



Kingdom of Cambodia
Nation Religion King



Royal Government of Cambodia

**The Strategic Framework and Programs for Economic Recovery
in the Context of Living with COVID-19
in a New Normal 2021-2023**

**Prepared by the General Secretariat of
Committee on Economic and Financial Policy
December 2021**

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Decision

On

**Launching of the Strategic Framework and Programs for Economic Recovery in the
Context of Living with COVID-19 in a New Normal 2021-2023**

Royal Government

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0918/925, dated 6 September 2018 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0320/421, dated 30 March 2020 on the Appointment and Adjustment of the Composition of the Royal Government of the Kingdom of Cambodia;
- Having seen the Royal Kram No. NS/RKM/0618/012, dated 28 June 2018, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Decree No. NS/RKT/0719/1024, dated 6 July 2019 on the Establishment of the Committee on Economic and Financial Policy
- In reference to the necessity

Decides

Provision 1

Launching the “**Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023**” as an annex to this Decision.

Provision 2

Any provision that contradicts this Decision shall be abrogated.

Provision 3

Minister in charge of the Office of the Council of Ministers, Minister of Economy and Finance, Minister of all Ministries, Heads of all relevant institutions shall be responsible for the implementation of this Decision in accordance with their respective duties from the date of signature.

Phnom Penh, 16 Decembre 2021

Prime Minister
(Signature and Seal)

Samdech Akka Moha Sena Padei Techo HUN SEN

PREFACE

Over the last two decades, under the roof of full peace and stability, the Royal Government of Cambodia (RGC) has introduced and implemented a series of **Rectangular Strategies** and key reform programs, as well as substantially increased the public expenditure, aimed at promoting economic and social development nationwide. As a result, Cambodia has achieved high-growth, significantly contributing to job creation, poverty reduction, and especially the improvement of people's livelihoods. However, since 2020, the world has experienced a catastrophic phenomenon, namely the COVID-19 crisis, causing unprecedented repercussions on both public health and socio-economic development. For the past two years, this crisis has claimed millions of lives, sent the global economy plunging into recession, and posed challenges upon the path for the long-term development in national, regional and global settings.

With a significant progress made in the production and worldwide distribution of COVID-19 vaccines, most countries have considered vaccination as the key strategy for resuming socio-economic activities and promoting economic recovery. Nonetheless, the coronavirus continues actively evolving into many new variants that are highly transmissible and can severely jeopardize public health. This would prolong the COVID-19 crisis along with high uncertainty. Therefore, the process of socio-economic recovery must inevitably take place in the context of living with COVID-19 in a new normal.

As far as Cambodia is concerned, in 2020, the national economy experienced unprecedented negative growth as key growth-driving sectors, including tourism and other supporting sectors such as garments, construction and real estate, plummeted. In fact, Cambodia's economy could have experienced a more severe recession, without relentless implementation of prompt and effective intervention measures by the RGC. These interventions, on the one hand, are aiming to maintain the lives of our people, and on the other hand, helps to ensure that hard-hit private businesses stay afloat. Meanwhile, the RGC also continues containing the spread of COVID-19, especially through the implementation of the vaccination strategy, based on pragmatic, sensible, but firm and flexible principles. As a result, the RGC has achieved high vaccination rates for the population compared to other countries regionally and globally, which is an important foundation towards achieving “**herd immunity**” in the country while the infection rate, hospitalization rate and death toll have dropped noticeably in recent weeks. On this basis, the RGC has recently adopted “**Strategy on Living in a New Normal in the Context of COVID-19**”, with the prospect of strong recovery from the COVID-19 crisis and returning to the path of sustainable growth and development.

At the same time, the RGC is also formulating the strategy and package of policy measures to revive and stimulate Cambodia's economic growth, as well as capitalize on emerging opportunities from the crisis, by mainly focusing on reforming and addressing key challenges for the immediate and medium-terms, aiming to enhance the investment climate and promote the ease of doing businesses. In this regard, the RGC firmly believes that the “**Strategic Framework and Programs for Economic Recovery in the Context of Living with the COVID-19 in a New Normal 2021-2023**”, which has now been adopted, will serve as a roadmap and an effective catalyst for revitalizing the potentials of Cambodia's economic growth drivers, as well as for capitalizing on emerging opportunities in line with regional and global trends, promoting sustainable growth with greater diversification, and building socio-economic resilience.

On behalf of the RGC, I highly commend and appreciate the earnest efforts of **His Excellency Akka Pundit Sopheacha AUN PORNMONIROTH, Deputy Prime Minister, Minister of Economy and Finance, and Chairman of the Committee on Economic and Financial Policy (CEFP)**, in leading the inter-ministerial committee and the technical working groups to accomplish this important strategic framework and programs for economic recovery swiftly and promptly. At the same time, I would also like to express my high appreciation and thanks to Excellencies, Ladies and Gentlemen who are the management and representatives of line ministries-institutions, as well as the General Secretariat of **CEFP** for the active and accountable contribution in the formulation of this document.

Finally, with the official adoption of the “**Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023**”, I would like to urge all line ministries-institutions and stakeholders to actively participate in the implementation of the measures laid out in this document, with strong dedication, high accountability, and high collaboration to ensure the success and outcomes as planned.

Phnom Penh, 16 Decembe 2021

Prime Minister
(Signature and Seal)

Samdech Akka Moha Sena Padei Techo HUN SEN

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Part 1: Introduction

Since the beginning of 2020, the worldwide spread of COVID-19 has become one of the worst public health crises in modern-times. In the early stage of the fight against COVID-19, many countries have imposed travel restrictions and put in place many health and administrative measures, including partial or full lockdowns, in order to manage the spreads, reduce impacts, and protect people's lives. In fact, the implementation of these measures has caused negative impacts on supply chain and production, travelling and tourism, labor demand, consumption activities, people's livelihood, and brought the global economy into an unprecedented crisis, despite the introduction of socio-economic intervention measures and other supporting policies.

Until late 2021, the containment and fight against COVID-19 has made good progress, especially as many types of vaccines have been developed, recognized and approved by the World Health Organization (WHO) for distribution and use throughout the world. So far, many countries have been implementing the COVID-19 vaccination campaigns for their people, yet at different paces, depending on their accessibility to vaccines.

During these past two years, Cambodia has vigorously and flexibly responded to this crisis, with the implementation of comprehensive strategy in a proactive manner. In the fight against COVID-19, the RGC has recognized **vaccination as the key strategic measure**, combined with three other measures, including: (1). enhancing efforts to prevent and detect the infections in a timely manner, (2). strengthening the treatment capacity and effective use of medicines, and (3). promoting thorough implementation of administrative, health and educating measures, especially encouraging active participation from the public and every citizen. On the socio-economic aspect, the RGC has also introduced 10 rounds of intervention measures to help maintain the stability of businesses and livelihood of the people, especially workers, poor families, and vulnerable people, who have been severely affected by the COVID-19 pandemic.

Stemming from these efforts, Cambodia has become a country with a high vaccination rate while gradually building its herd immunity. As of December 6, 2021, about 88.61% of the country's 16 million people have been vaccinated, while the booster dose provision is progressively on-going. The success of the national COVID-19 vaccination campaign and the control of COVID-19 in Cambodia, along with the improved regional and global situation of COVID-19 and the positive progress of medicine development, are providing opportunities for Cambodia to turn over a new page i.e., living with COVID-19 in the new normal through a step-by-step resuming of socio-economic activities in all sectors and the restoration of people's daily lives.

To support this process, the RGC is to launch the **“The Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023”**, in which Cambodia will strengthen and revive its economic growth drivers and seize the new emerging opportunities in line with global and regional trends, to promote sustainable growth and build socio-economic resilience. The assessment of the situations and impacts of the COVID-19 pandemic, the emergence of key global trends, and the lessons learned from Cambodia's own experiences in the fight against this crisis, are the fundamental basis for developing this comprehensive and responsive strategic framework and programs for economic recovery in Cambodia to achieve the set policy objectives.

1.1. Situations and Impacts of the COVID-19 Pandemic

A. Situations of the COVID-19 Pandemic

As of December 6, 2021, there are more than 266 million people infected by COVID-19 and around 5.2 million people were dead, of which the United States and Europe had the highest number of infections and deaths. Nevertheless, the situation of COVID-19 in these regions is getting better. The future development of this pandemic will then depend heavily on the speed of new variant evolution, the speed of global vaccination and the development and use of medicines.

Meanwhile, the WHO has also set out a **“Strategy to Achieve Global COVID-19 Vaccination by mid-2022”** with the aim to achieve a vaccination rate of 40% by the end of 2021 and 70% by mid-2022 at the global level. As of December 6, 2021, the global COVID-19 vaccination rate has reached 40.1% of the total population. However, the access to vaccines in developing countries remains notably low. For instance, more than 50 countries which are mostly developing countries will not be able to achieve the goal set by the WHO to fully vaccinate at least 10% of their population by the end of September 2021.

In Cambodia, the COVID-19 community outbreak is at a moderate level and is under control, thanks to the timely, vigilant, proactive and responsible responses. As of December 6, 2021, the total number of infected people, especially those who involved in the 20 February Community Outbreak, has reached 120,183 cases, of which 2,949 were fatal. At the same time, the RGC's effective COVID-19 vaccination campaign, through the **“Blossom” Approach**, starting with the major economic zones, has been proudly successful, achieving a high vaccination rate of 88.61% of the total population of 16 million. This rate has enabled Cambodia to achieve a strong level of herd immunity which is an important prerequisite for the resumption of socio-economic activities in a new normal.

B. Impacts of the COVID-19 Crisis

In 2020 COVID-19 has caused hardships in almost every aspect of people's lives and indeed forced factories and enterprises, both formal and informal, to be either suspended or completely shut down. The International Monetary Fund (IMF) has estimated that the global economy and international trade experienced contractions at 3.3% and 8.5%, respectively. The World Bank (WB) reported that an additional 88 million to 115 million people may fall into poverty (daily income below USD1.9). In addition, the International Labor Organization (ILO) has estimated that 255 million jobs were lost, of which 140 million full-time jobs lost in the Asia-Pacific region, and women and young people being the most affected. In 2020, global labor incomes declined by 8.3% compared to 2019, equivalent to USD3.7 trillion or 4.4% of total global Gross Domestic Products (GDP) in 2019, with low middle-income countries being the most affected.

As a highly open economy, Cambodia was not able to escape the negative socio-economic impacts, especially since the second quarter of 2020. Indeed, the spread of the COVID-19 pandemic posed severe pressure on trade, business, and investment activities. Tourism was the the hardest-hit sector caused by the introduction of travel bans and other measures imposed by countries around the world. In 2020, Cambodia received only 1.31 million foreign tourists, declining at a rate of 80.2% compared to the same period in 2019. As a result, the Cambodia's economy contracted at a rate of 3.1% and the poverty rate projected to reach 17.8% by 2020, mainly due to job losses. In the tourism sector, about 100,000 workers

lost their jobs, while additional 100,000 were partially layoff or were required to perform shift work, and about 300,000 workers indirectly involved in the tourism sector were also affected.

1.2. Intervention Measures and Global Economy Trends

A. Intervention Measures

Many governments around the world have adopted unprecedented policy measures to reduce the impacts and to support socio-economic activities with the aim of protecting people and society, balancing living conditions and businesses, and particularly ensuring macroeconomic and financial stability. It is estimated that governments around the world have rolled out more than USD10 trillion in their intervention measure packages.

In a proactive spirit, the RGC has introduced and implemented 10 rounds of intervention measures aimed at supporting and reviving business and commerce activities, as well as supporting the daily living of the poor and vulnerable households. Indeed, the RGC has allocated spending of about USD829 million in 2020 for health, social and economic interventions, and increased it to USD1,454 million for 2021.

As a result, Cambodia has maintained stability in people's livelihood, ensuring macroeconomic and financial stability, especially in keeping the inflation at a manageable level and maintaining the stability of the exchange rate, while continuing to promote the implementation of urgent and necessary economic structural reforms. In 2021, according to the mid-year assessment of the Ministry of Economy and Finance (MEF), despite the **“February 20 Community Event”**, Cambodia's economy is likely to achieve a growth rate of 2.4%, supported by a recovery in trade-business activities through: (1). Maintaining steady growth in exports of non-garment products, particularly milled rice and other agricultural products, bicycles and electronic components, etc., (2). Continued buy-sell activities of gated community housing (*borey*) and lower-medium priced flats/apartments supported by local investment; and (3). Continued growth of credits for the construction and real estate sectors despite at a lower rate.

