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CAMBODIA

SUPPORT FOR REGIONAL ECONOMIC DEVELOPMENT IN CAMBODIA **Strengthening governance structures and supporting rural poor, in particular women, to benefit from economic growth and poverty reduction at local level**



RED supported initiative on mate weaving. Photo by Sida Poek, GIZ RED

The Swiss Agency for Development and Cooperation (SDC) supports the Regional Economic Development Programme (RED) 2018 - 2021.

BACKGROUND

With an impressive growth rate of seven percent over the last 15 years, the Cambodian economy is undergoing a transformation from an agrarian towards an industrialized economy, with strong service sector developments in urban centres. Despite these positive advances, most people (90%) in rural areas continue to live in poverty or are at risk of falling back below the poverty line, especially in years of low agricultural yields. More than half of the workforce is still working in agriculture. The impact of climate change, such as floods and droughts, is critical for Cambodia's rural population as local people are often cut off from the profits of economic growth but are the most vulnerable to the risks of natural hazards.

An underdeveloped private sector, lack of coordination between the public and private sector and the civil society are hindering the development of economic potentials in rural

areas. The rural economy mainly relies on agriculture and is plagued by low productivity and commercialization due to limited access to technical knowledge, innovations and market information. Demand-oriented business development services supporting micro-, small- and medium-sized enterprises are rare. Generally, job and income opportunities are absent and temporary or long-term cross-border migration to Thailand (mostly irregular) to seek for jobs is often the only solution for the people living in northwestern Cambodia.

The Regional Economic Development Programme (RED) funded by the German Government is implemented by GIZ in rural districts and communes of Siem Reap province since 2007. RED aims to generate more employment and income opportunities for poor households. With the additional contribution of SDC since 2015, the programme has been extended to two additional provinces, Banteay Meanchey and Oddar Meanchey, with a focus to systematically support sub-national administrations (SNA) at the district and municipal level. The objective is to foster linkages between local economic development and local governance reforms, and to create synergies with the national governance reform. The new phase of RED from 2018 to 2021 (RED IV) will continue the work achieved of the previous phase and expand to an additional province, Preah Vihear while phasing out from Siem Reap.

APPROACH

GIZ is responsible for the overall strategic planning, implementation, monitoring and evaluation of the programme. At the national level, the Council for the Development of Cambodia (CDC) is responsible for the overall coordination between the Ministry of Interior (Mol) and the National Committee for Sub-National Democratic Development (NCDD). Other important ministries for RED are the

PROJECT AT THE GLANCE:

Project Duration

April 2018 - September 2021

Budget

Overall budget: (2018-2021):

EUR 8'410'000

SDC contribution: EUR 3'270'000

Implementing agencies:

Deutsche Gesellschaft für
Internationale Zusammenarbeit
(GIZ)

Other partners

BMZ, CDC, MEF, Mol, NCDD,
MAFF, MoC

Imprint

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and Cooperation (SDC)

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Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Commerce (MoC). The programme collaborates with the private sector, civil society organizations and NGOs to provide technical advice to producers and to promote citizen participation and engagement with sub-national authorities.

STRATEGIC FOCUS

SDC's strategic focus for this phase of RED is to promote pro-poor growth of the provincial economy and to follow a market-driven approach. RED aims to increase the trading volume of local products, the development of new business opportunities for micro-, small-, and medium-sized enterprises, as well as employment. Special importance is accorded to identifying and removing access barriers and constraints that hinder the participation of the poor in the markets and economic development of the three target provinces.

RESULTS OF THE PREVIOUS PHASE

By strengthening the local governance component, the previous phase of RED has helped sub-national governments to improve their expertise in running multi-stakeholder forums with the purpose to enable regional economic development. About 450 economic initiatives were implemented and have improved rural households' confidence in their own capacities and the usefulness of participatory dialogue structure. A survey confirmed that citizen satisfaction with SNAs' performance on RED-related measures has increased from 40% in 2015 to 84% in 2017. The Matching Fund Scheme was used to strengthen districts' project planning and implementation capacities under a regional management with respect to project identification, facilitation of stakeholder dialogue, and carrying out joint activities.

RED has made good progress in upgrading agricultural value chains by introducing ecologically sustainable production methods, marketing strategies, product diversification and the improvement of extension services by involving the private sector more closely. Introduced innovations on agricultural techniques have achieved a high level of acceptance among farmers and agricultural enterprises. More than 40,000 households (48% women) were reached directly by training and coaching activities and about 18,000 households were rated as "innovation adopters", with a total annual income increase of around USD 5 million.

OVERALL GOAL AND EXPECTED RESULTS

The overall goal of RED is as follows: The economic and employment situation of disadvantaged rural households in selected provinces has improved. The programme outcomes for this phase are:

Goal 1 Authorities and councils at the provincial and district level are increasingly implementing measures for inclusive economic development oriented towards the needs of the local population.

Goal 2 The local business environment facilitates better promotion of employment opportunities and economic development of micro-, small-, and medium-sized enterprises (MSMEs).

Goal 3 Small- and micro-sized enterprises in selected agricultural value chains improve their production and sales opportunities



RED beneficiaries preparing material of mate weaving.

Photo by Sida Poek, GIZ RED