward to be discussed at policy-level, for example, human development, responsible development of oil and gas and mining, natural resource revenue management, investing in rural development, and Cambodian Competitiveness. This helped accelerate and improve the quality of policy formulation and implementation.

The CPAP Mid-term review in 2008 concluded that IFA ‘**exceeded expectations**’.

3. Capacity development

Cambodia’s institutional capacities are still at an early stage of development. As a consequence, policy making and policy implementation processes still suffer from a number of weaknesses and gaps, including an underdeveloped institutional capacity to enable effective, broad-based participation of all development stakeholders. Such gaps also imply that the policy making process may fail to capture some of the most innovative high value added ideas and policy possibilities.

Given the short- and mid-term challenges ahead, there is a critical need for expanding the policy space, as well as generating inclusive policies, creative approaches and practical knowledge in support of the implementation of the National Strategic Development Plan and thus accelerating the CMDGs advancement.

The IFA Initiative provided capacity development through partnering with SNEC, CNPA MIME, and MoP on research and training and has improved their capacity through various types of technical assistance.

IFA also contributed to the further development of national capacity, especially among researchers and policy makers, so that they will gain from both “learning by doing” during applied research process as well as benefiting from a transfer of valuable information and knowledge generated by the initiative. For example, during 2007, in cooperation with the Economics and Finance Institute/Ministry of Economic and Finance, SNEC and CNPA, IFA facilitated capacity development exercises for the government practitioners and senior policy makers on **Project Appraisal and Risk management skills**. The 2-week training focused on providing analytical tools to evaluate the financial, economic and distribution impacts of capital investments, to help identify the investments which will most effectively support good development results and address poverty issues for Cambodia.

IFA capacity development approaches were tailored to specific audiences. **A half-day seminar** designed to provide a forum for key senior policy makers, focused on critical elements of Capital Budgeting and Public Sector Management. There were 216 participants from various Ministries at the central level and provincial governor and deputy governors from 24 provinces participated in the seminar.

Refresher Course on Capital Expenditure Decisions - in follow-up to the two intensive training courses conducted in 2007, held two-week refresher course with 60 participants in cooperation with Economics and Finance Institute, (Ministry of Economics and Finance). The participants are the senior official from central government agencies and province. The refresher courses focused on the review of the fundamentals and financial and economic cost/benefit analysis and identify the key emerging issues from applying knowledge of the last two courses in the real practice. Such further training better developed the capacity of policymakers as provinces receive increasing revenues in the future from petroleum, mining, and commune/ Sangkat funds (D&D).

Norway Petroleum Study Tour – In 2008, following the international oil & gas conference, UNDP facilitated a Norway funded study tour for officials from MEF, SNEC, CNPA, and UNDP on “Competence building on Petroleum Fund” including discussions of the Extractive Industries Transparency Initiative (EITI). Deputy Prime Minister/ Chairman CNPA and SNEC Senior Management received briefing from respective teams on lessons learned from a leading petroleum producer, and the report included follow-up activities.

Economic governance – Since its inception, IFA has worked closely with the Supreme National Economic Council (SNEC). Two specific activities helped contribute to strengthening the capacity of SNEC staff/researchers. First, IFA commissioned a study entitled “Labour Market and Youth Employment.” The study was led and conducted by SNEC, and the research team comprised five researchers from SNEC. Second, IFA “engaged” SNEC from the conceptualization stage in preparing the Cambodia Country Competitiveness study and the Global Economic Downturn study. In addition, a number of SNEC members were invited to attend regional workshops in Beijing, China and Singapore. It is expected that a number of SNEC researchers will be invited to take part in CGE training to be conducted in 2010.

Extractive Industries Capacity Development - Three specific activities contributed to national capacity development in extractive industries development in 2009. First, UNDP presented a capacity needs assessment proposal to the Cambodian National Petroleum Authority (CNPA). Second, UNDP supported the participation of representatives from CNPA and the Ministry of Economy and Finance at the Second UNDP South-South High Level Meeting on Oil and Gas Management. The meeting provided the opportunity for Cambodian officials to learn from the experiences of other developing countries with emerging oil industries. Third, UNDP supported capacity building of the National Assembly and Parliament to oversee EI governance developments in Cambodia by organizing a well attended briefing on new developments in Cambodian oil and gas management.

IFA also launched an extractive industry (EI) **policy brief** series designed to provide short, focused policy options on major EI issues.

National Human Development Report (NHDR) - A national counterpart at the National Committee for Democratic Development Monitoring & Evaluation Unit was identified for technical inputs to the NHDR 2010 to conduct HD Index analysis using the Commune Database as a main data source. His involvement is expected to provide on-the-job training on HDI measurement as well as promotion of an HD measurement culture within the government planning/M&E system. The statistician attended the global NHDR team meeting and the OECD forum on statistics, knowledge and policy (Busan, Republic of Korea, October 2009) to prepare him to work on the HDI. This event exposed him to the current discussions on HD and HD measurement, and global trends in the measurement of social progress.

Following this event, UNDP encouraged the national counterpart to respond to the call for papers from the HDR Office as a contribution to the next global HDR on “Twenty Years of Human Development.” He responded positively, and submitted a paper abstract titled “The HDI 1990-2007 and its Estimation Methods: Some Observations.” His abstract was accepted by the review committee of the HDRO and he was further invited to develop a full paper and present it at a technical workshop on HD measurement in the UK in January 2010. Mentoring and review was provided by UNDP to facilitate his paper preparation, in addition to the financial support for his participation in the workshop. This development demonstrates positive progress in the capacity development of a national counterpart on HD and HD measurement. The challenge remains in institutionalizing the capacity/capacity development in the long-term.