B. Global Economic Trends

In the global economic architecture, several key trends are emerging: (1). The continued introduction of policies, reforms, and supportive interventions, especially from advanced economies that are driving global growth, (2). The emergence of a more polarized system and rising geopolitical tensions between superpowers, (3). The stimulation of domestic production for boosting the national economy and reduced dependence on imports, especially strategic goods, (4). The strengthened essential role of government in rehabilitating and promoting economic recovery; and (5). The ever-increasing currents of factory relocation, induced by trade and technology wars, and the need to restructure global value and supply chains.

As for the short and medium-term economic situations, IMF estimates that the global economy is projected to grow by 5.9% for 2021 and 4.9% for 2022, respectively, largely supported by developed countries, while developing economies will likely face a slower recovery. Uncertainty, triggered by the delay of vaccination and prolonged COVID-19 outbreaks, will continue to disrupt regional and global value and supply chains. Along with this, inflation rate will persistently rise, driven by higher prices of key commodities such as food, fuel, and transportation services.

1.3. Prospects for Cambodia

A. Lessons and Experiences from the COVID-19 Crisis

The COVID-19 crisis provides many lessons and experiences for Cambodia to address, prepare, and introduce key policy measures, so that we can build a strong and inclusive socio-economy in the future as follows:

Lesson 1. Vulnerability of Cambodia's economic structure that is caused by the changes in the external situations and demands: Cambodia needs to rapidly build up the local economic base and promote the diversification of growth in order to strengthen resiliency against crisis through capturing manufacturing industries, such as electronic and electrical components, as well as high-value-added vehicle components and assemblies, other potential industries, and industries that support and serve the production chain in the region.

Lesson 2. A social safety net is an effective intervention tool to support social welfare during crisis: This requires high attention towards preparation, capacity building and strengthening, as well as implementation mechanisms, monitoring and evaluation, institutional coordination, etc. to improve the social safety net and continue to develop a wider and more effective social protection system.

Lesson 3. The necessity to develop public financial instruments and additional monetary policy: Cambodia is to strengthen its coordination mechanism to share information and data as well as prepare responsive measures, and enhance the capacity to monitor, analyze, and assess the socio-economic situation, and the ability to implement measures effectively and timely amid the crisis, to increase policy tools and be ready for interventions when needed. Simultaneously, a high level of dollarization has not provided favorable conditions for the effective implementation of monetary policy at the time that Cambodia needs monetary policy to play a role in lessening the impacts of the crisis and to boost national economic growth.

Lesson 4. There are overwhelming informal economic activities, worsening the difficulty during crisis: As Cambodia has many unregistered businesses, especially micro, small, and medium enterprises, the RGC faces difficulties in providing support in a timely and comprehensive manner, owing to the lack of data and key indicators, such as business information, registration, and employment.

Lesson 5. Government's saving is a significant source of financing in handling problems during the crisis: The saving that has been achieved prior to the crisis enables the government to launch key socio-economic intervention programs that aim to facilitate livelihood for people and workers as well as maintain trade balance. This requires the RGC to continue focusing on the development of policy tools for financing mobilization with a fast and dynamic operational functioning in the market to ensure sustainable development in both normal times and in crisis.

Lesson 6. The tax system must be developed to be modern, robust, and responsive to overall socio-economic situations, which can effectively mitigate the impacts and enhance trust: During the COVID-19 crisis, tax mechanisms were implemented and operated well, yet there was no tax pressure on people and businesses to facilitate cash flow and business operations, as well as boost economic activities.

B. The Strengths of the Cambodia's Economy

In the context of economic recovery and promotion, Cambodia has some of the following strengths:

1. Cambodia can foster capacity in the health sector to quickly respond to the crisis and achieve a vaccination rate of about 88.61% of the 16 million total population as of 6th December 2021.
2. The balance of payment remains in a good position as reflected by high international reserves. The amount is approximately USD20 billion (as of August 2021), which can ensure imports for about 8.7 months¹.
3. Revenue collection outcomes were better than the early estimation. Domestic revenue collection in 2020 reached around 21.81% of GDP, despite the introduction of tax easing policies to support business operations during the COVID-19 outbreak.
4. Public debt situation has improved, though Cambodia still has room for the mobilization of more financing, both bilaterally and multilaterally, as well as domestic financing. As an assessment of key indicators shows that Cambodia's public debt situation remains stable and low-risk.
5. Financial sectors in Cambodia, which is largely referred to as the banking sector, has not shown any sign of high risk, despite the continuation of the COVID-19 crisis. In fact, liquidity in commercial banks and microfinance institutions is improving under the auspices and incentives through measures imposed by the National Bank of Cambodia (NBC), particularly the measures of loan restructuring.
6. The agriculture sector still possesses great potential in supporting food security, particularly, the growth and the absorption of unemployment. At the same time, the RGC has introduced measures to support and encourage both fiscal and financing policies to promote investment in agriculture, as well as the agricultural processing sector to further grow. This helps Cambodia promote domestic agricultural products to meet the demand for consumption and increase the exports of more agricultural products.
7. Cambodia has integrated its economy into global, regional, and bilateral markets, in particular the participation in the Regional Comprehensive Economic Partnership Agreement (RCEP), the Cambodia-China Free Trade Agreement (CCFTA) and the Cambodia-Korea Free Trade Agreement (CKFTA), which have been recently approved. These Free Trade Agreements (FTA) serve as key drivers for Cambodia's economic recovery and sustainable growth in the long term by providing greater opportunities for exports and attracting more investments to Cambodia.
8. The digital adoption has also rapidly increased in recent years, especially in e-commerce and financial technology. Meanwhile, Cambodia has high potential to seize the opportunities from the Fourth Industrial Revolution (IR 4.0) and the digital economy thanks to (a). Demographic dividend, in which many young people are more open to digital technology, (b). Increasing trend in the use of smart devices, (c). Foreign direct investment (FDI) in technology sector, and (d). The rapid impact of digitalization across major sectors of the national economy, especially in the context of the COVID-19 pandemic.

¹ In case gold is not included, international reserves can guarantee imports for about 11 months.

Part 2: Overall Concept

Based on the analysis of global economic trends, lessons-learned and experiences of the COVID-19 crisis and the strengths of Cambodia's economy, the development of **“The Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023”** is based on the following overall concepts:

1. Reviving sectors that were the mainstay of the economy prior to the COVID-19 pandemic and were affected by the crisis such as tourism and garments. At the same time, further boost potential and non-affected sectors, such as agriculture and non-garment industries.
2. Embracing the shift of production flow from global to regional levels and the relocation of factories resulting from trade wars and tensions between superpowers.
3. Reform key areas and realistic challenges that can bring immediate results to improve the business and investment environment, competitiveness, and economic diversification.
4. Introducing a short-term plan for 2021, 2022 and 2023 with the formulation of sharp policy measures by balancing between the efficiency of economic, revenue, reform and implementability so as to bring about immediate positive changes, especially accelerating the essential economic momentum.
5. Strengthening the foundation for sustaining inclusive and dynamic socio-economic development through addressing existing shortcomings, developing new technologies, cultivating human resources, building social protection and health system, and adapting to climate change.
6. Providing high flexibility on the preparation of the action plans through regular review in order to make necessary adjustments and revisions of key measures in each section in accordance with the actual situation in the context of high uncertainty of COVID-19 to ensure highly effective implementation.
7. Complementing and strengthening consistency with other strategies and plans in various sectors set by the RGC.

Overall, this document, on the one hand, will provide an overall framework of policy direction for Cambodia's economic development, and on the other hand, address key and real issues, which can be done in the short-term to restore and promote national economic growth.

2.1. Vision

Based on this overall concept, through “The Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023”, the RGC has a vision **“To Strengthen the buidling of the path and dynamics for robust socio-economic development, and seize opportunities both inside and outside the country, to foster national economy with a highly competitive and more diversified base, as well as to enhance the well-beings of Cambodian people in line with the new normal of development”**.

2.2. Goal and Objectives

In line with this vision, the goal of this Strategic Framework and Programs is to **put Cambodia's economic growth in the near-and-medium terms, back on path to to its**

potential growth and strengthen resiliency for sustainable and inclusive socio-economic development in the long term.

To revitalize and promote economic growth in accordance with the above vision and goal, this Strategic Framework and Programs has the following objectives:

- Revive key sectors of the economy which were affected by the COVID-19 crisis by addressing structural issues, and eliminating specific barriers in the sectors, together with harnessing potential sectors for economic growth.
- Carry out structural reform aimed at building a solid foundation for growth, diversification and competitiveness.
- Strengthen resilience through preparedness and responsiveness to ensure sustainability and inclusiveness of socio-economic development, and
- Achieve macro-economic stability by improving fiscal mechanisms, ensuring monetary stability, strengthening trade balance, as well as considering financing mechanisms.

2.3. Common Approaches for the Formulation of the Strategic Framework and Programs

After reviewing and evaluating the situation, coupled with the lessons learned and experiences of the COVID-19 crisis, revitalizing and promoting economic growth require the introduction of comprehensive policy measures to ensure highly efficient implementation. On this basis and in the direction of accelerating Cambodia's economic recovery, while uncertainty remains high at the national, regional, and global levels, the development of the strategic framework and programs for Cambodia's economic recovery stands on three pillars (or 3Rs) as follows:

- **Pillar 1-Recovery:** By reviving key sectors that were the pillars of the economy before the COVID-19 crisis, back on path to recovery, focusing on ensuring the security, managing the impact, maintaining stability and revitalization of potential businesses, and rapidly generating more jobs, aimed at promoting the recovery of people's livelihoods, as well as businesses and society.
- **Pillar 2-Reform:** By continuing to introduce key structural reform measures, including improving investment climate and trade facilitation, improving the effectiveness of logistics systems, as well as maximizing the benefits from the existing FTAs, aimed at building a solid foundation for growth, diversification, and competitiveness.
- **Pillar 3 - Resilience:** By strengthening preparedness and responsiveness to ensure the sustainability and inclusiveness of socio-economic development, as well as coping with similar diseases or crises that may erupt in the future, focusing on developing human resources and promoting productivity, developing small and medium enterprises (SMEs), harnessing digital sector, strengthening the resilience to climate change, promoting a green economy, and developing health and social protection systems.

Part 3: Strategic Framework for Economic Recovery in a New Normal 2021-2023

In line with the above overall concepts, this strategic framework sets out key policy directions for each sector by taking three approaches, namely recovery, reform, and resilience, to provide a basis for planning detailed and concrete programs achievable in the short term, to

restore and boost a strong recovery of the national economic growth, in particular, to achieve a strong industrial base and deepen linkages to regional and global supply chains, as well as to continue to promote growth, diversification and competitiveness in the long term.

3.1. Economic Recovery

With the reopening of the country, the RGC will continue to implement existing educational, administrative and health measures, social assistance programs and various interventions. At the same time, to boost recovery and economic growth, the RGC will focus on addressing structural issues in sectors that still have potential and are drivers for economic growth to create value added in the short term (2021-2023), quickly revitalize national socio-economic activities in a new normal and, especially, ensure macroeconomic stability as well as job stability for workers-employees. In this regard, this strategic framework and programs will focus on restoring and boosting growth in 4 key sectors, namely agriculture and agro-industry, tourism, garment and non-garment manufacturing.

3.1.1. Agriculture and Agro-Industry

In the wake of the COVID-19 crisis, agriculture and agro-industry were considered highly potential sectors for maintaining national economic stability and ensuring food security, while key sectors such as tourism and supporting services were hard hit. These sectors have not been affected and indeed can alleviate the burden and impact on other sectors by providing employment and income. Overall, agriculture in Cambodia has been growing remarkably in recent years, as seen in the increase in production and exports which have significantly contributed to the improvement of the people's livelihoods and the support for national economic development.

Despite remarkable progress, agriculture still faces some major challenges, that need to be addressed, including: (1) low productivity growth due to the shortage of pure crop varieties, techniques, irrigation systems and modern technology, (2) low crop diversification, (3) low awareness and exchanges of farming techniques among farmers, (4) lack of investment in processing due to high production costs, (5) limited agricultural commercialization, i.e., increasing unofficial exports of agricultural products, (6) lack of mechanisms to support the implementation of contract farming, (7) lack of infrastructure and high standard (ISO) quality control systems for agricultural products and inputs, (8) lack of access to financing at low interest rates, (9) lack of supporting infrastructure during and after harvest, (10) and lack of institutional coordination in both planning and implementation stages.

