



20 YEAR Anniversary 1992 - 2012

THE ASIAN DEVELOPMENT BANK IN CAMBODIA:

**From Rehabilitation to
Inclusive Growth**



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Inclusive Growth**

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FOREWORD FROM THE PRIME MINISTER OF CAMBODIA



On behalf of the people and the Royal Government of Cambodia, I would like to thank the Asian Development Bank for 20 years of unwavering support. You have been one of our most generous partners—providing us with a total of more than \$1.8 billion for loans, grants, and technical assistance projects.

In 1991, even before elections had been held and when it was still challenging to travel in Cambodia, ADB was one of the first development partners to send missions to assess our needs.

From 1992 to 1997, a loan and grant worth more than \$70 million helped Cambodia to repair essential roads, rail lines, the deep sea port in Sihanoukville, Phnom Penh's electricity supply, irrigation and flood control systems, as well as high schools, technical schools, teacher training colleges, and the Royal University of Phnom Penh.

Since the early 1990s, ADB has continued to support Cambodia, not only with loans and technical assistance, but through extensive consultation, you have always made sure that ADB funding matched our needs and our priorities, that it was well coordinated with other development partners, and that it developed the capacity of government staff.

With ADB assistance, we have rehabilitated or built more than 4,000 kilometers of national highways, provincial and rural roads, and in recent years, ADB has enabled us to pave rural roads which greatly improve villagers' access to markets, schools and health facilities.

ADB finance has also helped connect more than 60,000 households to reliable electricity supply. In the education sector, ADB has helped build 350 primary schools in remote areas and build and equip more than 355 secondary schools. ADB has also helped supply over half a million people with safe water and nearly a quarter of a million people with improved sanitation.

Across Cambodia, ADB has built and equipped almost 700 Commune Council buildings and trained more than 20,000 Commune Councilors and staff. To help the private sector to grow, ADB experts advised Cambodia on the laws and regulations required for World Trade Organization accession and helped us to streamline regulations that make business registration easier and less expensive. In the finance sector, ADB has helped to strengthen banks and microfinance institutions with better regulations and enabled more than 36,000 Cambodians to open microfinance accounts and take out loans.

Through support for Cambodia's participation in the ADB Greater Mekong Subregion Program, Cambodia has developed valuable links with neighboring countries in areas such as power supply, infectious disease control, and tourism, and helped us to speed up cross border transport and trade.

ADB staff and consultants have also developed strong relationships with leaders and staff at all levels in a number of government ministries, and we highly appreciate your flexible approach which allows new needs to be met as they arise, and provides approvals with a minimum of bureaucracy and delays.

Lastly, we very much appreciate the willingness of ADB to align future activities in Cambodia with the country's planning cycle, and we look forward to another 20 years of close collaboration.

Prime Minister

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a horizontal line.

**Samdech Akka Moha Sena Padei Techo
HUN SEN**

FOREWORD FROM THE PRESIDENT OF THE ASIAN DEVELOPMENT BANK



I would like to congratulate the Royal Government of Cambodia and the people of Cambodia on the momentous achievements of the past 20 years. Cambodia is forging a place for itself as one of the region's most successful post-conflict economies. Few countries have made such remarkable economic and social progress after so much devastation.

Among the many statistics that demonstrate how far Cambodia has come in only 20 years, the most powerful is the decline in poverty. In 1992, more than half of the population was living below the poverty line. Today that proportion has fallen to less than one-quarter. Cambodia's GDP has grown from \$3 billion in 1993 to \$12.8 billion in 2011. During the same period, per capita income has risen from \$229 to \$911.

The net primary school enrolment ratio has risen from around 60 percent in the mid-1990s to over 96 percent in 2011. And the maternal mortality ratio has fallen from 437 per 100,000 live births in the mid-1990s to 206 in 2010.