4. Impact on direct and indirect beneficiaries.

It is challenging to quantify the impact of the policy work of IFA, because of the nature of internal policy decision-making by government. However, below are some statements that were collected through meetings, discussions, correspondence, and mid-term evaluations.

NHDR – a number of NGOs stated that they are using NHDR for planning. Also requests by MoP to share in other provinces shows strong ownership and increased possible impact

Cambodia Competitiveness - There have already been strong policy statements by the PM to increase competitiveness at the CEF, CDRI Outlook Conference and other media such as radio. SNEC has also requested UNDP/IFA to provide follow-up on the CCC study for its first Mid-term Economic Review in July/August (with emphasis on most vulnerable sectors, specifically garments, tourism, and construction).

“We have a series of WG meetings with Private Sector representatives where we will use the competitiveness report as a background for strategization of issues to be raised.”

Dr Lili Sisombat, Project Manager, Government-Private Sector Forum (G-PSF), IFC Advisory Services, Mekong

Oil/Gas Conference Proceedings – The SNEC Chairman stated that proceedings were useful for policy formulation. Positive comments and requests for copies from HQ and other COs, which supported South-South collaboration.

Mining conference: The Minister of MIME wrote to UNDP Cambodia after the conference stating that “the Conference provided a basis for formulating and setting out an appropriate policy and additional laws and regulations to strengthen the management of mineral resources with accountability, transparency and sustainability in Cambodia.” The Minister also requested UNDPs continuing support in the mining area.

Implementation strategy review

This section assesses the quality of the implementation strategy looking at the quality of the consultative process, the quality of partnerships, and the extent to which the project has endeavoured to ensure national ownership and sustainability.

1. Participatory/consultative processes

Although the IFA project was directly implemented by UNDP, all major initiatives were carried out in direct and ongoing consultation with national partners. For example, all aspects of the four Cambodia Economic Forums, and the Cambodian competitiveness study were implemented jointly with SNEC, and the major oil & gas and mining conferences with the relevant national ministries. The NHDR 2007 “Expanding Choices for Rural People” was jointly developed, launched and follow up discussion at the regional and provincial level with MoP. Cambodian partners took full ownership in each case.

IFA policy products were consistently shared broadly with national government partners as well as non-government stakeholders and the media. Civil society organizations were consulted on policy papers produced by UNDP. All major policy events were deliberately structured to include broad participation by the major segments of Cambodian society.

2. Quality of partnerships

After more than five years of working in close partnership with the Supreme National Economic Council (SNEC), UNDP and SNEC have officially signed a strategic MoU. SNEC is redefining their work, and working toward being more selective in their research topics. They will identify the best ways in which they can collaborate with UNDP, particularly in those sectors and activities where UNDP can provide support and add value.

UNDP has successfully strengthened partnerships with EI stakeholders in Cambodia. Important new partnerships have been established with MIME and the Cambodia Association of Mining and exploration companies (CAMEC), and NGO networks working on EI issues.

Strong relationships were built around NHDR 2010 preparation under the theme “Climate Change”, including Senior Advisory Board, Office of Human Development Report in New York as well as Regional Centre, and the Climate Change Program team of Environment and Energy unit.

The quality of partnerships was generally excellent, and improved year by year. Partners include Government, development partners and the private sector. Notable examples included 1) Oil/Gas conference with partnerships extending to other countries throughout the world (South/South), and 2) Cambodia Economic Forum partnering with ADB and World Bank for the first time, as well as consultative workshops with 9 Ministries and more than 40 development partners and private sector representatives. The consultations also included meetings with more than 50 companies.

IFA has worked closely with the Poverty Unit’s Private Sector team to increase strategic partnerships with the private sector. The main objective has been to partner with the most influential private sector companies in all sectors to help advocate for pro-human development policies. As a result of our private sector engagement (including consultations, focus groups, presentations), the Competitiveness study recommendations were placed on the multi-year strategic agendas of the Government-Private Sector Forum working groups.

3. National ownership

National ownership of the products of IFAs work might be considered one of the most positive results of the project, especially considering that the project was DEX funded. As a matter of operating principle, all major IFA activities were conducted jointly with national counterparts. This includes, for example, the major EI conferences and the Cambodia Economic Forums. In the latter case, SNEC is increasingly taking full responsibility for the design of the forum and the identification of research priorities to support it.

The national counterparts also allocated national resources (typically in-kind contributions) to the initiatives. For example, in 2009 SNEC took responsibility to conduct a labour market study using internal research resources. Also, in 2010, the Institute of Technology of Cambodia (ITC) took responsibility for the organization of a UNDP-supported workshop to design the curriculum of Cambodia’s first geology and geotechnical engineering school

4. Sustainability

It is difficult to assess the sustainability of the IFA project after five years. The challenge is that the project was essentially designed to tackle inherently long term issues of competitiveness, economic governance and human development that are at the heart of Cambodia’s Rectangular Strategy. That is, the “project is aimed at generating innovative ideas, creative approaches and practical knowledge as well as catalyzing the related decisions and actions for the rapid and effective implementation of the new Rectangular Strategy of the Royal Government of Cambodia (RGC). Special focus will be given to those aspects of the Rectangular Strategy with greatest scope for rapidly advancing progress towards Cambodia’s Millennium Development Goals (CMDGs).”