To take additional advantages of agriculture to contribute to economic recovery, this strategic framework and programs will focus mainly on boosting agricultural productivity growth, strengthening competitiveness in terms of both costs and quality, modernizing supporting infrastructure in the supply chain of agricultural products, promoting processing of agricultural products, promoting the seed industry and maximizing the benefits of free trade agreements.

3.1.2. Tourism

Tourism was the hardest hit sector during the COVID-19 crisis. The sharp drop in the number of international tourists led to the closure of many tourism businesses, causing tens of thousands of employees to lose their jobs, and those depending on this sector for their livelihoods, to lose income. However, from the third quarter of 2021, the increase in domestic tourists possibly have partially compensated for the continued decline in international tourists,

after COVID-19 has subsided. In addition to the problems caused by COVID-19, Cambodia's tourism sector is also facing several structural issues, including limited physical infrastructure, diversification of tourism destinations, products and services and loss of economic value-added due to the absence of supporting industries and services.

In the new normal, the travel attitudes of national and international tourists will change. For example, the trend is turning in favor of traveling within ones' own countries or neighboring countries in the region, independent or family travels, green tourism products in ecotourism regions rather than historical resorts, cautious spending and careful planning before traveling, increasing use of digital systems in booking and payments, and especially focus on health and safety.

In response to this new trend of travel, the RGC has officially launched the **“Roadmap for Recovery of Cambodia Tourism during and Post COVID-19”** to set the direction for appropriate and timely strategies for tourism sector. At the same time, in addition to building trust and confidence for national and international tourists, the RGC continues to diversify tourism destinations to coastal areas, northeastern regions and areas along the Mekong, Bassac River and Tonle Sap Lake in order to increase new tourism products by increasing investment in connective physical infrastructure and other essential infrastructures. The RGC has also officially launched the **“Siem Reap Tourism Development Master Plan 2021-2035”**, **“Mondulhiri Tourism Development Master Plan 2021-2035”** and is also preparing to finalize the **“Kep Tourism Development Master Plan 2022-2035”**.

As a strategic direction, the RGC focuses on promoting domestic tourism, which possesses great potential and momentous recovery, through the implementation of the **“Policy Measures to Promote Domestic Tourism 2021- 2023”** to achieve 11 million domestic tourists by 2023. In addition, the **“Strategic Plan for the Opening of Vaccine Tourism”** has also been launched to promote safe tourism in a step-by-step, proactive and prudent manner to attract 7 million international tourists by 2025.

3.1.3. Garment Sector

The garment sector, generally includes footwear and bags, has developed steadily over the past three decades and has continued to contribute to many major socio-economic achievements, including economic growth, exports, investment, poverty reduction and job creation. However, this sector has also been hit by the COVID-19 crisis, coupled with structural issues that have slowed down its growth. Overall, this sector continues to be a low value-added production hub, and the integration of supporting industries in other processes of the supply chain and value chain remains low. Key challenges include: the lack of skilled domestic labours in terms of both quality and quantity, lack of career paths as well as boosting of productivity for workers-employees, lack of predictability and stability caused by issues of industrial relations, limited working conditions and welfare for workers-employees, lack of high value-added productions, low number of domestic factory owners or investors, lack of supporting industries, unconducive business environment, limited market diversification, over-reliance on preferential trade systems, lack of inter-institutional coordination among key stakeholders, and so on. In addition, the prolongation of the COVID-19 crisis up until now has created uncertainty in the garment sector, especially in Cambodia's major markets. On top of that, the fact that Cambodia will graduate from its Least Developed Countries (LDCs) status in the near future will cause Cambodia to gradually lose the benefits of preferential trade systems, thereby affecting the garment sector in Cambodia, which has always been relying on preferential trade

systems to export goods to major international markets. Cambodia must take into account and address these challenges and risks, and be ready to seize the opportunities to promote a stronger and more resilient development of this sector.

In this regard, the RGC will promote the implementation of the “**Cambodia Garment, Footwear and Bags Development Strategy 2021-2025**” with the vision of developing this sector into an industry that is environmentally sustainable and resilient, has high value-added, focuses on high value and unique products, is highly competitive, and is the fundamental support for economic diversification.

3.1.4. Non-Garment Manufacturing Sector

The non-garment manufacturing sector has been showing signs of rapid growth in recent years, as reflected by rising export growth and product diversification. In fact, during the COVID-19 crisis, the non-garment manufacturing sector has been able to maintain high growth through growing exports of non-garment manufacturing products, including bicycles, planks, furniture, solar panels, electronic components and so on.

In the context of restoring and boosting national economic growth, this sector has great potential to contribute to socio-economic development, through the anticipation of the continued trend of the relocation of factories, diversification of production sources of some multinational companies to Cambodia, favorable investment and business climate, market growth through the new Law on Investment and FTAs, and so on. However, this sector still faces a number of structural issues, that must be addressed in order to continue to strengthen and enhance capacity and productivity, such as the shortage of local raw materials, limited skilled workers, lack of medium-sized enterprises (missing middles) and limited integration with the regional and global value chains, which continue to hinder this sector in promoting its capability to take full advantage of these opportunities.

On this basis, as a way forward, the RGC will continue to promote the implementation of the **Cambodia Industrial Development Policy 2015-2025**, focusing on strengthening and expanding Cambodia’s industrial base, especially goods with high demands and value-added which can serve both domestic demands and exports by enhancing linkages to regional and global value chains.

3.2. Reforms for the Building a Strong Foundation for Growth, Diversification and Competitiveness

Reforms are urgently needed to seize the opportunity of structural changes in the domestic economy and attract more investments and businesses born from the shifting of regional supply chain into Cambodia, in order to contribute to restoring and accelerating sustainable and inclusive development of industries, agriculture, and service sectors. In this regard, the RGC will design and implement major reform programs to address issues in trade facilitation, investment, market diversification, transportation and so on, in order to urgently expand the scope and improve the quality of public services to revitalize the economy, strengthen competitiveness and diversify the economy to ensure sustainable growth.

Overall, the designing of programs and measures will focus on addressing specific challenges, achievable in the short term, and identifying strategies and directions for addressing medium- and long-term challenges.

3.2.1. Regional Free Trade Agreements (FTAs)

Opening markets for exports is essential for promoting competitiveness and economic diversification in Cambodia. Although Cambodia has been facing the COVID-19 crisis over the past few years, the RGC has made great efforts to seek and open its markets by implementing bilateral and multilateral FTAs, such as “**Cambodia-China Free Trade Agreement**”, “**Cambodia-Korea Free Trade Agreement**” and “**Regional Comprehensive Economic Partnership (RCEP) Agreement**”. Nevertheless, Cambodia has not yet been able to seize the full potential of these economic integration frameworks by capturing many remaining emerging markets, including Eurasia, Latin America, the Middle East, Africa and the Eastern European bloc, which are favorable in terms of foreign policy, economy, and trade.

Generally, Cambodia must exert more efforts to seize the full potential of existing bilateral and multilateral FTAs. In this regard, to maximize the benefits from FTAs, Cambodia needs to address relevant challenges, including the lack of trade facilitation, lack of examining and monitoring and evaluation mechanisms, lack of sufficient information about markets, standard production capacity and other requirements, especially for sanitary and phytosanitary, and technical barriers to trade and protection policies for local producers to improve competitiveness, and meet the requirements for export conditions. Cambodia must use information technology systems to provide information about markets and requirements of importing countries and must train the private sector, so that they can compete with imported goods as well as in the markets that Cambodia and other FTA members have captured.

3.2.2. Promoting the Implementation of the New Law on Investment

The spread of COVID-19 has disrupted production chains, trade activities, investment flows and the evolution of economic and trade architecture in national, regional and global frameworks. To continue to promote and attract the flows of capital and investment, especially FDI, the RGC has been striving to make continuous reforms by designing and launching the new Law on Investment of the Kingdom of Cambodia.

The new Law on Investment is designed to revise and improve administrative procedures related to institutional arrangement and investment, and reduce the time and operating costs through the Single Window mechanism and the registration of qualified investment projects (QIPs) via information technology platform. In particular, this new Law on Investment provides smart incentive regimes that offer more incentives for local and foreign investors, as well as investment guarantee and protection.

Incentives in the new law will attract investment flows into priority sectors and investment activities that Cambodia needs in the context of promoting economic diversification and competitiveness. This law will contribute to: (1) the increasing use of advanced technology and techniques, (2) job creation, skills training and the promotion of research, development and innovation, (3) the promotion of diversification of SMEs and (4) the improvement of Cambodia’s linkages to regional and global production and value chains.

For the next direction, the RGC will expedite the launch of the sub-decrees on the implementation of the Law on Investment of the Kingdom of Cambodia, and other relevant legal documents, including the draft Law on Special Economic Zones (SEZs), to make the implementation framework of the Law on Investment of the Kingdom of Cambodia complete and effective. At the same time, as the future directions for the country’s development process, it is also essential for the RGC to identify priority sectors that have high value-added and are intertwined with the regional and global production and value chains.

3.2.3. Electricity

Cambodia's electricity sector has developed remarkably and has become a major driver supporting Cambodia's economic growth over the past two decades. Before the COVID-19 crisis, the rapid economic growth in Cambodia led to an increase in demand for electricity, both in business activities and consumption of the general population. In the dry season of 2019, the excess demand, together with severe drought, caused a shortage of electricity in Cambodia's power supply system. As a response, the RGC has invested in additional power sources in accordance with the emergency investment plan to avoid the shortage of electricity again and is preparing a long-term development plan until 2040 to ensure adequate, stable and affordable electricity supply in line with current global trends. Despite the improvement in supply, the private sector has requested more incentives related to the electricity price, especially at night, as well as further improvement in the application for electricity connection and strengthening of the stability of electricity supply.

Despite the current situation of a sharp rise in prices of fuel for electricity production (both coal and oil), to help restore and boost Cambodia's economic growth after the COVID-19 crisis, the RGC has decided to keep the electricity price in 2022 the same as that in 2021 and allow consumers to make choice for paying electricity bills through the Average Tariff or the price option for Night and Day plus Time of Use tariff (ToU Tariff). At the same time, the RGC is conducting a study and examination to find a way to further reduce the electricity price for 2023. The RGC will examine the possibility of revising the structure of the price option for Night and Day plus ToU tariff to be more favorable for the use of electricity at nighttime to promote and encourage production at nighttime, aiming at reducing the concentration of electricity demand in the morning and daytime. Production at nighttime with low electricity prices can also create new opportunities for businesses to increase productivity, which can help strengthen Cambodia's competitiveness.

In addition, to further improve the efficiency of its services, Electricite du Cambodge (EDC), which is the electricity supply authority, has been streamlining the procedures for electricity connection by accelerating the development and implementation of an online system for the application for electricity connection and expediting connection works by reducing the maximum time limits for small- and medium-sized customers. EDC has also launched an online system for the applications for small-sized customers, which has been popular among customers.

At the same time, to improve the efficiency and quality of services, and strengthen compliance with time limits for applications for electricity connection through the development of document tracking systems and regular publication of statistics on the average duration of the applications, the EDC has been implementing a Customer Care System for small-sized customers and is continuing to develop a Customer Care System for medium-sized and large-sized customers, which is to be launched in early 2022. In addition, the EDC is working with local authorities at all levels to ensure that the requests for permits from local authorities take the shortest possible time.

3.2.4. Improving Business Environment

A. Dealing with Construction Permits

Effective and transparent construction management encourages construction companies to go through legal construction processes and meet key quality standards.

Obtaining legal permits for construction in Cambodia takes a long time and goes through many repetitive procedures. To attract investment in the construction sector, the RGC continues to expedite the preparation of a complete legal framework to provide certainty and improve investor confidence. At the same time, the RGC will continue to improve the efficiency, quality, transparency and streamline procedures for construction permits to improve the quality of construction and ensure that obtaining construction permits is easier and takes less time and costs.