Cambodia joined ADB in 1966. Since that time, ADB has provided the country with almost \$2 billion in development assistance for, among others, transport, energy, rural development, urban development, education and vocational training, health care, the finance sector, and private sector development. A major share of this assistance has been delivered after ADB's post-conflict re-engagement in 1992. Cambodia has also benefited from being actively involved in the Greater Mekong Subregion Program, which brings together six countries bordering the Mekong River to promote economic integration and the health and wellbeing of all the people in the subregion.

ADB's ambitious country partnership strategy for Cambodia is fully aligned with Cambodia's development plan. The current strategy, covering the period 2011-2013, prioritizes ADB's investments in transport, water and sanitation, urban development, agriculture and natural resources, education, and finance. It also identifies public sector management as a facilitating sector, and responds to critical challenges such as climate change, decentralization, rural-urban linkages, and regional cooperation. The strategy, which was approved by ADB's Board of Directors in July 2011, continues and deepens ADB's engagement in Cambodia.

We are particularly pleased to have assisted Cambodia in this anniversary year with rapid response to the devastating floods of 2011 in the form of an infrastructure reconstruction project. This was ADB's second major flood response project in Cambodia, the first being in 2000. It will restore critical public and social infrastructure assets to their original standards or better and, most importantly, restore the livelihoods of people in the affected provinces.

ADB is strongly committed to the people of Cambodia, to pressing ahead with our programs to reduce poverty, and to helping the country achieve inclusive economic growth with social development and equity. We look forward to building on our fruitful partnership for many years to come.

A handwritten signature in black ink, reading "H. Kuroda". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**President, Asian Development Bank
Haruhiko Kuroda**

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This publication was prepared by the entire Cambodia country team, both in Phnom Penh and in Manila, and their support in providing guidance, text and photographic inputs is greatly appreciated. The production team was led and coordinated by Peter Brimble, senior country economist, Cambodia Resident Mission (CARM), Chantha Kim, programs officer, CARM, and Sothea Ros, external relations coordinator, CARM. Mao Ouk, associate operations coordinator, CARM, supported preparation of the Khmer version. Michael Wild and Ann Bishop provided writing, editing, photography, and design. Khieu Chanthara and Ieat Sila of Graphic Roots, produced the final layout. Guidance and support was provided by Kunio Senga, director general, Southeast Asia Department, Putu Kamayana, former country director, CARM, and Eric Sidgwick, present country director, CARM. Someth Suos former country director, CARM, deserves special thanks for providing his fascinating memories and photos of ADB's experiences in Cambodia in the early 1990s. The team wishes to thank the Department of External Relations for their support in publishing the book. Lastly, special appreciation to all the Cambodia government officials and other stakeholders in Cambodia, without whom all the projects and activities presented in the publication could not have come to pass.

ASIAN DEVELOPMENT BANK: 20 YEARS IN CAMBODIA

Cambodia was a founding member of ADB in 1966, but almost all lending and technical assistance to Cambodia has been since the 1990s when ADB re-engaged after an extended absence. This publication aims to capture the essence of the last 20 years of partnership between Cambodia and ADB.

ADB's core product is finance, and as of October 2012, Cambodia had received \$1.39 billion for 64 loans, \$256 million for 21 grants, and \$138 million for 179 technical assistance projects.