On the one hand, as illustrated in this report, the government has found value in the research and policy options developed by the IFA project. For example, the CEF is now a major policy event in Cambodia presided over by the Prime Minister, and used by him to discuss major policy issues and challenges. CEF is increasingly being managed by SNEC with less direct UNDP support. The competitiveness work by IFA contributed directly to policy discussions by government and the private sector on how to diversify Cambodia’s economy.

The extractive industries work has significantly improved the awareness and understanding of government officials about responsible mineral and oil & gas development issues. However, there is

an ongoing need to strengthen the capacities of the government agencies involved, which extends beyond the scope of the IFA project.

On the other hand, it is not clear that the IFA project accelerated progress towards achieving the Cambodian MDGs, as originally intended in the project document. In part, this is due to the effects of the global financial crisis from 2008 -2010. It is also difficult to trace the causal links between economic policy work and tangible improvements in MDG indicators.

In response to the importance of achieving the Cambodian MDGs, under the CPACP 2011-2015, the IFA project is to be replaced with a new project with a renewed and increased focus specifically on accelerating the achievement of MDG 1, “eradicating extreme poverty and hunger”. Key portions of the new project will continue to be managed as a DEX modality.

Management effectiveness review

1. General Management

Execution Modality: To ensure the widest possible inclusion and participation of RGC Ministries and other stakeholders in such a multi-sector undertaking, the optimal execution modality is Direct Execution (DEX) by the UNDP Cambodia office, with specific guidance from a representative national constituency on the Advisory Board.

Senior Advisory Group (SAG): The SAG consisted of nine members (3 from the RGC, 3 International and National NGOs and 3 from UNDP) and was set up in 2005 – 2008 to oversee the project and to help prioritize and guide the work in both knowledge generation and knowledge sharing. The SAG members served in their individual capacities and were selected based on their substantive knowledge of development issues in Cambodia and willingness to provide balanced consideration of a variety of interests and views of different development partners and stakeholders. Meetings were held once every six months. The new RMG guidelines required IFA to have an official project board and more formalized assurance. The SAG was abolished in late 2008 and the Project board was established.

Project Board: The Project Board was established in 2008 consisting of the UNDP Country Director, Deputy Country Director Programme, Operations Unit Representative, the UN Resident Coordinator, ACDs and the Communications Advisor. Its mandate was to monitor the progress of activities and provide strategic guidance to achieve the intended outputs and results.

Project Implementation: Soon after the project was approved and put into implementation, the Project Manager and the Project Assistant were recruited. In year 2005, the project team has 3 staff i.e. two full time and one part time Chief Economist (with responsibilities for Vietnam, Cambodia and Lao PDR). The Project Manager directly reported to the UNDP Resident Representative. Unfortunately, the recruited Project Manager left UNDP in the third quarter of 2005. The current Project Manger started in March 2006. A UNV Economist was hired from June 2007 making a project team of 4 (4 full time and 1 part time).

In 2009, the project team was expanded from 3 to 10 staff (1 Project Manager, 1 Project Assistant, 1 research Assistant, 2 UNV Economist and Intern, 1 National Economist, 1 Communication Assistant, 1 Extractive Advisor, 1 National Human Development Report Coordinator, 1 Young Professional Officer).

2. Quality of monitoring

The activities of this project were subject to review and reporting in accordance with UNDP Monitoring and Evaluation procedures. The project adapted an ongoing monitoring system based on regular consultations with Project Assurance and MSU Unit to discuss outputs and performance.

An IFA progress review was organized each six months to review annual and mid-year progress against annual work plans. IFA staff was fully involved in the review process each year. Progress was closely monitored and corrections made where required, based on lessons learned. As part of this process a risk log was prepared and maintained.

CPAP and Mid-Term review in 2008. After three years of implementation, IFA carried out its first mid-term IFA review with the main focus on knowledge management strategies and suggestions for improved efficiency and impact for the future. The mid-term review found that the IFA project exceeded expectations and produced a large number of high quality research reports and events.

Three major recommendations were made to strengthen the effectiveness of the IFA project:

- (1) build a stronger networking function to exchange ideas and information;
- (2) concentrate more on synthesizing and filtering information rather than generating new knowledge; and
- (3) use a prototype approach to “catalyze” knowledge more effectively.

The management response to the mid-term review partly accepted the recommendations, and an implementation plan was developed and put in place. Examples of changes that responded to the Mid-Term review include (a) implementing Solution Exchange for the extractive industries to improve networking , (b) shifting emphasis from lengthy studies to the preparation of policy briefs that synthesize information, (c) more frequent meetings with key partners, and (d) increased use of UNDP’s website as a knowledge management tool.

3. Timely delivery of outputs

IFA outputs were mostly delivered in accordance with the PRRF and annual work plans. In exceptional cases, there were delays between the completion of an output and the publication of the final report. This may have been a consequence of the very small IFA staff complement over the period 2005-2008. Increased staffing in late 2008 and 2009 increased both the quantity and timeliness of IFA outputs. One planned study initiated in 2007, “socio-economic study of the oil & gas sector” was stopped as a result of serious methodology and data flaws, consultant-driven delays, and the changing economic circumstances of Cambodia’s petroleum sector.