B. Registering Properties

Registering properties legally in Cambodia involves many procedures, while infrastructure, information transparency and geographical coverage of the land administration are still limited. To facilitate the process of registering properties to allow businesses to legally use the properties smoothly, the RGC will promote and accelerate the modernization, particularly, the development of modern cadastral database and the update of data in a timely manner, starting from registering properties in major urban areas, especially Phnom Penh. At the same time, the RGC will improve efficiency, quality, and transparency by speeding up the amendment of the Land Law and the preparation of other relevant legal documents to facilitate the registration of properties.

C. Improving Tax Services

Over the past two years, the RGC has introduced many measures to ease fiscal burdens of the private sector, particularly sectors severely hit by the COVID-19 crisis, to stabilize businesses. Despite the COVID-19 crisis, the General Department of Taxation (GDT) has not withdrawn from reforms to improve compliance, provisions of public services and revenue collection. Although the COVID-19 condition has now subsided, some sectors still have not been able to return to normal business activities and, hence, require support for an additional period of time. To facilitate the recovery of these sectors, the RGC will continue to design relevant measures necessary for easing fiscal burdens and continue to further improve the quality of services provided by GDT.

D. Improving Customs and Excise Services

As Cambodia has an open economy, economic recovery in the context of COVID-19 must rely on the flows of international trade, which are a key driving force in attracting investment flows and job creation for Cambodian workforces. In this context, improving the business environment, trade facilitation and customs policy will play a significant role in ensuring competitiveness and confidence of businesses and restoring and promoting socio-economic recovery. In this regard, the RGC will continue to implement flexible customs policy for some priority sectors, improve provision of services and promote the implementation of the National Single Window.

E. Promoting the Implementation of Automated Systems for Company Registration and Issuance of Certificate of Origin (CO), and Removing Unnecessary Requirements for the Issuance of CO

With the objective to facilitate faster exports, the RGC will push for the recognition of electronic CO by importing countries. To realize this objective, relevant ministries-institutions must streamline procedures, trim required documents in accordance with agreements and the Rules of Origin, and implement the decisions of the RGC related to trade facilitation in the

Government-Private Sector Forum, held on 29 March 2019. At the same time, to facilitate businesses, relevant ministries-institutions must incorporate the provisions of their public services into integrated technology systems or platforms such as the Cambodia Data Exchange (CamDX) and the National Single Window.

F. Organizing Communities of Harvesters and Exporters and Setting up Warehouses, Drying Facilities and Pest Control Equipment for Export Products

Although, in the last 10 years, Cambodia has gained market access from trading partners with a wide range of goods through preferential trade systems and FTAs, exporting agricultural products continues to be challenging in terms of the capability to comply with requirements for sanitary, as well as phytosanitary and quantity and quality of supply. Cambodia still lacks concrete strategies to improve the competitiveness of local producers. To address these challenges, competent ministries-institutions must cooperate and support the private sector by designing strategies by products, gathering producers-collectors and exporters of each agricultural product to form agricultural cooperative and helping to study about costs and addressing producers' challenges. Collaborating with the private sector, under the framework of public-private partnership (PPP), in designing plans and projects related to the implementation of setting up warehouses, drying facilities and pest control equipment for pre-export packaging is of utmost importance and requires a more concrete study on the effectiveness and results of such partnership.

3.2.5. Transportation and Logistics

Transportation and logistics are a priority sector that the RGC always pays attention to with a huge amount of direct investment and mobilization of the private sector to participate in the development of this sector. Even in the wake of the COVID-19 crisis, major investment projects both public and private—including the construction of the Phnom Penh-Sihanoukville Expressway, the repairing and expanding of National Roads number 5, 2 and 3, the new airport project in Phnom Penh, the deep-sea port construction project in Sihanoukville Autonomous Port (SAP), the Phnom Penh Logistics Center (PPLC) project and many other projects—have not been reduced. These investment projects can be considered as investments that bring about positive changes on a large scale in the transportation and logistics sector.

Despite the above investment projects, the transportation and logistics sector still face a number of key issues, requiring further attention and systematic and common solutions, as well as a vision to develop this sector to become a potential sector, that will facilitate travel and transportation that are efficient and coherent and save time and money, attracting domestic and FDIs and serving as a basis to support Cambodia's economic diversification. In this regard, the RGC will focus on investing in infrastructure complementing major projects, and promoting the designing and implementing of the **“Comprehensive Master Plan on Multi-Modal Transportation and Logistics 2021-2030”**.

3.3. Strengthening of Sustainable and Inclusive Resilience

The experiences in dealing with the COVID-19 crisis over the past two years underscore the need to strengthen Cambodia's resilience in all aspects to ensure sustainable and inclusive socio-economic development. Cambodia has faced many challenges and risks, including the limited response capability of government institutions, vulnerable economic structures, weak and incomprehensive social protection systems in terms of both scope of coverage and size, as well as limited capability of the health system in immediately responding

to the crisis. At the same time, Cambodia and the rest of the world may face more crises such as climate change, bigger and more frequent natural disasters, new pandemics, economic or financial crises, geopolitical issues, etc., that can happen accidentally in a more frequent and unpredictable manner. In the context of these growing global uncertainties, the RGC will increase its focus on strengthening Cambodia's resilience in terms of public institutions, economy, society and environment to ensure sustainable and inclusive socio-economic development.

Overall, the consideration in this section focuses on providing strategic directions to address medium-and long-term challenges, especially in: (1) continuing to adopt and carry out digital transformation in Cambodia's institutions, economy and society, (2) continuing to develop SMEs, (3) developing skills and education, (4) strengthening and expanding social protection and health systems, (5) strengthening the capability to adapt to climate change and (6) continuing to focus on green and sustainable development.

3.3.1. Digital Sector

In the context where the world is being severely hit by the COVID-19 crisis, digital technology has been considered to be increasingly important in facilitating economic activities and livelihoods of the citizens and became an effective tool for boosting economic growth. Cambodia's readiness for digital adoption, nevertheless, is still in an infancy stage. In fact, Cambodia is in the process of low acceleration in digital adoption with a score of 9.27 out of 25 points, ranking 102nd out of 141 countries. Furthermore, the efforts to develop digital government, which is an important catalyst for promoting digital adoption among the private sector and general citizens, have not yet been collective and are mostly temporary to solve issues at hand.

In this regard, to revitalize Cambodia's economy and boost resilient and inclusive long-term growth, Cambodia must pay attention to digital transformation by (1) promoting the implementation of measures set out in Cambodia Digital Economy and Society Policy Framework 2021-2035 and (2) developing and improving the quality of digital public services and key digital platforms, to build the government's basic digital infrastructure as well as accelerate digital adoption by businesses and citizens.

3.3.2. Small and Medium Enterprises (SMEs) Development

SMEs have been identified as a driver and source for long-term economic growth and decent job creation. SMEs account for around 98% of all businesses, contributing around 58% to the economy and providing around 73% of total jobs.

The COVID-19 pandemic has put additional pressure on SMEs in addition to existing structural issues, such as burdens of compliance, shortages of skilled labours and markets, as well as the lack of access to finance and supporting infrastructure. In the context of the spread of COVID-19, SMEs in the manufacturing and tourism sectors were estimated to be significantly affected than those in the wholesale-retail and agricultural sectors. SMEs are estimated to face a 50% drop in average revenues from sales and operational risks, including the lack of access to financial services (43%), lack of access to production inputs (27%), lack of credit supply and suspension of loan repayment (22%), lack of cash flow (77%), risks of falling into debt (16% to 29%) and so on. The decline in the activities of SMEs has a negative impact on the labour market, and it has been estimated that SMEs have reduced their employees on average by around 30% and working hours and salaries by 25% to 28%, respectively.

In response to the spread of COVID-19, the RGC will introduce key measures to ensure that SMEs in priority sectors continue to operate, survive and be resilient, as well as to continue to ensure the stability of the domestic labour market by providing credit support to the private sectors, providing support to employees in priority sectors, and continuing to set out other interventions.

3.3.3. Skills Development

Quality skills development for Cambodia's workforce is a key factor in responding to the current and future demands for skills in the national economy, in order to realize the vision of improving people's livelihood and dignity, as well as increase the numbers of workforces with knowledge, ability, skills, working attitudes, professional ethics and high productivity and competitiveness for life-long working, especially in the context of building human capital for the digital economy. In this regard, the RGC has focused on skills development to boost economic growth by continuing to promote the implementation of the **National Technical Vocational Education and Training Policy 2017-2025**, **Labour Migration Policy for Cambodia 2019-2023** with a particular focus on the strengthening of the management and protection of migrant workers and the integrating of migrant workers back into the labour market and society, and other important initiatives, including Skills Development Fund (SDF), Skills for Competitiveness Project, Sector Skills Councils (SSCs), and so on.

It is noteworthy that unskilled and poor-quality workforce is a major impediment in improving competitiveness as well as economic diversification, as frequently mentioned by the private sector, while unskilled or low-skilled workers also find it difficult to find proper jobs and face high risks in time of crisis. In fact, during the COVID-19 crisis, tens of thousands of workers-employees, especially unskilled workers-employees, were facing declining or losing income as companies and/or factories had suspended or closed operations due to the decline or cancelation of orders. In this regard, the RGC addresses the above challenges by introducing measures, focusing on the PPP to develop skills in terms of both quality, and quantity, to meet the demands of the labour market, such as recognizing the provision of internship opportunities as apprenticeship obligations and providing additional skills training to strengthen efficiency and upgrade skills to workers-employees outside of working hours.

3.3.4. Development of Education

Ministry of Education, Youth and Sports (MEYS) has been implementing the **Education Strategic Plan 2019-2023**, which has two policies (1) ensuring quality, equitable and inclusive education, promoting opportunities for life-long learning and for youth development and promoting sports and (2) ensuring effectiveness of leadership and management of education officials at all levels.

In addition, MEYS has set out the **Education, Youth and Sports Strategy Reform**, by focusing on 5 pillars, including (1) implementing the Teacher Policy Action Plan, (2) reviewing curriculum and textbooks and improving learning environment, (3) introducing the implementation of inspections, (4) strengthening learning assessment at national, regional and international levels and examinations and (5) reforming higher education, as the RGC fully support, particularly, by constantly raising the budget from KHR1,814 billion or 2.5% of GDP in 2015 to KHR3,738 billion or 3.4% of GDP in 2020.

However, the global COVID-19 crisis has added an extra burden to Cambodia's education reform process. In fact, the nationwide closure of schools in 2020 has disrupted the

education of 13,482 students and affected more than 3 million students. Although the MEYS has collaborated with relevant partners in the efforts to continue to provide learning and teaching to students through a variety of ways, including distance learning or online learning, and broadcasting on television and collective learning, learning and teaching still do not reach students across the country, and do not follow the curriculum. This is due to the lack of supporting infrastructure for distance learning, while some teachers and students lack digital knowledge, teaching and learning materials, and so on. Overall, the closure of schools poses significant risks, such as higher dropout rates, and larger student learning gaps.

Based on the efforts of the RGC, public and private educational institutions have started their operations gradually since the beginning of September and reopened nationwide in November 2021. MEYS has also set out a series of standard operating procedures (SOP) and guidelines to ensure the safe operation of schools, including (1) SOP for schools reopening in the context of COVID-19 in accordance with “Living in the New Normal”, (2) Guidelines on teaching and learning for public and private schools in low-risk geographies, (3) SOP for promoting health and safety in teaching and learning for public and private educational institutions and (4) Guidelines on the reopening of public and private higher educational Institutions. In addition, the RGC has also prepared necessary budget for the implementation of sanitary measures at schools.

To ensure quality, equitable and inclusive education services for students and address the above challenges, as well to contribute to economic recovery, in particular, to continue to strengthen the socio-economic resilience, the MEYS must (1) ensure effective and safe management of school operations and learning and teaching, (2) introduce necessary measures to mobilize students to re-enroll, narrow the students’ learning gaps and strengthen students’ learning spirits, and (3) continue and accelerate education reform in response to the new normal and global education trends, especially participating in the implementation of the Cambodia Digital Economy and Society Policy Framework 2021-2035.

