

AVI COMMENTARY

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Foreign Aid as a Catalyst for SDG 17 Implementation in Cambodia: Partnership for Sustainable Development

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As the world faces humanitarian crises brought on by armed conflicts and natural disasters, it needs more financial resources and aid, especially for developing countries. Through various global partnerships, people work together to address global humanitarian crises.

Among the 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, Goal 17 (Partnership for Sustainable Development) focuses on restoring and strengthening the global partnership to implement sustainable development.

To build a better world, firm support, empathy, innovation, passion, and cooperation are needed. Goal 17 requires a revitalised global partnership that brings together governments, civil societies, the private sector, UN agencies, and other actors to mobilise available resources for financial assistance to low-income countries. In this regard, achieving other SDGs is contingent on achieving Goal 17.

Cambodia's Adaptation of SDG 17 and Its Progress

Despite its status as a developing country, Cambodia has strived to carry through the SDGs to achieve economic progress and become environmentally responsible. Specifically for SDG 17, because some targets do not necessitate developing country commitments, the government has adapted the global framework for local usage by naming it Cambodia's SDG 17. For instance, target 17.4, which aims to assist developing countries in attaining long-term debt sustainability, is omitted. As a result, instead of having 19 targets and 25 indicators of the global SDG 17, Cambodia's SDG 17 contains only eight targets and ten indicators.

By incorporating the localised SDG 17 into the National Development Plan, the Royal Government of Cambodia has achieved substantial success in strengthening partnerships with many key development partners, such as the World Bank, the European Union, and the Asian Development Bank. Inarguably, foreign financial support is one of the key components of the partnership for sustainable development.

Capital is a vital driver for improving the implementation process's efficacy in smoothing the sustainable development agenda. Through Official Development Assistance (ODA), Cambodia has received enormous financial support from other countries. ODA is a type of fund granted by governments of developed countries to developing countries for economic development.

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Through bilateral partnerships, Cambodia has received ODA from other nations such as Australia, Canada, China, Japan, New Zealand, the Republic of Korea, Switzerland, and the United States of America. The total project investment from those countries to Cambodia was estimated to be more than 1 billion USD in 2021 alone. This ODA has contributed considerably to Cambodia's development because those projects encompass cross-sectoral sectors such as health, education, economy, infrastructure, and the environment, which have positively impacted the nation's sustainable development.

Another critical investment platform supporting the growth of the country's economy is Foreign Direct Investment (FDI). However, in 2020, global FDI declined by 40 per cent, falling below US\$1 trillion (from US\$1.5 trillion in 2019) due to COVID-19 lockdowns. The pandemic has caused the world to experience an economic recession. The UN Secretary-General has set a series of policy briefs for the international community to deliver an effective, coordinated response to COVID-19 to address the consequences while seizing opportunities from the crisis.

Notwithstanding the situation, Cambodia still performed well, with FDI increasing by around 11 per cent from 2020 to 2021. FDI benefits the host country financially and helps reduce unemployment, which is linked to SDG 8: promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Additionally, Cambodia has successfully achieved some targets of its SDG 17, such as target 17.1: improving domestic capacity for tax and other revenue collection. For instance, the Cambodian government collected 2.78 billion USD from all sources of taxes in 2021, exceeding the proposed target of 24 per cent.

Challenges and Recommendations

Despite remarkable progress, Cambodia faces challenges as a developing nation with limited resources. For example, the international community has yet to commit to assisting developing countries. According to one of the panellists from the Ministry of Environment at the AVI-SDGs Dialogue in May 2022, in the case of climate change, financial support is still insufficient to meet the budgetary requirements for resolving climate issues facing the country. Likewise, the COVID-19 pandemic has hindered cooperation strengthening in the previous two years and affected Cambodia's resources.

To address the issues and strengthen Cambodia's partnership for sustainable development, the government should push for more participation in regional and global affairs, especially to promote peace, security, and investment, as more foreign aid and collaboration are still needed to push Cambodia to become an upper-middle-income country by 2030. Moreover, strong international cooperation is needed to ensure that countries, including Cambodia, have the means to recover from the pandemic, rebuild better, and meet Sustainable Development Goals.

The views expressed are the author's own and do not reflect the views of the Asian Vision Institute.