4. Resources allocation

Year 2010

Breakdown of Approved AWPB 2010

	USD	%
Activities	897,564.40	69%
Project Support	411,666.62	31%
Total	1,309,231.02	100%

All Years 2005 – 2010

Budget by year	Total Project Budget	Cumulative Expenditure
2005	261,349.12	261,349.12
2006	376,019.73	376,019.73

2007	494,552.65	494,552.65
2008	776,601.62	776,601.62
2009	919,248.11	919,248.11
2010	1,309,231.02	1,136,689.97
Totals	4,137,002.25	3,964,461.20

5. Cost-effective use of inputs

As a proxy for “what was done”, it is useful to look at the number of written products produced by IFA. (Of course, written products do not translate automatically into policy results, but they do provide an indicator of the level of outputs.) Over the 5 years of the project IFA produced 30 publications, including 14 books, 5 brochures, and 11 briefings (2 policy briefs and 9 ‘crisis watch’ newsletters). This represents a significant output, particularly considering that IFA was not fully staffed until late 2008.

Examining the outputs more closely, the first years of IFA’s work focused on large research publications (the Discussion Paper series). These products are relatively resource-intensive. After the mid-term evaluation, IFA shifted its emphasis to shorter, more targeted products in order to increase the use of knowledge as opposed to the generation of knowledge. Since 2008, more products have been generated at a lower cost per product.

III. Project results summary

CPAP Outcome 5: National and local Authorities are better able to manage development effectiveness.

Project outputs 5.4: Policy options on managing sustainable development provided.

Knowledge Generation:

Throughout the project period, 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), Ministry of Planning (MoP), Cambodia National Petroleum Authority (CNPA), and other leading government institutions. IFA draws on the insights and experiences of academics, policy practitioners, and experts in order to develop groundbreaking ideas on fundamental challenges currently facing Cambodia with a focus on fresh perspectives, new policy initiatives and practical viewpoints.

Valuable applied research completed and published as UNDP Discussion paper series and other publications.

UNDP Discussion Paper series were published and distributed to provide forward-looking options and recommendations to policymakers and the Cambodian people so that they can best decide how to achieve the greatest social and economic benefits from a more effective economic policy framework.

SWOT Analysis of the Cambodia Economy (2006):

A SWOT Analysis of the Cambodian Economy found the oil and gas sector was the biggest opportunity and the biggest potential threat in Cambodia's future. The findings of this paper was presented in the first CEF in January 2006 and published as the UNDP Discussion Paper no 1.

Review of Development Prospects for the Cambodian Oil and Gas Sectors (2006)

IFA's second publication, Review of the Development Prospects for the Cambodian Oil and Gas Sectors, provides suggestions for how Cambodia can best position itself in the oil and gas sector before production begins. This paper used a range of international developing country experiences to offer best practices on topics such as structuring oil company contracts

International Experiences in Managing the Risks and Realizing the Opportunities of Non-Renewable Natural Resources Revenue (2006):

The third discussion paper explores the institutional structures and policy frameworks necessary to ensure a resource blessing. The analysis looks at international best practices to avoid economic mismanagement and poor governance that can lead to socioeconomic declines in the majority of petroleum producing, developing countries.

Raising Rural Incomes in Cambodia: Beyond Sectoral Policy, Towards a Framework for Growth (2007):

The findings of this paper was presented in the 2nd CEF in May 2007 and published as part of the UNDP Discussion Paper series (no.4). 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.

Land and Human Development (2007):

This study was also presented in the 2nd CEF and published as the UNDP Discussion paper no. 5. The study focuses on the rapidly increasing rate of landlessness in recent years, posing a serious threat to rural livelihoods, social well-being and ultimately, long-term socio-economic stability. The report provides an objective analysis of land through the use of a statistical regression analysis showing how land policies impact the socio-economic development of the country.

Improving Secondary Education through Institutional Innovation (2007)

The study has been jointly undertaken by UNDP and UNICEF. The mission was convened against the backdrop of ongoing negotiations between the United States and Cambodia over several "humanitarian" loans made to the government during the Lon Nol regime (1970-1975). There is 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 government might use these repayments to endow a special vehicle to support education in Cambodia. For the purposes of this report, this proposed entity shall be referred to as the "Cambodia Debt Repayment Fund." There are historical precedents for using the repayments of foreign governments to the US to support educational initiatives, including the Boxer Rebellion Indemnity Fund and the Vietnam Education Foundation.

National Human Development Report "Expanding Choices for Rural People"

In partnership with the Ministry of Planning and SNEC, IFA published the National Human Development Report for 2007 under the theme "Expanding Choices for Rural People." The report is a key document to foster economic development in Cambodia. The report was launched in Phnom Penh in October 2007 in a ceremony presided over by Samdech Hun Sen, Prime Minister of the Royal Government of Cambodia.

The report provides an in-depth description of the status of human development in Cambodia at the regional and provincial levels, and provides key policy recommendations to galvanize rural development stakeholders so that all Cambodians can be socially, economically and politically empowered. This report provides an integrated look at the key issues related to equitable and sustainable rural growth, weaving together issues of land, agriculture, energy, social services and

governance. It concludes with a chapter on the opportunity that oil and gas represents as a national funding source for these key rural needs.