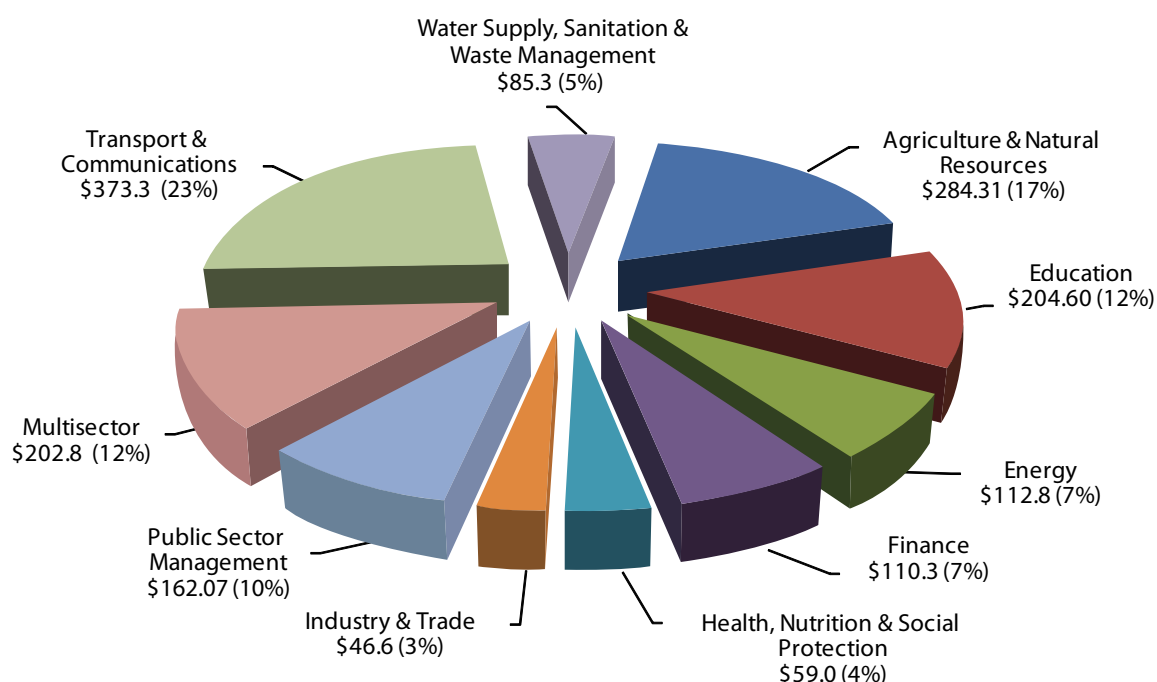
This commemorative publication reviews activities and achievements in the main sectors of ADB engagement in Cambodia, including infrastructure, regional cooperation, urban development, tourism, rural development, flood rehabilitation, social development, public sector management, finance, and private sector development.

It also covers progress on key drivers of change—governance, gender equity, climate change, knowledge partnerships, and engagement with civil society organizations, development partners, and the business community. The steps forward in these areas in Cambodia reflect the new broader 'finance ++' strategy of ADB—finance plus leverage plus knowledge.

This publication concludes with a section on ADB 'then and now', detailing the return of ADB to Cambodia 20 years ago, a list of ADB milestones since 1991, reflections from all the ADB country directors since the 1990s, and concluding with the essence of the country partnership strategy 2011–2013, and the names of the Cambodia country team that are leading the Cambodia-ADB partnership into the future.

For more information on the ADB program and activities in Cambodia, please see <http://www.adb.org/countries/cambodia/main>.

ADB Loans and Grants to Cambodia (as of 31 October 2012, in million \$)



INFRASTRUCTURE AND REGIONAL COOPERATION

Transport

*...connecting people
and products...*

Cambodia's transport infrastructure was nearly destroyed over 30 years of war, civil strife and damaging floods. Nearly 8,000 kilometers of primary roads, and more than 600 kilometers of railway lines and bridges built in the 1950s were badly damaged by war or lack of maintenance, and by the 1990s, many still needed repairs. Road, rail, water, and air transport all play a crucial role in the development of Cambodia's economy. For example, tourism uses roads and airports; the construction sector needs water ports and roads to access raw materials; the agriculture sector depends on roads as well as water ports to get products to market; and industry (mostly garment factories) relies on roads as well as water ports and airports. Expansion of the economy depends on fast, efficient transport—if access is insufficient, slow and expensive, economic development lags and so does the rate of poverty reduction.



