

Three institutions with the largest expenditure are the Ministry of Public Works and Transport (27%), the Ministry of Water Resources and Meteorology (11%) and the Ministry of Health (10%). International NGOs implement about 5% of total climate spending and local NGOs about 1% (Figure 1).

EXPENDITURE REVIEW: METHODOLOGY

The analysis of expenditure covered all the programmes and projects in the budget and in the Department of Investment and Cooperation and/or Council for the Development of Cambodia database, regardless of the responsibility for implementation.

The expenditure analysis builds on the classification used in the CPEIR studies in Nepal, Bangladesh, Thailand and Samoa. Three categories of expenditure were defined: high relevance, mid relevance and low relevance. The classification considered only the relevance of the objectives of the programmes and made no judgement about the impact of the programmes and about whether the objectives were achieved.

There are 33 budget entities, including ministries and agencies. Most have only a single budget allocation, although 6 also have an investment allocation and 10 have some form of programme budget (consisting of between 2 and 4 programmes), each of which may be considered a separate functional unit. Of these functional units, 25 were classified as having at least some climate relevance and 573 projects in the Department of Investment and Cooperation and/or Council for the Development of Cambodia database. Development programmes were classified on the basis of the following sources of evidence: 1) analysis of programme documents, usually combined with personal experience; 2) personal experience of the experts with the programmes; 3) discussions with government officials familiar with the programmes; 4) the information provided by the project title, sector, sub-sector and 'thematic marker', or keyword.

THE WAY FORWARD

- There is a need for guidance on the proportion of expenditure that should be considered as climate relevant, at all levels of government. There is an opportunity to refine the classification system, which can be pursued, through the work being supported by the PPCR, to introduce screening methods for determining the contribution of programmes to mitigation and adaptation.
- Ministry of Economy and Finance should work with MOE to ensure that every Budget Strategic Plan and Medium Term Expenditure Framework include an assessment of the expected level of climate expenditure for the coming year and where the sectoral contributions to this expenditure are expected to come from.
- There is little work in Cambodia on the impact of expenditure on mitigation and adaptation. A brief study should be undertaken to provide yardstick indicators of the relative size of climate related benefits from projects, compared with non-climate benefits for all the main sectors, including economic, social and environmental benefits.
- A Guideline for classification of sub-national climate expenditure should be developed. The guideline should be practical and allow climate change activities or projects to be integrated into the sub-national planning process. It should also pay special attention to local infrastructures and economic development activities.

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CAMBODIA

CLIMATE PUBLIC EXPENDITURE AND INSTITUTIONAL REVIEW



INTRODUCTION

The Cambodia Climate Public Expenditure and Institutional Review (CPEIR) was carried out to review the expenditure on activities that are related to climate change, and to assess the extent to which this expenditure is guided by existing policy and institutional responsibilities.

The CPEIR focuses equally on domestic and external expenditure and covers both recurrent and development expenditure. It aims to help improve the balance and focus of existing climate expenditure, as well as to guide new climate finance that is likely to be available to Cambodia.

The Cambodia CPEIR was undertaken under the guidance of the Climate Finance Sub-group of the Climate Change Technical Team (CCTT). The findings will feed into the Cambodia Climate Change Strategic Plan being prepared by the Climate Change Department in the Ministry of Environment.

CLIMATE POLICIES & STRATEGIES

Mainstreaming climate change issues into national policies has received increasing prominence in Cambodia. The current National Strategic Development Plan (NSDP) includes some specific actions addressing climate change as well as frequent references to climate change in sectoral chapters.

With support from the international community under the UNFCCC, the Government approved a National Adaptation Program of Action to Climate Change (NAPA) in 2006. Cambodia's NAPA identifies 20 priority adaptation projects in key sectors such as agriculture, water resources, coastal zone and human health, with a combined budget of about \$US 130 million. Whilst only three of the 20 NAPA projects have been directly funded in the format proposed in the NAPA, 15 have been addressed by other programmes, funded both by donors and government.

The National Green Growth Roadmap was prepared in 2009, guided by an Interministerial Working Group comprising 16 ministries, the Chamber of Commerce, the Phnom Penh Municipality, and the Environment Department. The Green Growth Roadmap defines seven goals, involving improved access to: clean water and sanitation; renewable energy; information and knowledge; better mobility; finance and investment; food security; and sustainable land use.

A new Climate Change Strategic Plan (CCSP) is currently being prepared, under the leadership of the Climate Change Department (CCD) of the Ministry of Environment (MOE) and is expected to be ready by the end of 2012. This will be the first national policy statement on climate change. The CCSP will take over from the National Adaptation Programme of Action (NAPA).

INSTITUTIONAL ARRANGEMENT

An important development in building an institutional arrangement in Cambodia is the establishment of a National Climate Change Committee (NCCC).

The NCCC provides a good foundation for cooperation on climate policy formulation and monitoring. The Prime Minister is honorary chairman of the NCCC, with the MOE as the chair. The vice-chairs of the NCCC consist of Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Industry, Mines and Energy (MIME) and Ministry of Water Resources and Meteorology (MOWRAM). The CCD acts as secretariat to the NCCC. There are 20 members, including 16 ministries that are most concerned with climate change and four Change Technical Team (CCTT) collaborates on more technical work and includes a sub-group on Climate Finance. Furthermore, there are a range of arrangements for managing climate change in line ministries: MOE have a CCD, MAFF have a Climate Change Committee; and MOWRAM, MRD and MIMTE rely on climate change focal points, established to collaborate with NCCC.

The Cambodia Climate Change Alliance (CCCA) has the overall objective of strengthening the NCCC. Four key focuses of the CCCA are: improved coordination of policy and planning; improved access to information and knowledge; capacity to manage climate finance; increased resilience of coastal communities and ecosystems; and capacity building and small grants. The CCCA Trust Fund has involved expenditure to date of US\$ 3.1 million, with planned expenditure of US\$ 5.8 million in the current year.

Cambodia is one of the first pilot countries to receive funds under the Programme for Climate Resilience (PPCR). The total budget involves \$US 86 million from the PPCR (part of the Strategic Programme for Climate Resilience (SPCR) that includes a further \$US 299 million). It is currently unclear whether all of this funding will be disbursed within the short timescale of the PPCR; if they are disbursed over the next three years, the SPCR would increase climate expenditure by about 50%.

CLIMATE BUDGET

According to the classification of expenditure, the proportion of public expenditure that is climate relevant has grown from 14.9% in 2009 to 16.9% in 2011. The total climate expenditure in 2011 was around KHR 7000 billion (\$US 1.7 billion). The composition of climate relevant expenditure between 2009 and 2011 is presented in Figure 1 below. A large share of climate expenditure is used for the climate proofing of rural roads, which accounts for 33% of climate expenditure.

The large majority of climate expenditure is provided by donors. There is very little high relevance funding that is financed from domestic sources. The share of mid and low relevance funding that was domestically financed was about 20% in both 2009 and 2010, but fell to 10% in 2011. In contrast, domestic financing accounts for about 45% of expenditure that is not relevant to climate change.

Figure 1 The Largest 17 Climate Relevant Programmes