After the national launched, MoP organized three follow-up regional conferences in 2008 for approximately 600 participants who were governors, district-level governors, and head of local government departments from all over 21 provinces, and NGOs. Recently, there were around 200 participants from commune council-level. Results of the report have presently gained recognition in work and promote creditability of the Ministry of Planning.

Cambodia Competitiveness study (2009):

In cooperation with the Supreme National Economic Council and the Overseas Development Institute, IFA has published a report on Cambodia's economic competitiveness. Cambodia Country Competitiveness: Driving Economic Growth and Poverty Reduction, identifies sectors in which Cambodia has the potential to gain a competitive advantage, and describes medium- and long-term policy options to improve Cambodia's competitiveness and sustain its economic growth and poverty reduction achievements.

The study was initially presented in third, and again at the Economist Intelligence Unit's Business Roundtable with the Royal Government of Cambodia in Siem Reap.

The report has already generated a great deal of discussion and debate, and has been well received by very diverse audiences. It has been presented at a breakfast briefing with approximately 110 Members of Parliament, a lunch meeting with some 50 members of the International Business Club of Cambodia, a meeting with about 60 members of the French Chamber of Commerce, and a workshop for more than 100 university students. The report was discussed at a workshop with Government officials and recommendations from the report are being discussed in Government reform efforts.

"I love that competitiveness report - so useful for so many stories."- Nathan Green, Special Sections Editor, Phnom Penh Post.

The Unfolding Global Financial Crisis (2009)

As part of an initiative by the Regional Bureau and to further position the UN/UNDP Cambodia to best help mitigate the effects of the crisis on Cambodians, a timely study entitled "The Unfolding Global Crisis and its Human Impact" was conducted. This study identified the most vulnerable groups in Cambodia and recommended ways of mitigating the impact of the crisis, including through social safety nets.

Crisis Impact Watch (2009)

Published since March 2009, Crisis Impact watch was a monthly snapshot of current issues and media coverage relating to the financial and economic crises and its impact in Cambodia. 9 issues of the "Crisis Impact Watch" were produced, and were greatly appreciated by the UNCT and other DPs.

"This report is excellent. The sectoral coverage and macroeconomic reporting is perfectly calibrated to my needs", Julian Clarke, WB.

"Excellent informative publication", Alexandra Solovieva, UNDP.

Social Safety Net:

UNDP Cambodia is supporting the development of a long-term social safety net strategy through the interim working group on social safety nets, convened by the Royal Government of Cambodia as a sub-committee of the Technical Working Group on Food Security and Nutrition. Contributions from the IFA team on the social safety net strategy include:

1. Providing ongoing substantive support to national strategy building on social safety nets, working closely with Government, CARD and WFP

2. Contributing to the UN Response Framework and ensuring that long-term social safety nets are at the core of the response.
3. Assessment of Social Safety Nets in Cambodia, within the regional study on the Global Economic Crisis and Mitigating Its Impact.

Translation and Consultation on Stiglitz’s book: “Escaping the Resource Curse:” Permission was granted from both the publisher and the author to translate and publish Stiglitz’s “Escaping the Resource Curse” in Khmer. Ensuring a Resource Blessing, edited by Macartan Humphreys, Jeffrey D. Sachs and Nobel Prize-winning economist Joseph E. Stiglitz, was published in Khmer in 2008.

Extractive Industries (EI) Policy Briefs (2010):

A new Extractive Industries (EI) policy brief series was launched to provide concise policy analysis on key EI issues for Cambodian decision-makers. The first publication in the series focused on Corporate Social Responsibility. The key message in this publication is that CSR should be addressed proactively by both government and the private sector, and the value of understanding CSR from a long-term, life-of-the-project perspective. The second, completed in September 2010, examines Gender Mainstreaming in the extractive industries. This publication raises awareness among government officials and other stakeholders of the different impacts of resource development on women, and that resource policies should take into account women’s needs and interests, especially at the community level. Both policy briefs have been widely disseminated and are available at <http://www.un.org.kh/undp/extractive-industries>. The gender briefing has been presented at a Monduliri province community meeting, to the Ministry of Women’s Affairs, and to a meeting of the Extractive Industries Environmental and Social Impact Network.

Analytical Study on Socio-Economic Implications of Oil and Gas Revenues – In 2007, UNDP contracted the Overseas Development Institute (ODI) to conduct a study on the socio-economic implications of Cambodia’s oil & gas revenues. In 2010, based on detailed consultations with ODI, UNDP concluded that the study would no longer make a useful contribution to petroleum policy analysis in Cambodia. Two major factors have led to this decision: (1) The study was launched when forecasted Cambodian oil production (estimated at 1.7 billion barrels at the time) were much larger than the current reality; and (2) the complex Computable General Equilibrium (CGE) methodology of the study required timely and detailed socio-economic data that proved to be not available in Cambodia.

Knowledge Sharing/Knowledge into Action:

The main focus of IFA’s work is to ensure its policy research is widely and effectively disseminated and used, through a diverse and engaging range of knowledge activities. Major IFA themes – Cambodian competitiveness, responsible resource development and use of natural resource revenue, economic diversification and equitable growth - have been thoroughly considered among senior government officials, the development community, academia and civil society. Senior government officials continue to turn to UNDP for policy advice in the areas where IFA was working.