Improving transport connectivity is a key goal for Cambodia, its neighbors, and the Association of Southeast Asian Nations (ASEAN). Being able to move goods and people faster and more efficiently helps countries to create jobs, increase trade volumes, reduce poverty, and improve the quality of people's lives. For these reasons, Cambodia's transport sector has been a major focus for ADB since the bank resumed its operations in 1992. Over the past two decades 23% of all ADB loans and grants have been allocated to the transport sector.

During the emergency restoration phase in the early 1990s, the government and ADB prioritized reopening Cambodian roads to traffic, enabling access to strategic economic locations, and improving economic activity in rural areas. The most degraded sections of the primary road network, and especially the national roads to Viet Nam and Thailand, were the top priority for repairs so that essentials such as food, medicine, equipment, and building materials could be imported. These interventions to improve transport infrastructure also helped the peace-keeping operations of the United Nations, and the repatriation and resettlement of over 360,000 refugees from Thai border camps.

Through ADB support in rehabilitating the primary and secondary road networks, as well as the Siem Reap airport, connectivity and competition have greatly improved, and helped increase tourism revenues and peoples' incomes. Regional transport-related activities have increased trade among Mekong countries, and with the rest of the world.





With ADB assistance, transport sector policy and institutional capacity has improved, which has increased private sector involvement in road and railway construction, launched systematic maintenance, and established safety standards for roads and safety regulations for civil aviation.

Today, road transport accounts for 65% of all passenger traffic and 70% of all cargo traffic in Cambodia. With ADB assistance, over 4,000 kilometers of national, provincial, and rural roads have been rehabilitated or upgraded, and along these roads, schools, hand-pump wells, and rural markets have been repaired or newly built. With these road improvements, the rural poor can access markets and basic social and financial services more easily, including health care, schools, skills training, credit, and agricultural extension services.

Over 4 million workdays of employment have been generated in Cambodia through ADB-financed road rehabilitation and routine/periodic maintenance, providing incomes for about 300,000 local workers. Road projects have also increased the mobility and employability of the rural poor in both farming and non-farming activities.



With faster and cheaper access to markets, farming households are spending more time on non-agricultural income-generating activities and their incomes have increased by an average of 30%. Road travel from Phnom Penh to Battambang now takes about 5 hours, compared to 14 hours in the 1990s.

The GMS Railway Rehabilitation Project

The costs of rehabilitating Cambodia's railway are substantial, but so are the benefits. The railway project will support Cambodia's economic development and make possible cost-efficient, railway transport within Cambodia and between Cambodia and Thailand, Malaysia, and Singapore. In addition to saving on time and transportation costs, rail transport uses less fuel, produces lower levels of environmentally-damaging CO₂, reduces road congestion, improves transportation safety, and creates employment.



Rail transport is highly efficient, especially over long distances. Reconnecting the railway with Thailand, for example, will reduce container transit times between Bangkok and Phnom Penh from about 11 days by sea and road, to about 20 hours by rail. The cost of moving a container between the two cities will drop by over 65%. The railway will give domestic transport users a choice between fast but expensive road transport and slower but cheaper and more regular rail transport. Due to railway benefits, an estimated 40% to 50% of container traffic is likely to shift from road to rail. This should significantly reduce road maintenance requirements and delay the need for expensive widening of roads. One fully loaded heavy truck causes as much wear and tear on a road as 7,000 passenger cars, and if the truck is overloaded, the impact on roads is even greater.

The GMS Railway Rehabilitation Project is a large and complex project involving the rehabilitation or reconstruction of 385 kilometers on the northern line between Phnom Penh and Poipet on the Thai border; 256 kilometers on the southern line between Phnom Penh and the sea port in Sihanoukville; rehabilitation of spur lines between Phnom Penh and Sihanoukville port; the construction of a railway container yard inside Sihanoukville port; and a new railway freight and maintenance yard near Phnom Penh. The railway lines are opening to traffic in stages. The first section opened in October 2010, three more sections are expected to open in 2012 and 2013, and the last sections should open in 2014–2015. The freight and maintenance facilities are expected to open in 2014.