3.3.5. Social Protection Systems

The socio-economic crisis has reflected the necessity of social protection systems in contributing to reducing the negative impact and ensuring the stability of people’s livelihoods. To support and stabilize people’s livelihoods during the COVID-19 crisis, in the spirit of “**Do not let any Cambodian starve to death**”, the RGC has made good efforts to control the COVID-19 situation and maintain the socio-economic stability through the implementation of social protection programs as a safety net. With the prolongation of the COVID-19 crisis, the RGC will continue to implement the Cash for Work and Cash Transfer to poor and vulnerable families and strengthen access to social protection and expand the coverage to other groups of people both in formal and informal economies. Nevertheless, the growing inequality and poverty from this crisis requires development of stronger social protection programs, both in terms of reachability and scalability. At the same time, special social assistance programs implemented in the time of crisis must be phased out and replaced by sustainable programs for poor and vulnerable people in an affordable budget level.

As a way forward, the RGC will strive to harmonize and modernize social protection systems, by taking into account the sustainability of resources and practical needs, particularly, financing mechanisms, improvement of the efficiency of program implementation, improvement of identification processes of poor and vulnerable populations, digitalization of the allowance providing system, as well as harmonization and integration of various social

assistance programs, including: (1) Cash Transfer Program for pregnant women and children under the age of 2 living in poor and vulnerable households, (2) expansion of the coverage of scholarship and school feeding programs using community-based agricultural products, (3) development of appropriate vocational training for youths from poor households to create access to skills and careers, (4) preparation for the implementation of the Social Security Schemes for Persons Defined by the Provisions of the Labour Law, (5) expanding the coverage of the Cash Transfer Programs to disable and poor people in communities and (6) expansion of the coverage of health care regimes, and so on.

3.3.6. Health Sector

COVID-19 continues to pose challenges to the public health system and the well-being of the population, and socio-economic activities. In this sense, to protect the people's lives and promote socio-economic activities, trade and travel, protecting Cambodia from new waves as well as new virus variants, and especially re-opening socio-economic activities with cautiousness, proactiveness and clear evaluation are the top priorities in the context of the COVID-19 crisis. In this context, for the near and short-term future, the RGC will continue to strengthen the capability of the health system, the capability to treat COVID-19 patients with severe illness, as well as the capability of probing, monitoring, reporting and responding system.

Lessons and experiences of managing and minimizing contagion and protecting public health safety reflect the need to develop a resilient and responsive healthcare system. To build a strong socio-economic base, especially with financial and health protection and guaranteed access to quality healthcare services for all citizens, the RGC will mainly focus on achieving Universal Health Coverage (UHC), ensuring equitable access to quality health services for all citizens, and continuing to strengthen the healthcare system in terms of quality, infrastructure, and the development of mechanisms to prepare for future risks to public health.

3.3.7. Climate Change Adaptation

Promoting the resilience of socio-economic development processes to climate change is considered a priority and main policy agenda of the RGC, as stated in the Rectangular Strategy Phase 4 and the National Strategic Development Plan 2019-2023. To achieve this objective, the RGC has ratified the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement on Climate Change, put in place national regulations and strategic plans to mitigate impacts and promote adaptation to climate change, and implemented climate change adaptation in the building of physical infrastructure, especially roads and irrigation systems, promotion of institutional capacity development, awareness and the dissemination of information related to climate change, and continued promotion of conservation of forest resources.

On this basis, the RGC will focus on the following priorities: (1) mitigating the impact of climate change by promoting investment in renewable energy, energy efficiency and modern technologies to generate energy to ensure energy security and stability, promoting sustainable agricultural development, etc., (2) adapting to climate change by strengthening the conservation and restoration of forest resources, continuing to invest in physical infrastructure, especially roads, irrigation systems and public buildings that are resilient to climate change such as floods and droughts, encouraging the private sector to invest in supporting infrastructure in their enterprises to adapt to floods and global warming, as well as promoting

agricultural diversification resilient to climate change, and (3) strengthening institutional capacity and coordination.

3.3.8. Green Development

Green and sustainable development is considered to be an important policy priority of the RGC. To achieve this objective, the RGC has launched the National Policy on Green Growth, the National Strategic Plan on Green Growth (2013-2030), and the National Green Growth Roadmap and implemented projects related to green development in the fields of energy, agriculture and waste processing through collaboration with development partners. These actions provide a basis for considering green growth recovery in this strategic framework. In this sense, the RGC will mainly focus on (1) continuing to encourage investment in public infrastructure that is resilient to climate change, especially floods and droughts, (2) encouraging public and private investment in renewable energy and energy efficiency through fiscal and non-fiscal incentives, (3) promoting economic diversification towards potential sectors in supporting sustainable economic growth, such as ecotourism and agriculture, (4) providing incentives for green financing and (5) continuing to promote sustainable production and consumption.

Part 4: Programs for Economic Recovery for 2021-2023

In line with the overall goals and specific policy directions, which have pointed out each sector or item in key areas of the above strategic framework for national economy recovery and resilience building, this document also sets out **“Programs for Economic Recovery”**, as short-term plan for the period 2021-2023. Based on the above consideration, these Programs will set out detailed and sharp policy measures for implementing and addressing key structural issues in each sector or sub-sector with clear and concrete identification of responsible ministries-institutions and specific timeframes for implementation.

In this regard, the key policy measures set out in the Programs for Economic Recovery are divided into 3 main sections, parallel to the 3 pillars, which include: (1) economic growth recovery, (2) reforms to build a solid foundation for growth, diversification and competitiveness, and (3) strengthening of sustainable and inclusive resilience. Detailed policy measures, responsible ministries-institutions, and the timeframe are stated in the appendix of this document.

Part 5: Means for supporting the Implementation of the Strategic Framework and Programs

As highlighted in the approaches above, the measures introduced in this Strategic Framework and Programs for Economic Recovery are in direct response to the specific goals that have been set out, but the success of the implementation also depends on (1) the foundations of policy instrument options, including public financial policy and monetary policy and (2) key financing mechanisms, including the mobilization of government resources, private sector financing support and the implementation of PPP. These policy instruments and financing mechanisms are essential in supporting the implementation of the sharp measures set out, as well as serving as means to help ensure macroeconomic stability, sustainability of public finance and well-being of banking and financial sectors.

5.1. Policy Instrument Options

A. Monetary and Macro-Prudential Policies

The introduction of complementary monetary policy responsive to the evolution of the COVID-19 crisis is crucial to ensuring the well-being of the financial sector and avoiding further pressure on macroeconomic conditions that may hinder the recovery of economic activities in all sectors. Based on data from the NBC, the financial sector remains stable and there is no remarkable sign of change. However, the risk of financial crisis remains due to the prolongation of the COVID-19 crisis, which may affect borrowers' ability to repay and, hence, may adversely affect the liquidity of financial institutions in the short-and medium-term.

As a direction for monetary policy to continue to contribute to addressing the impact of the COVID-19 crisis and building resilience in the banking and financial sectors of Cambodia, the NBC will continue to (1) monitor and examine risks regularly at both micro and macro levels, (2) take appropriate and timely measures to prevent or reduce potential risks, as well as to provide additional liquidity to banking and financial institutions, and (3) implement policies to promote the widespread use of Khmer Riel, especially in the context of rapid growth of electronic payments.

B. Public Financial Policy

In the context of the COVID-19 crisis, the introduction of a sound and prudent public financial policy is a key strategy of the RGC to protect people's lives, maintain socio-economic stability and livelihoods, and boost economic growth. In this sense, to return economic growth to an inclusive and resilient growth path, the RGC will continue to implement **an expansionary policy based on the principle of budget efficiency**, by setting up a reserve budget package to intervene in solving remaining issues of the crisis and boosting economic growth. In fact, the RGC has spent a substantial intervening budget of about USD829 million in 2020 and about USD1,454 million in 2021.

Moreover, to restore and boost Cambodia's sustainable economic growth, the RGC has prepared a budget package for capital expenditure of approximately USD6,565 million (USD3,046 million for 2022 and USD3,519 million for 2023), equivalent to 20.32% of GDP. From this package, public investment with domestic financing has increased to USD3,492 million and public investment with foreign financing has increased to around USD3,072 million.

The main directions for the public financial policy include (1) utilizing existing resources to the fullest by continuing to prioritize spending to support high-priority objectives, (2) implementing the initial Policy Framework on Development of Government Securities and considering issuing government bond for the first time in the national currency, equivalent to approximately USD300 million, (3) continuing to launch intervening budgets focusing on Selective Measures and Trigger Recovery that attract investment and create jobs and (4) launching a strategic medium-term public financial framework to ensure public financial stability and public debt sustainability.

C. Mechanisms for Strengthening Cooperation between Monetary Policy and Public Financial Policy

In the context of COVID-19, Cambodia has used public financial policy and monetary policy to complement each other to achieve the common objectives of maintaining stable livelihoods, ensuring macroeconomic stability, and stimulating economic growth. In fact, the

public financial policy measures, being implemented by the RGC, include tax exemptions or incentives for businesses, financial aids for citizens and employees in the affected sectors, and job creation by promoting potential sectors. At the same time, the NBC has also introduced monetary and financial policy measures, by injecting additional liquidity into banking and microfinance institutions, enabling them to mitigate and provide more credits to the affected sectors.

Nevertheless, coordination between the two policies needs to be further strengthened to ensure effective design and implementation.

5.2. Financing Mechanisms

A. Mobilizing Resources of the Royal Government of Cambodia

While many measures have been put in place to boost the recovery of economic activities, the RGC sees a substantial increase in the demand for financing, as government savings have increasingly diminished after more than a year of interventions. In this aspect, to improve the efficiency of the utilization of limited government resources and ensure the sustainability of public finances, the formulation of financing mechanisms will focus on the efficient use of existing resources, while the mobilization of new sources for financing must be done in line with remaining budget space and in accordance with the principles set out in the Public Debt Management Strategy 2019-2023.

As a direction for strengthening resource mobilization mechanisms, the RGC will (1) continue to use existing policy instruments, including strengthening the implementation of the **Revenue Mobilization Strategy 2019-2023** and continuing to rationalize spending to improve the efficiency of budget management of the government and (2) introduce new policy instruments to mobilize potential financing in the market to meet current needs and develop financial instruments that respond to climate change and the expansion of agricultural productivity in line with the new turning point of the development of financial sector in Cambodia.

B. Private Sector Financing Mechanisms

In the context of economic recovery, to continue business operations and to resume production or expand the business, providing additional credits to the private sector in priority sectors is key to promote survival, productivity and modernization of SMEs through technology adoption and so on. In this sense, the RGC will introduce a financing mechanism for the private sector by:

(1). preparing a budget of approximately USD250 million in 2022 for direct loans from the Small and Medium Enterprise Bank of Cambodia (SME Bank) and Agricultural and Rural Development Bank (ARDB), with low interest rates of around 5% to 5.5% for key sectors such as: vegetable farming, animal husbandry, aquaculture, agricultural processing, ecotourism or other priority sectors; and

(2). encouraging commercial banks and microfinance institutions to increase additional lending by relaxing the credit guarantee requirements of the Credit Guarantee Corporation of Cambodia (CGCC), by expanding the scope of guarantee coverage with favourable terms for priority sectors set by the RGC.

5.3. Public-Private Partnership Mechanisms

The slowdown in economic activities, coupled with the introduction of flexible fiscal policies to stabilize the private sector and people's livelihoods, has not only led to disruption and difficulties in fiscal revenue collection efforts, but also put pressure on government spending, especially on public investment to increase economic productivity. In this regard, the PPP mechanisms are an important framework, aiming at mobilizing additional resources, as well as knowledge, know-hows and innovation from the private sector, to contribute to the provision of infrastructure and public services in key priority sectors, which are building blocks for boosting economic growth and strengthening competitiveness of Cambodia's economy under this strategic framework. The RGC will push forward the establishment of a legal framework for the management of development and implementation of public investment projects through transparent, accountable, efficient and effective public-private partnership mechanisms.

Part 6: Institutional Arrangement and Monitoring and Evaluation (M&E) Mechanisms

The effectiveness and success of the implementation of this Strategy Framework and Programs depend heavily on the establishment of clear institutional arrangements and M&E mechanisms, with strong political commitment and sufficient resources to monitor the results of the implementation of this Strategic Framework and Programs on a regular basis. The RGC will use the existing mechanisms; that is, Committee on Economic and Financial Policy (CEFP), the leading institution in coordinating and monitoring the implementation of measures set out in this Strategic Framework and Programs, while competent ministries-institutions are responsible for preparing action plans for implementation of these measures. Progress reports of the implementation of these measures will be submitted to the CEFP meeting on a yearly basis.