Since the beginning, IFA has developed a range of knowledge-sharing activities and modalities, including the Cambodia Economic Forum (CEF) which was successfully launched in January 2006, major EI conferences, website development, and the series of UNDP Discussion Papers. Notably, the Cambodia Economic Forum served to open to public and media, the debate on emerging opportunities and threats related to Cambodia’s economy. Development of committed and accountable constituencies within and outside government to transform this new knowledge into effective actions is part of this process.

Cambodia Economic Forum (CEF):

In partnership with SNEC, the three Cambodia Economic Forums were organized every 18 months, presided over by the Prime Minister Hun Sen. The main objective of the CEF was to provide a platform for systematic dialogue with key experts and stakeholders on economic development strategy and policy. The CEFs enable the SNEC members to directly hear responses and obtain input from development partners and experts, enriching the analysis and policymaking process.

The 1st CEF organized in January 2006 was on the Strengths, Weaknesses, Opportunity and Threats (SWOT) Analysis of Cambodian economy and international experiences for emerging petroleum and mining producing countries.

The 2nd CEF held in May 2007 focused on strategies for developing the rural economy, specifically pro-poor growth policies for the improvement of rural livelihoods.

The 3rd CEF was held in February 2009 and focused on “Increasing Cambodia’s Competitiveness for Growth and Poverty Reduction in the Face of Global Financial Crisis”. Participants discussed the country’s potential to enhance competitiveness for sustainable rapid growth, and to foster and develop new sources of growth. Partnerships and coordination with ADB and World Bank were strengthened. There was high-level engagement with officials from various ministries who had prepared statements for the competitiveness session, though there were time limitations which prevented some of them from sharing their comments.

The dialogue was rich and informative. Around 300 participants attended each forum - consisted senior government officials, ambassadors, National and International experts, development partners, government and non-government experts, academia from national and international institutions.

High level visit of Nobel Laureate Professor Joseph Stiglitz to Cambodia.

In October 2007, within the broader framework of emerging opportunities and risks facing Cambodia, Stiglitz offered innovative perspectives on international trade agreements, benefiting from globalization, applying his research on the economics of information, and achieving a resource blessing for the country using approaches such as effectively managing commercial relations with foreign energy and mining companies. The working visit was a success on substantive grounds, in terms of further strengthening UNDP’s substantive relationships at the highest levels with the Royal Government of Cambodia, and in terms of positive profile for UNDP within the development community and media.

During the visit Dr. Stiglitz met with high-level senior officials in the Royal Government of Cambodia including His Excellency Prime Minister Samdech Hun Sen, Honourable members of National Assembly and the Senate, Senior Ministers including H.E. Cham Prasidh, H.E. Sok An, H.E. Keat Chhun as well as senior staff from CNPA, SNEC, key development partners and University students.

High level International conference on “Fuelling Poverty Reduction with Oil and Gas Revenues -Comparative Country Experiences”.

The partnership comprising Norad, NPD, Petrad, CNPA, SNEC, and UNDP held a two and half day high level International conference, “Fuelling Poverty Reduction with Oil and Gas Revenues - Comparative Country Experiences”, in March 2008. The conference was the first of its kind in Cambodia, drawing global experts and delegations from around the globe for two and a half days of in-depth discussions about the ways in which developing countries can maximize the benefits of their newly found resource wealth.

The purpose of the conference was to bring together the highest-level technical expertise to provide ideas to and share experiences with Cambodia and other emerging extractive countries, and to broaden

awareness and participation on issues by providing an open forum for international experts, developing country practitioners and policymakers, senior national and provincial government officials, university students, NGOs, and the media.

The conference far exceeded expectations on many grounds, including having more than 500 participants attending versus the 350 anticipated attendees and highly positive reviews from all stakeholder groups.

The conference proved to be highly successful as evidenced by wide media coverage, higher NGO involvement, and closer relationship with government counterparts.

Following the conference UNDP has received numerous requests from reporters and academics around the globe seeking information about Cambodia's oil and gas industry as well as contact information for government officials.

First High Level International Conference on Mining “Staking the Claim for Cambodia”

In partnership with Ministry of Industry, Mines and Energy (MIME), IFA successfully organised Cambodia's first International Mining Conference, “Staking the Claim for Cambodia”. The conference brought together for the first time more than 300 key stakeholders, including international industry experts, senior government officials from line ministries and provincial offices, civil society, development partners (DPs) and representatives from other mineral-rich countries in the region, to discuss and identify the steps that need to be taken to ensure that the benefits from developing this industry translate into real human development gains for Cambodia. The Conference was presided over by the Prime Minister, Samdech Hun Sen, who gave the keynote address. The conference also opened doors for new private sector investors to bring international best practices to Cambodia.

Developed and launched new UNDP Cambodia EI webpage:

A new EI webpage on UNDP Cambodia's website was launched in early 2010. The content of the page has been substantially increased and the UNDP Cambodia mandate and role in the sector clearly explained. Access to UNDP reports and information on the sector has been substantially improved.

