

- 4) The share of the variable tranche should increase to maximise ability to drive policy reforms;
- 5) All budget support operations implemented by the EU in Cambodia should be closely coordinated;
- 6) Cambodian Civil Society should be involved especially on budget reform and oversight;
- 7) Despite an improvement of statistics availability and methods, the availability and coverage of data should be further improved, including on sex, age and disability disaggregated data.

3.5. The Intervention Logic

The underlying intervention logic for this action is that of enhancing the effective use of resources and alignment of expenditure with national priorities to improve Government's service delivery and spur inclusive economic growth. The overall objective of the intervention is to promote sustainable, inclusive and climate neutral economic recovery post-Covid-19.

Our partnership with MEF on the PFM reforms (SDGs 16 and 17), have also contributed to significant improvements in domestic revenue mobilisation, better alignment of expenditure with national policy priorities, availability of financial information for timely decisions and increasing accountability and transparency, as noted by the Open Budget Index assessment published in 2020. The proposed Action intends to nurture the strong partnership built with the Ministry of Economy and Finance (MEF). MEF remains central to Government reforms and has a strong influence also on line ministries.

The Action will apply a human rights based approach, ensuring participation, transparency, non-discrimination and accountability. The Action will contribute to the transition from the PFMRP 3rd stage focused on budget-policy linkages to the 4th stage focused on performance accountability. The proposed Action will: (i) enhance budget credibility; (ii) enhance financial accountability and transparency; (iii) strengthen efficient budget-policy linkages, including on Climate Change and Gender; (iv) develop capacity for PFM and service delivery. To achieve these objectives the Action will support domestic revenue mobilisation efforts in the context of the post pandemic recovery and will support digitalisation efforts by expanding the coverage and functionality of the Financial Management Information System (FMIS), including on its performance to support improved service delivery. The Action will support increased quality and availability of budget documents, including financial reporting and statistics, and increased transparency and value for money in public procurement, thus supporting stronger accountability and oversight to the citizens. The Action will equally support climate change sensitive public investments and the implementation of the National Strategy for the Development of Statistics, including the improvement of socioeconomic statistics (including sex disaggregated). The Action will equally focus, through its different components including in particular the complementary measures, to increasing budget transparency, including on climate finance tracking and gender responsive budgeting GRB).

These objectives should contribute to improved confidence of the population in the performance of the Government, particularly as regards the budget process.

Considering the high level of Government ownership over the PFMRP, the action will support core PFM reforms through budget support and the PFM reforms enabling environment and by supporting civil society organisations (including women's organisations) through complementary support. The Budget Support modality is proposed, strongly performance-based and built on a clear joint vision for the sector, backed up by a close and regular policy dialogue, including on human rights issues. The budget support will further strengthen Government ownership of the reform and maintain the momentum for reforms by empowering the General Secretariat for PFMR Committee (GSC) to lead the policy dialogue with national authorities, development partners and civil society. The transfer of funds to the national Treasury will allow the authorities to ensure part of the funding of key investment for PFMRP implementation, not least the considerable capacity building activities needed in the CAP3+2 and CAP4 period and the procurement of FMIS further developments.

The complementary support will provide support to the MEF, NIS, and CSOs with a view to bolster capacity development and strengthen the PFMRP enabling environment as well as provide further technical expertise and analytical studies to monitor the impact of PFM reforms in service delivery. For the first time, the technical cooperation with MEF and NIS will be supported by twinning projects/programmes..