The project also faces the challenge of resettling the households that had been living along the abandoned tracks. Prior to resettlement, many affected people were landless, lacked tenure, and lacked water and sanitation facilities. The resettlement project is providing affected people with new plots of land and with the replacement cost of their previous dwelling, including labor costs. Affected households are provided with toilets, access to electricity and clean water, and they receive land titles to their new plots 5 years after relocation.

In addition, an income restoration program has been set up to help people whose livelihoods have been impacted by relocation. This includes vocational training, support to find new employment, and microfinance for livelihood activities, small businesses, and family emergencies. The microfinance funds are managed by the relocated people themselves through a number of self help groups.



Energy

...lowering energy costs and increasing productivity...

From an electrification rate of only 10% of the population in 2000, to about 25% in late 2012, Cambodia continues to have one of the lowest electrification rates in Southeast Asia. About 80% of the rural population use electricity supplied from charged automobile batteries, and they light their houses with polluting and unsafe kerosene and candles. Most provincial and district towns still have privately-owned, isolated electricity systems that generate power by burning expensive imported and polluting diesel and heavy fuel oil.

Costly and unreliable electricity also discourages investors. In surveys conducted by ADB and the World Bank, investors continue to identify the high cost of electricity and unexpected power cuts as major constraints to doing business in Cambodia. Increasing electricity coverage and reliability, and lowering the cost of electricity are imperative so that Cambodia can diversify from garments and tourism to other sources of growth such as light manufacturing and agro-processing.

Over the last two decades, ADB has been among the most active funding agencies in Cambodia's energy sector. ADB has helped provide reliable and affordable electricity to more than 60,000 households. The \$113 million already invested in the energy sector amounts to 7% of total assistance provided by ADB.

In improving access to electricity in Cambodia, ADB has financed the construction of high-voltage transmission lines and the development of a national electricity grid that connects together the small, isolated private systems that supply most provincial towns. With ADB financial assistance, by 2010 over 500 kilometers of transmission lines had been constructed.





Energy sector work by ADB has also had a strong regional and subregional impact. The Greater Mekong Subregion Transmission project from Viet Nam to Cambodia, and the Cambodia Power Transmission Lines Project from Thailand to Cambodia have both helped to boost power supplies and integrate Cambodia into the Greater Mekong Subregion power network.

The Provincial Power Supply Project has extended the availability of reliable electricity to nine provinces. The 2009 completion of a transmission line from the Viet Nam border to Takeo, Kandal and Phnom Penh, as well as several major towns and villages along the transmission route, provides 130 MW of reliable electricity at affordable prices. Also, the 2007 completion of the transmission line from the Thai border provides 50 MW of power to Battambang, Banteay Meanchey and Siem Reap. In addition to these bulk imports, there are more electricity imports from Thailand and Viet Nam through connections at various border locations.

More recently, under the Second Power Transmission and Distribution Project (2006–2013), the national power grid is being expanded in the southern provinces. Along the transmission corridor to Sihanoukville, three new substations are being constructed, together with associated medium and low-voltage distribution lines.



From 2011 to 2013, the ADB energy sector strategy emphasizes 1) fostering private sector participation in the power subsector; 2) increasing the use of renewable energy resources, and especially biofuels; 3) supporting rural electrification to increase rural peoples' access to energy; and 4) assisting the oil and gas subsector through analytical and policy work. ADB has also provided technical assistance to government in developing the electricity law, tariff reform, the petroleum law, and building capacity in power sector agencies.

Another Medium-Voltage Subtransmission Expansion Sector Project will increase access to grid electricity in five provinces: Banteay Meanchey, Kampong Cham, Kampong Thom, Kandal, and Siem Reap. This project will construct over 2,000 kilometers of medium-voltage subtransmission lines, as well as provide technical assistance over a 5-year period.