The objectives of the M&E framework are to promote discussion to identify challenges, address challenges, introduce updated measures, and measure efforts and evaluate the effectiveness of implementation mechanisms of policy measures by defining key performance indicators as well as key policy measures, to be implemented by leading responsible ministries-institutions. To respond to these objectives, this strategic framework and programs are designed in accordance with the working approach of close collaboration and participation among ministries-institutions, regular monitoring on the implementation progress, active discussions to improve work and attention, and linking of budget and policies and real outcomes.

Part 7: Conclusion

Overall, **the Strategic Framework and Programs for Economic Recovery in the context of Living with COVID-19 in a New Normal 2021-2023** is designed in the context where the spread of COVID-19 has subsided to a manageable level, which can create favourable conditions for the full and gradual reopening of national socio-economic activities.

Through important experiences and lessons learned from the unprecedented impacts of COVID-19 in the past 2 years, as highlighted in this document, the Strategic Framework and Programs for Economic Recovery aims to address structural issues and eliminate key barriers to enhancing, promoting and accelerating socio-economic movements in accordance with the

three pillars of recovery, reforms and resilience building that complement each other, coupled with the consideration of supporting macroeconomic policy and financing mechanisms.

On this basis, with the setting of strategic policy directions in line with the three pillars, namely recovery, reforms, and resilience, this document will also set out programs to restore and boost Cambodia's economic growth by setting out sharp measures with the implementation timeframe of two years (2021-2023). These programs focus mainly on restoring Cambodia's economic growth in the near and medium-term, by promoting competitiveness and economic diversification, achieving strong industrial foundation and deepening linkage to regional and global supply chains.

Due to the uncertainty of COVID-19, this Strategic Framework and Programs is highly flexible and is perceived as a **“Living Document”** that can be revised if necessary to ensure consistency and responsiveness to the real national and global circumstances. At the same time, the success of the implementation of this Strategic Framework and Programs will provide an important basis for the continued preparation of socio-economic policy agendas, including strategies, national strategic plans and key policy frameworks after 2023



Appendix: Programs for Economic Recovery 2021-2023

Section	Policy Direction	Key Policy Measure	Responsible Ministries-Institutions	Timeframe
3.1. Economic Recovery				
3.1.1.	Agriculture and Agro-Industry	1. Provides loans at interest rates of between 5% and 5.5% per annum to farmers, agricultural communities, and small and medium-sized agro-businesses for a number of sub-sectors set by the government through the ARDB, SME Bank, co-financing schemes in collaboration with private financial institutions and credit guarantee schemes	- ARDB - SME Bank - Credit Guarantee Corporation of Cambodia (CGCC)	2021-2023
		2. Develop the pilot project on grant matching providing 40% of additional investment capitals to farmers, and producer groups/agricultural communities, who invest in the construction of green/net houses for growing vegetables on the land size of over 0.3 hectare and who are or plan to implement contract farming with private companies or provide low interest rate loans	- MEF - Ministry of Agriculture Forestry and Fisheries (MAFF)	2022-2023
		3. Establish the mechanism on transferring to the state for value-added tax (VAT) and import tax (Tariff) on materials for the construction of green/net houses, drip pipes, spray pipes, PVC pipes used for growing vegetables, materials, machinery, facilities and equipments for the production, processing and supply of agricultural products, worm extinguisher for Pailin longan and mango, chiller machine in the cold storeroom for mango, livestock fan cooling system, automated feeding systems and machinery, and equipments for conservation agriculture and intensified sustainability within the framework of agro-ecological development and food security systems	- General Department of Customs and Excise of Cambodia (DGCE), MEF - General Department of Taxation (DGT), MEF	2021-2023
		4. Promote private investment in cold chain transport system through the mechanism on transferring to the state for VAT and import tax (Tariff) for refrigerated containers used for transporting fruits and vegetables, especially longan, to foreign markets	- GDCE, MEF - GDT, MEF	2021-2023

		5. Promote the industry of crop seed, fruit varieties seed, vegetable seeds for seed production, foundation seeds and certified seeds of fragrant rice (<i>Phka Romdoul and Sen Kro-ob</i>), seeds of cassava and cashew, which is of good quality and resilient to the disease and climate change, through Public-Private Partnership (PPP) mechanism	- Cambodian Agricultural Research and Development Institute (CARDI) - General Directorate of Agriculture, MAFF	2022-2023
		6. Strengthen the capacity of production groups, agricultural associations and communities of longan, durian and banana; and promote the implementation of contract farming between production groups, agricultural associations and communities and agricultural product buying and processing companies	- Agro-industry Department - Agricultural Community Development Department, General Directorate of Agriculture, MAFF	2021-2023
		7. Strengthen the outreach of good agricultural practices and the compliance with sanitary and phytosanitary requirements for mango, Pailin longan, pepper, durian and fragrant coconut to farmers, production groups and agricultural communities	- General Directorate of Agriculture, MAFF	2022
		8. Strengthen the promotion of good aquaculture practices and of the control of chemical residuals on aquaculture products, especially trout (<i>Pangasianodon hypophthalmus</i>), to aquaculture farmers, to export trout to China	- MAFF	2022
		9. Continue to promote the investment and maintenance of small-scale irrigation systems connecting main canals and rural roads through the mechanism of Cash-for-Work project	- Ministry of Water Resources and Meteorology - Ministry of Rural Development (MRD)	2021-2023
		10. Invest in wholesale markets, infrastructure on quality control and certification systems including e-phyto, traceability systems, and supporting infrastructure, including cool storage facility, through PPP	- General Directorate of Agriculture, MAFF	2022-2023

		mechanism, on state-and/or private-owned locations with high potential for vegetable concentration, with 3 pilot sites - Phnom Penh, Battambang and Tbong Khmum Province - in the first phase	- General Department of State Property and Non-Tax Revenue, MEF	
		11. Promote public investment in community-level fish distribution centers and post-harvest infrastructure such as cool storage facility and quality testing facility	- Fisheries Administration, MAFF - General Department of State Property and Non-Tax Revenue, MEF	2021-2023
		12. Review the possibility of establishing agro-industrial parks in provinces with potential agricultural products through PPP mechanism to promote the development and enhance the economic efficiency of agricultural processing enterprises.	- Supreme National Economic Council (SNEC) - Cambodia-Australia Agricultural Value Chain Program	2021-2022
		13. Promote the signing of the Protocol on Sanitary and Phytosanitary (SPS) Measures (SPS Protocol) for the import of Pailin longan, durian, pepper and fragrant coconut, the negotiation of the exemption of import duty on rubber products, with the Chinese side; and organize training programs and promote producers and farmers to apply the technical practices under Good Agriculture Practice as required by the importing country	- General Directorate of Agriculture, MAFF - GDCE, MEF	2021-2023
		14. Harmonize and integrate the action plans and projects related to agriculture and agro-industry, supported by the national budget and partners' budgets in the Public Investment Management System Reform Strategy	- MEF - MAFF	2021-2023
		15. Study the cost of agricultural inputs such as fertilizers, drugs, animal feed; review the possibilities of cost reduction	- Ministry of Industry, Science, Technology and Innovation (MISTI)	2021-2023

			- MAFF	
		16. Promote the preparation and implementation of the "Agricultural Development Policy 2021-2030"	- MAFF	2021-2022
		17. Develop national laboratories and quality control systems for agricultural products and agricultural inputs in accordance with international standards	- MAFF	2022
		18. Develop high standard agricultural information mechanism and systems broadly reachable to farmers (e.g., digital informational system)	- MAFF	2022
		19. Develop human resources at all levels for agricultural sector, to ensure knowledge, talent and practice; as well as develop the infrastructure and means of operations of public institutions, with standards and be competitive in the region, in the context of modernization of Cambodian agriculture	- MAFF	2022
3.1.2.	Tourism	1. Facilitate through freezing the debt figures by the end of 2019 and exempting the penalties for 2020 and 2021	- GDT, MEF	2022
		2. Expand the Cash-for-Work project for the construction of small infrastructure to serve tourism sector	- MEF - Ministry of Tourism (MOT)	2022-2023
		3. Promote the implementation of the measures set out in “Roadmap for Recovery of Cambodia’s Tourism during and Post COVID-19”, “Strategic Plan for the Opening of Vaccine Tourism” and “Policy Measures to Promote Domestic Tourism 2021-2023”	- Royal Government and Private Working Group for the Recovery of Cambodia’s Tourism During and Post COVID-19 - MOT - Capital-Provincial Administration - Relevant Ministries-Institutions	2021-2023

		4. Promote the implementation of short-term measures set out in “Siem Reap Tourism Development Master Plan 2021-2035”, “Mondulkiri Tourism Development Master Plan 2021-2035” and “Kep Tourism Development Master Plan 2022-2035”	- National Tourism Development Committee - Committee on the Management and Development of Tourism in Siem Reap-Angkor - Committee on the Implementation of Masterplan on the Development of Tourism in Mondulkiri Province - Tourism Site Management Bodies	2021-2023
		5. Exempt the fee on issuing and licensing related to the applications for reopening, such as patents for hotels, restaurants, etc. for 2021 and 2022	- MOT - MEF	2021-2022
		6. Develop the infrastructure to and from the existing or newly established tourist sites	- MEF - MOT	2022-2023
		7. Provide trainings to tourism business owners on labor law and management of profession relation issues in tourism sector	- Ministry of Labour and Vocational Training (MLVT) - MOT	2022-2023
3.1.3.	Garment	1. Promote the implementation of Cambodia Garment, Footwear and Bags Development Strategy 2021-2025	- General Secretariat of Committee on Economic and Financial Policy (GS-CEFP) - Relevant Ministries-Institutions	2021-2022

		2. Strengthen profession relations through the education and training on profession relations (industrial relation and labor relation) in factories-enterprises, labor dispute resolution mechanisms and the art of negotiation and teamwork for senior staff responsible for Human Resources in factories-enterprises and workers' representatives	- MLVT	2021-2023
3.1.4.	Non-garment Manufacturing	1. Coordinate with relevant ministries and institutions to expedite the implementation of the measures set out in the Cambodia Industrial Development Policy (IDP) 2015-2025, which are slow in progress, and prepare some new measures in line with current context and trends	- Council for the Development of Cambodia (CDC) - Relevant Ministries-Institutions	2022-2023
		2. Study and evaluate in details the trends and changes in regional and global landscapes - social, economic and political aspects to revise and reset the vision, goals and objectives of the Cambodian IDP for the future	- SNEC	2022
		3. Prepare "Master Plan on the Development and Transformation of Sihanoukville into a Multi-Purpose Special Economic Zone"	- MEF	2021-2023
3.2. Reforms for the Building of a Strong Foundation for Growth, Diversification and Competitiveness				
3.2.1.	Regional Free Trade Agreements	1. Study the priority goods to boost exports among the goods that the Chinese side has opened the market under the Cambodia-China Free Trade Agreement (CCFTA), the Cambodia-Korea Free Trade Agreement (CKFTA), and Regional Comprehensive Economic Partnership Agreement (RCEP)	- Ministry of Commerce (MOC)	2022
		2. Establish the protection policies to provide skills, techniques, capital and conditions necessary to producers to meet the standards and requirements for exports to foreign markets	- MOC	2022
		3. Establish the qualified laboratories and address issues related to certification of Cambodian export products to meet various requirements, especially on Technical Barriers on Trade (TBT) and Sanitary and phytosanitary (SPS)	- MOC - MAFF	2022-2023
		4. Accelerate the ongoing bilateral and multilateral free trade agreement negotiations to be completed soon	- MOC	2022