Solution Exchange Extractive Industries (SE-EI) Community of Practice:

As one of three new Solution Exchange communities of practice in Cambodia, the SE-EI was launched on 2 April 2010. Since then, the community has grown to approximately 170 members coming from government, development partners, the private sector, academia, and national and international organizations. As of December 2010, the Community has completed four queries and consolidated replies. Issues discussed included:

- International experiences from oil and gas producing countries on coping with capacity challenges
- Experience sharing for promoting the use of local content in oil and gas development schemes
- Knowledge and experiences on conducting Environmental Impact Assessment around mining project especially around bauxite, gold and iron ore
- Experiences and techniques on best practices to regulate chemical use by artisanal miners

IV. Implementation challenges

Project risks and actions

IFA 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:

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.

IFA faced risks associated in dealing with sensitive policy areas – most notably the oil and gas sector. 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. The risk therefore, is of evoking a negative reaction from the government, which in turn could also potentially damage UNDP's relationship with the RGC. There is also the risk that the RGC will not agree with, or accept the research results produced by IFA, due to the high politically sensitive nature of our work.

IFA manages this risk through building strong, sustained relations with government partners, realizing incremental successes, and ensuring our work is conducted with sensitivity and with an awareness of potential problem areas. This approach has resulted in the development of a positive relationship with the RGC, including in the oil & gas sector.

A large component of IFA's work is technical and therefore requires IFA to draw on the insights and experiences of academics, economists, policy practitioners, and experts in order to develop groundbreaking research on fundamental challenges currently facing Cambodia - with a focus on fresh perspectives, new policy initiatives and practical viewpoints. The external consultants who have the technical expertise, specialised skills as well as in-country experience, often have demanding and somewhat inflexible schedules - such as the Harvard Research team who are juggling multiple projects simultaneously. In this instance, we had to delay the research of a paper that was due in 2007 until 2008 (The Synthesis paper).

Our risk management strategy to this is to be as flexible as possible, with the Manager constantly reevaluating and reassigning priorities. Further, another key IFA Risk Management Strategy is to carefully select Consultants and technical experts so to ensure that even if we have to readjust our schedules, that the reports are produced to a very high standard and the material is the best possible. Moreover, the long-term solution is to develop the capacities of nationals, so that they can soon fill the technical consultancy positions.

Issues and actions

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 2005) and arrival of the present project manager (20 March 2006).

From 2005 – 2007, the permanent staff of the IFA team is just three. As a result, an issue common to our projects for 2007 has been our stretched staff capacity. The UNV Economist did not begin until June 2007. Up until this point, it was difficult for IFA to continue our technical work and ensure drafts are delivered according to our deadlines, e.g. two research initiatives were postponed until 2008.

Another unforeseen project issue is that IFA is widely recognised as an initiative, whereas it operates more like a project. This is because we work across many different project and program areas. In addition, IFA has assumed the capacity development initiative of the Project Appraisal and Risk Management, as requested by the government counterparts. A key issue management strategy therefore relates to the first point above, and is that IFA did not have enough staff members to reflect our workload.

IFA was time intensive by its nature, due to the time required to complete high quality research. As a result, each time we start new initiative/research, we have to start from ground zero, e.g. ToR for the research as well as research teams (both international and national consultants), recruitment and build relation with the government counterparts. Lack of operational flexibilities constrained effective policy work, such as very short deadlines, changes in strategy/approach, and changed procurement rules.

Senior management availability and decisions may also slow process and possible impact of work.

V. Lessons learnt and next steps

Lessons learnt

Targeted advocacy through policy briefs and workshops increases policy impact

The design and implementation of a follow-up plan, including presentations to the most influential groups for the Competitiveness study has led to more sustained impact.

Extractive industries development is a sensitive issue in Cambodia (as elsewhere), as evidenced by the aftermath of the 2009 Global Witness report. Increasing the level of dialogue and trust between the Government, civil society and the private sector, should be a priority. UNDP may be particularly well-placed to provide a neutral platform for the sort of constructive dialogue that is required.

Cambodia's oil and gas sector shares similar challenges to the country's growing mining sector, particularly around the need to improve transparency and strengthen institutions. Environmental and social issues may in fact be more acute in the mining sector, since mineral development will take place in a much more visible way than offshore oil and gas.

Communication was very important for IFA. For joint events between Government and UNDP, the communications plan must be finalized with partners prior to the event in order to minimize risk, e.g. complaints from media and the SRP at the 3rd CEF.

A key success of the IFA project throughout the project period has been its ability to respond quickly and efficiently to key issues as they happen. This is particularly important in order to respond to policy issues and other areas of importance, whereby IFA must ensure the government and other organisations are able to access IFA groundbreaking research on fundamental challenges facing Cambodia in a timely manner, with a focus on fresh perspectives.

The continued success of IFA can be attributed to the commitment and perseverance of the staff, which has increased from three based in Cambodia at the beginning of the 2008 to 10 at the end of 2010. IFA has shifted from being light on staff to having more employees, and so a major challenge will be most effectively managing the larger team. The main lessons learned were that while the IFA had great impact given its size, a larger team helps support work/ life balance and focus on responding quickly with policy support to emerging development issues.

High-level Advocacy work by Senior Management important to maximize policy impact

National ownership is increased through early engagement - Broad-based discussion with line ministries during research increased national ownership and demand, as they felt part of the process. There is therefore a demand and mandate for further engagement with SNEC and line ministries, which could increase the speed of policy formulation and adoption.