In addition, a Rural Energy Project will expand the supply of reliable grid-electricity to over 13,000 households in Svay Rieng Province, promote an energy efficient cookstove by increasing the number of producers in Kampong Cham Province, and train staff in the Electricity Authority of Cambodia.



Urban Development

...planning for future growth...

Three major transitions are taking place in Cambodia, as well as in the countries of the Greater Mekong Subregion: a shift from centrally-planned to market-oriented economies; decentralization; and the opening of borders. These developments run in parallel with the much larger transformation from rural-based to urban-based economies. In 2012, about 20% of Cambodians live in urban areas, and this is expected to rise to 30% by 2020. The urban share of the economy is now about 50% of GDP, and this share is projected to increase to 70% by 2020. However, due to open borders and private sector driven development, over half of urban growth is taking place in the capital, Phnom Penh. To avoid even greater congestion in Phnom Penh, policies and projects are needed to facilitate sustainable growth in provincial cities and towns.

ADB urban development strategies for Cambodia are focused on achieving a balanced distribution of development between Phnom Penh and small and medium-sized provincial cities and towns across Cambodia. While the Phnom Penh capital region will continue to attract a larger share of population and economic growth, growth in provincial cities and towns should take the pressure off Phnom Penh, as well as contribute to poverty reduction in the provinces.

To achieve more balanced urban development across Cambodia, as soon as possible, the weak institutional framework, especially away from major urban centers, needs to be strengthened. Also, the capacity of government at the municipal level needs to be improved. The urban development agenda should closely link too with the development of agriculture and natural resources, transport, and water and sanitation. Thus, while urban sector growth is inevitable, making it more evenly-distributed across the country can be influenced by good policies.



To promote principles of integrated and sustainable urban development, ADB is implementing an urban program based on the following key principles:

- **Converting transport corridors into economic corridors.** Urban authorities will play an increasingly important role in implementing Greater Mekong Subregion cooperation and integration programs. As subregion transport corridors thrive and develop into full-fledged economic corridors, cities and towns along the most active corridors should receive priority attention. ADB support is being considered for the Southern Economic Corridor that links Thailand, Phnom Penh and Viet Nam, and also links the Lao People's Democratic Republic with Sihanoukville.
- **Sustainable urban development.** This closely relates to ADB's geographical focus on the Tonle Sap region, including the towns of Battambang, Kampong Chhnang, Pailin, Poipet, Pursat, Samroang, Serei Saophoan, Siem Reap, and Stung Sen. To achieve sustainable urban development, priority subsectors are water (treatment and distribution), sanitation, solid waste management, flood control, roads, and public markets.
- **Capacity development for urban development.** This will address institutional capacity gaps that have become apparent in the context of decentralization and deconcentration reforms. With ADB support, capacity-building programs will be provided not only at the national level but also in the newly-established municipalities that are becoming increasingly important.

Together with the World Bank, ADB has been supporting development of the urban water supply sector since 1993. From 1996 to 2003, the Phnom Penh Water Supply and Drainage Project installed 15.6 kilometers of water supply transmission mains, 86 kilometers of water distribution pipes, and upgraded drainage canals and a pumping station. The project increased water supply capacity in Phnom Penh by 155,000 cubic meters per day and reduced water losses from 57% to 17%. These improvements enabled about 1.5 million more urban dwellers to access safe drinking water. Rehabilitation of the system also reduced water production cost by 8%, and the drainage component of the project reduced flooding in about 40% of inner city Phnom Penh, enabling economic development around rehabilitated canals. The institutional strengthening component helped transform the Phnom Penh Water Supply Authority from an ineffective water supply utility into one of the most successful in the developing world. In 2012, the Authority became a private company and it is now listed on Cambodia's new stock exchange.