3.2.2.	Promoting the Implementation of the New Law on Investment	1. Accelerate the enactment of the draft Sub-Decree on the implementation of the Law on Investment of the Kingdom of Cambodia to enhance confidence and attract more investments, especially on the establishment and development of special economic zones (SEZs) in potential areas and along the border	- MEF - CDC	2022
		2. Continue to review, amend as necessary and speed up the enactment of the draft Law on SEZs as well as other essential legal documents to attract investments	- MEF - CDC	2022
		3. Study the possibility of establishing the customs manufacturing bonded warehouse to facilitate the procedures, encourage and allow the private sector to run the production in the warehouse, such as light manufacturing, packaging, labelling and storing	- MEF - CDC	2022
		4. Disseminate the new Law on Investment and relevant legal documents and potential investments in Cambodia in all forms and approaches to attract more local and foreign investors	- CDC	2022-2023
3.2.3.	Electricity	1. Consider the possibility of lowering the electricity price of both the Average Tariff and the price option for Night and Day plus Time of Use tariff (ToU Tariff)	- Electricity Authority of Cambodia - Electricity of Cambodia (EDC)	2023
		2. Accelerate the preparation and implementation of online systems for electricity connection application, and speed up the connection by setting up the maximum time for small and medium customers	- Electricity Authority of Cambodia - EDC	2022
		3. Improve the efficiency and quality of service delivery; strengthen the compliance with the duration for electricity connection application by setting up the document tracking system and regularly publishing the statistics on the average duration of the application	- Electricity Authority of Cambodia - EDC	2022
3.2.4.	Improving Business Environment			
	A. Dealing with Construction Permits	1. Fully and comprehensively complete the legal framework for construction sector, including relevant declarations, coupled with reduced procedures and time, and providing certainty and confidence to investors	- GS-CEFP - Relevant Ministries-Institutions	2022

		2. Continue to improve the efficiency, quality and transparency and strengthen the compliance with the duration for construction permit application through: • Develop user-friendly guidelines, specifying all procedures, requirements and standard time and fees, and making them available for downloads on free and easy access websites • Set up the document tracking system, and • Regularly publish the statistics on the average duration of construction permit applications	- GS-CEFP - Relevant Ministries-Institutions	2022
	B. Registering Properties	1. Strengthen the procedure on applying for transfer of ownership of property by clarifying the procedures for all stages of application, required documents, fees, taxes and clear duration	- GS-CEFP - GDT, MEF	2022
	C. Improving Tax Services	1. Review the possibility of postponing the implementation of capital gains tax until 2023 to help boost investment	- GDT, MEF	2022
		2. Continue to exempt the payment of minimum tax for airline companies registered in Cambodia for the first half of 2022	- GDT, MEF	2022
		3. Continue to extend the payment of civil aviation fees for airline companies registered in Cambodia for the first half of 2022	- State Secretariat of Civil Aviation	2022
		4. Continue to exempt all monthly tax duties for hotels, guesthouses, restaurants and travel agencies, registered with the GDT, and have business activities in Phnom Penh, Siem Reap, Sihanoukville, Kep, Kampot, Bavet and Poipet for the first half of 2022. In case of outstanding debt before the COVID-19 crisis for tour operators in other provinces, the audit will be postponed in 2021. These businesses are still obliged to tax filing and declaration and use the online system of E-VAT every month during the exemption period	- GDT, MEF	2022
		5. Review the possibility of extending the stamp duty exemption on property worth equal to or less than USD70,000 (seventy thousand) to help ease the burden on taxpayers and the real estate sector	- GDT, MEF	2022
		6. Examine the feasibility and accelerate the modernization of the three main functions of the GDT (E-registration, E-filing and E-payment)	- GDT, MEF	2022

		using a common platform that allows taxpayers to register, file declarations and pay taxes, which is easy to use, fully automated and interconnected, and reduces costs		
	D. Improving Customs and Excise Services	1. Establish the mechanism on transferring to the state for VAT and import tax (Tariff) on machinery, facilities and equipments, greenhouses, net houses, irrigation systems, and the purchase of inputs for the production and processing of agricultural products, especially in the fields of mango, cashew, aquaculture and animal husbandry	- General Department of Policy (GDP), MEF - GDCE, MEF	2022
		2. Improve and promote the transparency and efficiency of customs services, customs brokers and shipping companies	- GDCE, MEF	2022
		3. Increase the number of High Compliant Traders to 130 in 2021 and 200 in 2022	- GDCE, MEF	2021-2022
		4. Promote the implementation of National Single Window to facilitate import-export: • The MAFF and the Ministry of Health (MOH), which have not yet fully participated in the first phase, must be fully involved in the second phase, and • Must prepare a plan for the implementation of the third phase with relevant ministries-institutions, including the Ministry of Interior (MOI), Ministry of National Defense, MEF, Ministry of Environment (MOE), Ministry of Culture and Fine Arts, Ministry of Post and Telecommunications (MPTC), Ministry of Mines and Energy (MME), Ministry of Foreign Affairs and International Cooperation and NBC	- GDCE, MEF - Relevant Ministries-Institutions	2022
		5. Develop and deploy the comprehensive information technology system for mixed imports of goods through the use of pre-arrival clearance, advance manifest filing (Data Interchange) and E-payment to facilitate the imports of goods, reduce face-to-face interaction and increase tax revenue	- GDCE, MEF	2022
	E. Promoting the Implementation of	1. Promote the recognition by importing countries of electronic certificates of origin to facilitate quicker exports	- MOC	2021-2023

	Automated Systems for Company Registration and Issuance of Certificate of Origin (CO), and Removing Unnecessary Requirements for the Issuance of CO	2. Facilitate the procedures and required documents in accordance with the agreement and rules of law on the origin of goods; implement the decisions of the government regarding trade facilitation in the Government-Private Sector Forum, especially to clearly implement the joint proclamation No. 1627 MEF.BK dated 28 December 2018 between the MEF and MOC	- MOC	2021
		3. Implement the joint inspection regime according to the decision of the government	- MOC - MEF	2021
		4. Continue to integrate public services into the Cambodia Data Exchange (CamDX)	- MOC - Relevant Ministries-Institutions	2022
	F. Organizing Communities of Harvesters and Exporters and Setting up Warehouses, Drying Facilities and Pest Control Equipment for Export Products	1. Develop strategies and gather buyers and exporters for each agricultural commodity; help study the production costs and address the challenges of the producers of each exporting commodity and production- and export- potential commodity	- MOC	2022
		2. Promote the implementation of the projects on setting up the warehouses, drying furnaces and pest control machinery for packaging products for exports in collaboration with private sector under the PPP mechanism	- MOC - MAFF	2022
3.2.5.	Transportation and Logistics	1. Promote the establishment of the temporary joint Common Control Area (CCA) at Stung Bot-Ban Nong Ien border as soon as possible so that the containers can pass through; improve the physical infrastructure at Bavet-Mok Bai, Poipet-Aranyaprathet, Stung Bot-Ban Nong Ien, and Prey Vor-Binh Hiep as well as other key routes and implement the permanent CCA to facilitate flows of goods and people	- GDCE, MEF - Ministry of Public Works and Transport (MPWT)	2021-2022
		2. Promote the speedy and complete operation of Northern Railway by completing the construction of supporting structures, especially stations, warehouses and facilities for loading and unloading, etc., selecting fairly qualified operators, and enhance the efficiency of the operation of Southern Railway	- MPWT	2021-2023
		3. Accelerate the preparation of the “Comprehensive Master Plan on Multi-Modal Transportation and Logistics 2021-2030” to be	- MPWT	2021-2023

		implemented as a basis for the development of transport and logistics sector		
		4. Establish the inter-ministerial working group to examine the possibility of amending Sub-Decree No. 64 on the identification and management of international border control offices, international border gates, bilateral border gates, border area gates and seaports throughout the Kingdom of Cambodia to promote the efficiency and transparency (reducing both time and informal costs) in carrying out the facilitation on the entry and exit of goods at the gates	- Cambodian Office of the Council of Ministers - MOI - Ministry of Foreign Affairs and International Cooperation - GDCE, MEF	2021-2022
		5. Continue to cooperate with JICA to expand and modernize Sihanoukville Autonomous Port and accelerate the construction of the new container terminal with 350 m length and 14.5 m depth, coupled with a loading capacity of up to 1 million TEUs/year; to conduct the feasibility studies on the construction of the second and third phases of deep-sea container ports to eliminate the barriers of water depth and enable large ships from Europe and the United States to dock directly without passing through neighboring countries	- MPWT	2021-2023
		6. Continue to expand the container storage capacity at the LM17 container terminal (Stage 3, Phase 2) and plan to equip ICT equipment and systems to expand the scope of IT applications for both operational and administrative aspects; continue to develop the container terminal at Kilometer 6 (Km 6 port), the Tonle Bet terminal (UM2), Koh Roka terminal and other locations, and develop the international tourist port at Multi-purpose terminal (TS3)	- MPWT	2020-2023
		7. Promote the development of the port electronic data interchange system (Port EDI) as a system to facilitate the entry and exit of ships, speed up procedures and reduce shipping documents and costs	- MPWT	2021-2022
		8. Continue to rehabilitate and improve the quality of important national roads such as: Enhancing National Road No. 4, National Road No. 31 (National Road No. 3-Kampong Trach)), Road No. 33 (Kep-	- MPWT	2021-2022

		Kampot), Road No. 41 (National Road No. 4-National Road 3), Road No. 48 (Sre Ambel-Koh Kong), Road No. 50 (Kampong Chhnang-Kampong Thom), Road No. 50C (Market Kram, National Road No. 5 to Phum Ro Kar, National Road No. 6), Road No. 71C (Suong City-Chamkar Leu), and National Road No. 7 Skun-Kampong Cham (4 lanes) and Kampong Cham-Trapeang Thlong from Double Bituminous Surface Treatment (DBST) to Asphalt concrete (AC) road and Road connected Battambang-Siem Reap		
3.3. Strengthening of Sustainable and Inclusive Resilience				
3.3.1.	Digital Sector	1. Promote the implementation of “Cambodia Digital Economy and Society Policy Framework 2021-2035”	- Digital Economy and Business Committee - Digital Government Committee - Digital Security Committee	2021-2023
		2. Ministries-institutions must promote the development and implementation of information technology systems for provisions of public services to reduce face-to-face interaction and improve efficiency	- Digital Government Committee	2021-2023
		3. Ministries-institutions must use the CamDXto promote the modernization of digital public services into a single, inter-ministerial system based on the Once-Only Principle	- Digital Government Committee	2021-2023
		4. Accelerate the development of digital platforms for business registration, and applications for licenses and certificates for business operations and import/export	- Digital Government Committee	2021-2023
		5. Develop digital identity and Electronic Know Your Customer (eKYC) to promote the use of digital public services and other digital platforms with confidence	- Digital Economy and Business Committee - Digital Government Committee	2021-2023

		6. Widely promote and encourage citizens and businesses to use digital public services and online systems of ministries-institutions of the government	- Digital Economy and Business Committee - Digital Government Committee	2021-2023
		7. Accelerate the expansion of CamDX, by focusing on the issuance of licenses, permits, and certificates by sectors to legal entities that have already registered in the first phase of CamDX. 7 additional relevant ministries-institutions that will be linked to CamDX are MISTI; Non-Bank Financial Services Authority; MOT; MPTC; MEYS; MOE; and MOH	- Digital Government Committee - Relevant Ministries-Institutions	2021-2023
		8. Promote the development and the launch of National Payment Gateway CamDigiPay	- MEF - NBC	2022-2023
		9. Develop the E-Invoicing System for businesses to improve operational efficiency, reduce costs, speed up payments, and facilitate tax and other revenue payments.	- Digital Economy and Business Committee	2022-2023
3.3.2.	Small and Medium Enterprises (SMEs) Development	1. Promote and complete the implementation of activities and measures introduced by the Committee on Policy Action for the Promotion of SMEs	- Committee on Policy Action for the Promotion of SMEs - Relevant ministries-institutions	2022-2023
		2. Promote and encourage the “Support Khmer Products and Take Care of the National Economy” Campaign	- RGC	2022-2023
		3. Promote the use of Khmer products in ministries-institutions.	- RGC	2022-2023
		4. Develop and promote the use of essential digital platforms—for daily operations of SMEs and businesses—with important functions, such as (1) customer management, (2) invoice management, (3) account management, (4). human resource management, (5) inventory management, and (5) payroll management system	- Digital Economy and Business Committee - Techo Startup Center	2022-2023