Recommendations

The IFA Initiative was created to undertake critical and timely policy research and to facilitate policy dialogue among the Cambodia government, Cambodia society and Cambodia's development partners. A key success of the project throughout the period has been its ability to timely response and efficiently to emerging issues as they occur. This is particularly important in order to respond to policy issues and other areas of importance, whereby IFA must ensure the government and other organizations are able to access IFA groundbreaking research on fundamental challenges facing Cambodia in a timely manner, with a focus on fresh perspectives.

More than five years of its implantations, the project has generated a considerable of innovative ideas, knowledge, and emerging development challenges and provided policy options to Cambodian policy makers, development partners and civil society as well as boarder Cambodia citizen. With the good support from the UNDP senior management, timely response to the emerging issues, political acceptable of policy optioned provided, and flexibility of the project implementation strategy, the project has earned a great respected and trust from all key government partners that we deal with which results in good relationship with SNEC, CNPA and MIME. There is also a need to invest time and resources on partnership building.

Leaning from IFA experiences, there is a need for UNDP to understand emerging policy issues and link them to real practice for human development.

However, there is a potential to take these activities to the next level by going beyond provide policy advice to actually impacting the RGC's priority investment plans for pro poor outcomes.

VI. Financial status and utilization

Financial status

Table 3: Contribution overview [start date of the project – end date of project]

DONORNAME	CONTRIBUTIONS		CONTRIBUTION BALANCE
	Committed	Received	
UNDP	3,545,518	3,545,518	-
NuraJ	611,000	611,000	-
NPD	58,000	58,000	-
AusAid	20,000	20,000	-
TOTAL	4,234,518	4,234,518	-

Financial utilization

Table 2: Expenditure by activity [1 January 2005 – 31 December 2010]

ACTIVITY	TOTAL BUDGET	CUMALATIVE EXPENDITURE	BALANCE	DELIVERY %
Activity 1: Project Team	993,532	987,881	5,651	99%
Activity 2: CO Programme Support Service	30,211	30,211	-	100%
Activity 3: Develop a System for high priority	40,911	40,911	-	100%
Activity 4: Research Activities	646,408	588,528	57,880	91%
Activity 5: Knowledge Sharing	381,485	381,485	-	100%
Activity 6: Publication	91,873	90,873	1,000	99%
Activity 7: NHDR	563,670	530,512	33,158	94%
Activity 8: Oil & Gas Intl Conf (Cost-share)	344,878	344,878	-	100%
Activity 9: Oil & Gas Study (Norad Fund)	91,374	92,496	(1,122)	101%
Activity 11: Socio-eco Implication of HIV	309,437	299,617	9,820	97%
Activity 13: Project Support to EI	160,915	153,423	7,492	95%
Activity 14: Mining Study	23,320	20,088	3,232	86%
Activity 15: Intl Conf on Mining	111,246	101,335	9,911	91%
Activity 16: Sharing Event on Oil & Gas	30,047	14,142	15,905	47%
Activity 18: Solution Exchange (EI)	55,098	56,072	(974)	102%
Activity 19: Solution Exchange (D&D)	19,529	12,858	6,671	66%
Activity 20: Solution Exchange (E&E)	15,952	14,308	1,644	90%
Activity 21: Capacity Development (EI)	20,000	87	19,913	0%
Activity 22: Cost-share to UN activity	149,678	149,678	-	100%
Activity 23: Intl Conf on Mining (AusAID Fund)	18,692	18,692	-	100%
Realized Gain/Loss	58	58	-	100%
GMS (7%)	38,689	36,328	2,361	94%
TOTAL	4,137,002	3,964,461	172,541	96%

Annex 1: IFA Publications 2005-2010

	TYPE	TITLE
1	Book	Discussion Paper 1: A SWOT Analysis of the Cambodia Economy
2	Book	Discussion Paper 2: Review of Development Prospects for the Cambodia Oil & Gas Sectors
3	Book	Discussion Paper 3: Meeting the Challenge of the Resource Curse
4	Book	Discussion Paper 4: Raising Rural Income in Cambodia
5	Book	Discussion Paper 5: Land & Human Development in Cambodia
6	Book	Discussion Paper 6: Fuelling Poverty Reduction Selected papers from the International Oil & Gas Conference, March 2008
7	Book	Discussion Paper 7: Cambodia Country Competitiveness Driving Economic Growth & Poverty Reduction
8	Brochure	Cambodia Country Competitiveness Driving Economic Growth & Poverty Reduction (brochure)
9	Book	Cambodia Human Development Report 2007: Expanding Choice for Rural People
10	Book	Cambodia Human Development Report 2007: Expanding Choice for Rural People Review
11	Brochure	NHDR - Climate Change

12	Book	Ensuring Resource Blessing (in Khmer) [Translated from the original English version]
13	Book	Oil & Gas Conference Proceedings
14	CD	Cambodia Human Development Report 2007: Expanding Choice for Rural People
15	CD	Oil & Gas Conference Proceedings
16	Book	Proceeding Report of 3rd CEF
17	Book	The Global Economic Downturn: Opportunity or Crisis? (joint UN initiative)
18	Briefing	Policy Brief – Cooperate Social Responsible on Extractive Industry
19	Briefing	Policy Brief – Gender on Extractive Industry
20	Brochure	Executive Summary from International Mining Conference “Staking a Claim for Cambodia”
21	Book	Proceeding Report on International Mining Conference “Staking a Claim for Cambodia”
22	Briefing	Crisis Impact Watch – 9 series