Additional ADB water and sanitation projects include the Provincial Towns Improvement Project which constructed and rehabilitated water supply works in six provinces around the Tonle Sap and is building a centralized wastewater treatment plant in Preah Sihanouk; plus the Greater Mekong Subregion Tourism Project which financed a wastewater treatment plant in Siem Reap. Other ADB support includes technical assistance for water supply and sanitation along the economic corridors of the Greater Mekong Subregion, and facilitating water operator partnerships within the region. A new urban water project was under preparation in 2012 that will continue improvements in water supply infrastructure and management in a number of secondary towns.



Tourism

...regional cooperation increases tourism...

From 118,000 arrivals in 1993 to nearly 3 million in 2011, the tourism sector is now the fourth largest contributor to Cambodia's GDP after the garment industry, agriculture and construction/real estate. Over the years, and despite the global economic slowdowns since 2008, Cambodia's tourism industry has continued to flourish.



Tourism plays a significant role in generating employment opportunities in rural as well as urban areas, and in expanding the national economic base through the industry's need for agricultural products, buildings, furniture, and many other locally-produced goods and services. Tourism also plays an important role not only in reducing poverty by creating jobs, but also in developing human resources through on-the-job training. Tourism provides an important source of foreign exchange too, and by supporting Cambodia's traditional artisans and performers, tourism has helped recover and preserve Cambodia's rich cultural heritage. In rural areas, women are gaining financial independence and equality through community-based tourism and producing handicrafts to sell to tourists.

Many more than half of all visitors to Cambodia are now from Asian countries, with the largest share (20%) from Viet Nam—a testament to the ADB-supported Greater Mekong Subregion tourism sector development project that has financed infrastructure development and provided technical assistance to expand tourism.

GMS Mekong Tourism Development Project

In 1999, the Tourism Working Group of the GMS Economic Cooperation Program requested and received ADB technical assistance to launch the GMS Mekong Tourism Development Project.

The GMS Mekong Tourism Development Project aims to develop and promote the region as a single destination, and over the years, through infrastructure improvements, it has contributed to reducing poverty, accelerating economic growth, increasing employment. The project has also promoted subregional cooperation, community and private sector participation, and sustainable tourism, including the conservation of natural as well as cultural heritage.





Project outputs have included:

- 1) Improved access roads and environmental conditions at tourist sites;
- 2) Sustainable, pro-poor, community-based tourism;
- 3) Greater public and private sector tourism cooperation in the region; and
- 4) Greater capacity to achieve sustainable tourism development.

In Siem Reap, a wastewater treatment system has provided improved sanitation to nearly 20,000 households, and the drainage system in the town center has reclaimed valuable land that previously flooded on a regular basis. A thriving night market has also been established on the reclaimed land and created more than 200 employment opportunities.

An upgrade of the access road to the Genocide Memorial near Phnom Penh has had positive social as well as environmental impacts. These include six kilometers of rehabilitated road and bridges that reduce travel times and congestion, and drainage that reduces annual flooding. Villagers living in the area benefit from improved electricity, water, and drainage, and the new road has enabled transformation of low-fertility grazing land into housing and light industry.

A revised strategy and road map for 2011–2015 was endorsed by the Third GMS Tourism Ministers' Meeting in 2011. This focuses on the development of multi-country tours along the GMS economic corridors and the Mekong River tourism corridor. Priority programs include tourism-related human resources training, subregional marketing and product development, and pro-poor tourism. A new project called GMS Tourism Infrastructure for Inclusive Growth, which was under preparation in 2012, will also contribute to these objectives.



Sambor Prei Kuk

With financing from the Government of Japan, ADB is helping rural entrepreneurs in Kampong Thom to develop micro and small enterprises. While many rural families produce traditional crafts and locally-processed food that could generate substantial income and employment, they are unable to exploit these commercial opportunities because of their physical isolation, inefficient production methods, poor understanding of consumer preferences, and lack of affordable credit.

This multi-faceted project includes complementary investments in infrastructure, training, business services, and community organization that will enable local entrepreneurs in 11 villages to establish community-based enterprises, and enter lucrative value chains in Cambodia's multi-million dollar craft industry. The project will also enable communities living near the ancient pre-Angkor Chenla temple complex, Sambor Prei Kuk, to benefit from the greater numbers of visitors that are expected once a 28-kilometer paved road is finished to link the site to National Road 6.