		5. Establish the “SMEs Go Digital Supporting Hubs” with the roles of (1) providing training on the use of essential digital platforms for digital adoption, (2) providing consultation to SMEs that want to digitally transform their operations, (3) Acting as an intermediary for connecting digital service providers and businesses/SMEs, and (4) studying and collecting information on new digital technologies that can be used in business operations	- Digital Economy and Business Committee - Techo Startup Center - Khmer Enterprise (KE)	2022-2023
		6. Promote research and development (R&D) by allowing SMEs to access state-owned research facilities and innovation centres to aid their design and test new products.	- Committee on Policy Action for the Promotion of SMEs - Related ministries-institutions - Private sector	2022-2023
		7. Promote the preparation and finalize the Draft Law on SMEs, Draft SMEs Development Strategy 2022-2026, and the Sub-decree on the Establishment and Management of SME Cluster.	- MISTI	2022
		8. Monitor and evaluate the implementation of Sub-decree 124 on the Tax Incentives for Qualifying SMEs Operating in Defined Priority Sectors, and then examine the feasibility for revision if necessary	- MEF	2022
3.3.3.	Skills Development	1. Examine the feasibility of preparation the Industry Transformation Map to study and set out the plan to promote and transform key industries	- MLVT	2022
		2. Continue implementing programs for technical and vocational certificate C1, C2 and C3 and upskilling and re-skilling for workers-employees—who have lost their jobs due to the COVID-19 crisis—in the garment, textile and footwear sectors, priority sectors and/or other sectors severely hit by the crisis	- MLVT	2022-2023
		3. Prepare scholarship programs for young men and women from households with ID Poor Card 1 and 2 to study technical and vocational degree levels C1, C2 and C3 (free tuition fee and adequate cash transfer)	- MLTV	2022-2023

		4. Enhance PPP mechanism to encourage private sector's participation in building domestic capital, in terms of soft and technical skills, such as recognizing internship opportunities as apprenticeship obligations (for non-manufacturing sectors) and providing opportunities for employees to increase knowledge and skills outside of working hours	- MLTV	2022-2023
		5. Officially establish and raise the budget of the Skill Development Fund (SDF) to encourage industries to provide trainings to workers-employees, aiming to increase productivity and push the post-COVID-19 economy recovery process	- MEF - MLVT	2022
		6. Invest additional USD60 million in 2022 and another USD50 million in vocational training	- MEF	2022-2023
		7. Accelerate and strengthen the implementation of the National Technical Vocational Education and Training (TVET) Policy 2017-2025 to improve training quality and PPP, aiming to improve efficiency and effectiveness of the training of trainees' skills and ability, as well as to help ease the burden on industrial enterprises	- MLVT	2022-2023
		8. Promote the implementation of the Labour Migration Policy for Cambodia 2019-2023 with a particular focus on the strengthening of the management and protection of migrant workers and the integrating of migrant workers back into the labour market and society	- MLVT	2021-2023
3.3.4.	Education	1. Implement the concept of "New Life Path in Education", by providing flexible teaching and learning services depending on geographical risks of COVID-19 infection and education situation, and continue to promote "Digital Education".	- MEYS	2022
		2. Introduce necessary measures to mobilize to re-enrol and narrow the students' learning gaps and strengthen students' learning spirits	- MEYS	2022
		3. Introduce necessary measures to ensure that essential services are provided to students with special educational needs (gender, child protection, child safety, mental health education, school feeding/scholarship, and school health practices)	- MEYS	2022

	4. Identify and provide additional support to students with special needs and vulnerable students in each school for all school levels, including pre-school, primary, secondary, and upper secondary education	- MEYS	2022
	5. Strengthen the mechanisms for allocating and monitoring scholarship programs and other supports of MEYS for poor, vulnerable and special needs students	- MEYS	2022
	6. Examine the feasibility of providing online teaching equipment to schools and public educational institutions	- MEYS	2022
	7. Continue to implement the reforms of teacher training institutions, by developing the infrastructure of teacher training institutions and developing the competencies of teachers, in particular, trainers at pedagogical schools, by focusing on teaching methods, digital knowledge and digital teaching in the new context and identifying the development of core competencies of teachers' works to enhance teachers' knowledge, skills and professionalism	- MEYS	2022-2022
	8. Continue to implement school-level reforms on the management of schools and educational institutions, to provide autonomy and accountability to schools and educational institutions, in order to promote the efficiency of the use of resources, strengthening of the resilience of the education system and schools, ownership over effective school management, and community involvement in improving the quality of education	- MEYS	2022-2023
	9. Introduce policies to attract highly capable students, as well foreign graduates, to become trainers or teachers and participate in improving teachers' competencies	- MEYS	2023
	10. Implement a result-oriented quality management system through the implementation of professional development policies, on a regular basis, linked to teachers' career path	- MEYS	2022
	11. Strengthen the implementation of education policies and plans and financial management, by focusing on results	- MEYS	2022

		12. Conduct teacher rationalization by strengthening mechanisms for selecting and assigning teachers and principals effectively and objectively at all educational levels	- MEYS	2023
		13. Improve digital learning environment in accordance to Cambodia Digital Economy and Society Policy Framework 2021 - 2035	- MEYS	2023
		14. Promote science and technology education	- MEYS	2022-2023
		15. Improve and expand Resource Schools, New Generation Schools, and Effective Management Schools	- MEYS	2022-2023
		16. Implement PISA	- MEYS	2022
3.3.5	Social Protection Systems	1. Continue implementing the “Cash Transfer Program for Poor and Vulnerable Households during COVID-19” for 9 months in 2022	- MEF - National Social Protection Council - Ministry of Social Affairs, Veterans and Youth Rehabilitation - Relevant ministries-institutions.	2022
		2. Adjust the levels of cash support of the “Cash Transfer Program for Poor and Vulnerable Households during COVID-19” step by step, at least 6 months before ending cash support under this program	- MEF - National Social Protection Council - Ministry of Social Affairs, Veterans and Youth Rehabilitation - Relevant ministries-institutions.	2022

		3. Launch the “National Social Assistance Programme in the Framework of Family Package”, after the official conclusion of the “Cash Transfer Program for Poor and Vulnerable Households during COVID-19”, to continue supporting the livelihoods of poor families according to real vulnerability levels. This family package program will contribute mainly to poor families with pregnant woman or infant, schoolchildren, elders, and disabled members	- MEF - National Social Protection Council - Ministry of Social Affairs, Veterans and Youth Rehabilitation - Relevant ministries-institutions	2022
		4. Examine the feasibility of widely expanding the coverage of the “School Feeding Programs using Community-based Agricultural products”	- MEF - National Social Protection Council - MEYS - Relevant ministries-institutions	2022
		5. Develop appropriate vocational training for youths from poor households, in order to create access to skills and careers through scholarships and school free tuition fees	- MEF - National Social Protection Council - Ministry of Labour and Vocational Training - Relevant ministries-institutions	2023
		6. Assess the result of the pilot implementation and examine the feasibility of launching the “Social Protection Programme to End Poverty” by linking cash supports to technical and vocational education training (TVET) and entrepreneurship	- MEF - National Social Protection Council	2023

			- Ministry of Social Affairs, Veterans and Youth Rehabilitation - Ministry of Labour and Vocational Training - Relevant ministries-institutions	
		7. Establish the “Shock-Responsive Social Protection Framework” to prepare to resolve issues and introduce social protection interventions in a timely manner in the event of any future crisis	- National Social Protection Council - Relevant ministries-institutions	2022
		8. Launch the “Social Security Schemes for Persons Defined by the Provisions of the Labour Law” to provide old-age financial protection to private and public employees. Delay the pension payment until the beginning of 2022	- MEF - MLVT - National Social Security Fund	2022
		9. Continue implementing the Social Security Schemes on Occupational Risk for both persons defined by the provisions of the labour law and public employees	- National Social Security Fund - Relevant ministries-institutions	2022
		10. Examine the feasibility of a step-by-step expansion of the “Health Equity Fund” and “Social Security Schemes for Healthcare” to expand protection for citizens living near the poverty line and in the informal economy	- MOH - National Social Security Fund - Relevant ministries-institutions	2023

		11. Prepare and launch incentive programs for companies, enterprises, and SMEs to register all employees at the National Social Security Fund	- MEF - MLVT - National Social Security Fund - Relevant ministries-institutions	2023
		12. Continue to implement the Cash For Work Program to foster rural infrastructure development and create job opportunities for the local population	- MEF - Relevant ministries-institutions	2022
3.3.6.	Health Sector	1. Continue to strengthen education and prevention, by introducing sanitary measures, especially the “3 Dos and 3 Don’ts” for hotels, restaurants, supermarkets, schools, public spaces, and other essential locations	- MOH - National Committee to Combat COVID-19 - Committee, relevant sub-committees, and inter-ministerial working groups - Relevant ministries-institutions.	2021-2022
		2. Increase the capability to provide quality and safe prevention, diagnosis, treatment and care services, especially, in the event of any large-scale COVID-19 outbreak	- MOH - Central, capital, provincial, district and local health units - Relevant ministries-institutions	2021-2023

		3. Develop the Crisis Response System, by further improving systems that were developed and used during the fight against COVID-19	- MOH - National Committee to Combat COVID-19 - Committee, relevant sub-committees, and inter-ministerial working groups - Relevant ministries-institutions	2022-2023
		4. Promote the implementation of the “National Strategy for Living in the New Normal in the Context of COVID-19”	- MOH - National Committee to Combat COVID-19 - Committee, relevant sub-committees, and inter-ministerial working groups - Relevant ministries-institutions	2022-2023
		5. Increase public investment in the modernization of infrastructure, health services, and national hospital standards to be able to respond to future public health risks	- MOH - Relevant ministries-institutions	2022-2023
		6. Develop a Road Map for UHC, by thoroughly taking into account directions, policies, coordination, and institutional capacities	- National Social Protection Council - MOH	2022-2023

			- Relevant ministries-institutions	
3.3.7.	Climate Change Adaptation	1. Mitigate and adapt to climate change and adapt, by conserving natural resources, especially forests and reforestation, and strengthening institutional capabilities in research, response to climate change, and completion of boundary demarcation of protected natural area	- MOE	2022-2023
		2. Promote the implementation of Crop Insurance and the principle of Sustainable Consumption and Production (SCP) through the PPP mechanism	- MEF - MAFF - National Council for Sustainable Development (NSCD) - MOE	2022-2023
		3. Modernize information systems related to climate change phenomena (Early Warning System) such as droughts and floods to provide timely information to citizens, especially farmers, fishermen and people living in high-risk areas	- Ministry of Water Resources and Meteorology - MAFF - National Committee for Disaster Management	2022-2023
		4. Promote agricultural diversification by investing in crops resilient to climate change, eco-friendly intelligent technologies, and sustainable agricultural practices.	- MAFF	2022-2023
		5. Strengthen institutional capacity and coordination in harmonized and interconnected project planning and budget planning, as well as continue to mobilize financial resources from various sources to support the building of national resilience to climate change	- MOE - MOI - MEF	2022-2023
		6. Promote the development of transport infrastructure (roads) and irrigation systems, that are resilient to climate change	- MPWT	2022-2023

			- MRD - Ministry of Water Resources and Meteorology	
		7. Increase the use of energy-efficient vehicles by (1) reducing import duties for electric motorcycles, (2) developing a public-private partnership model for the installation of charging stations for electric vehicles, and (3) introducing policy measures to limit the import of old vehicles	- MPWT - MEF - MME - MOE	2022-2023
3.3.8.	Green Recovery	1. Promote local economic development, especially in Agriculture, Agro-industry, handicrafts and eco-tourism by supporting infrastructure, financial resources and other incentive policies	- MOE - MOT - MEF	2022-2023
		2. Promote green urban development, sustainable (green) cities and green parks through mechanisms to strengthen the implementation of Building Codes, Guidelines and green building certification and the investment in public-private partnerships	- Ministry of Land Management, Urban Planning and Construction - Municipal and Provincial Administration - MEF - MOE	2022-2023
		3. Encourage public financial institutions, such as the ARDB and SME Bank, as well as other private financial institutions to increase green financing	- ARDB - SME Bank - MEF	2022-2023
		4. Promote the formulation and implementation of the National Energy Efficiency Policy and the maximum target of increasing renewable	- MME - MOE	2022-2023

		energy consumption as set in the Power Development Master Plan (2020-2040)		
		5. Continue to promote Sustainable Consumption and Production (SCP) by promoting the implementation of green public procurement, eco-labeling and circular economy strategies and action plans, implementing the Roadmap for SCP, strengthening waste management, converting solid waste to energy, and encouraging investment in waste recycling, production of disposable plastic substitutes, and Extended Producer Responsibility (EPR), etc.	- MME - National Council for Sustainable Development - MOE - GDCE, MEF	2022-2023
		6. Continue to promote Sustainable Consumption and Production by promoting green public procurement and eco-labeling, strengthening waste management and encouraging investment in waste recycling	- MOE - MEF	2022-2023