Regional Cooperation and Integration through the Greater Mekong Subregion

...connectivity, competitiveness, and community...

The Greater Mekong Subregion (GMS) is made up of Cambodia, the People's Republic of China (Yunnan Province and Guangxi Zhuang Autonomous Region), the Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam. The Subregion is a natural economic area linked by the Mekong River, with an area of 2.6 million square kilometers, a combined population of about 326 million, and an average per capita income in 2011 of \$1,477.



In 1992, with assistance from ADB, and building on their shared histories and cultures, the countries of the Greater Mekong Subregion launched the GMS program to enhance their economic relations in nine priority sectors: agriculture, energy, environment, human resources development, investment, telecommunications, tourism, transport infrastructure, and transport and trade facilitation. With support from ADB and other development partners, the GMS program is helping participating countries to achieve their Millennium Development Goals by increasing connectivity, improving competitiveness, and achieving a greater sense of community. Outcomes also include greater:

- **Connectivity** through the development of subregional interconnecting infrastructure, including transport corridors, power systems, and telecommunications networks.
- **Competitiveness** through increased connectivity, transport and trade facilitation, including the development of logistics systems, the regional power trade, harnessing of information and communication technology, expansion of cross-border agricultural trade, and the promotion of the GMS as a single tourism destination. The GMS countries have also ratified a landmark agreement to facilitate the cross-border movement of goods and people.
- **Community** through GMS countries jointly addressing their social and environmental problems, including preventing and controlling the transmission of communicable diseases, and protecting the subregion's rich biodiversity and ecosystems.





Projects and activities under the GMS Plan of Action include completing key sections of the GMS road corridors; accelerating implementation of the Biodiversity Conservation Corridors Initiative through the Core Environment Program; strengthening agricultural cooperation through the Core Agriculture Support Program; marketing, promoting, and developing tourism; and focusing on strategic directions and priorities for human resources development, including capacity building for GMS officials under the Phnom Penh Plan for Development Management.

By the end of 2011, ADB had extended loans and grants of over \$5 billion for 56 GMS investment projects, with a total value of \$15 billion. The projects include subregional roads, airport and railway improvements, hydropower for cross-border power supply, tourism infrastructure, urban development, and communicable disease control. In addition, ADB has supported 177 technical assistance projects worth \$286 million for project preparation, capacity development, economic and sector work, GMS coordination, and secretariat assistance.

Through its analytical work, ABD continues to look for potential benefits of regional cooperation and integration in order to align more closely GMS activities with Cambodia's national development strategy. A seminal knowledge product produced in Cambodia, the *Blue Book on Transport and Trade Facilitation along the Southern Economic Corridor*, takes a close look at ways to improve logistics and reduce transport costs along this critical GMS corridor, and its approach is being applied elsewhere in the GMS.

Ongoing GMS initiatives in Cambodia focus on transport (roads and railway), consistent with the gradual transformation of existing domestic and subregional cross-border transport corridors into full-fledged economic corridors. Initiatives also include operationalizing cross-border transport agreements.



Recent progress on cross-border transport includes implementing a bilateral agreement with Viet Nam; signing a bilateral agreement with Thailand on the exchange of traffic rights; and restructuring transport and border management facilitation under a Deputy Prime Minister.

Since 2003, to increase agricultural competitiveness and agribusiness investment in the economic corridors, the GMS Core Agriculture Support Program has been supporting Cambodia's regional cooperation in agriculture. The program focuses on three core areas: 1) building global competitiveness in food safety and modernizing agricultural trade; 2) climate-friendly agriculture and natural resources management; and 3) leveraging agriculture to support rural renewable energy technology and eco-friendly supply chains. The Core Agriculture Support Program II is piloting the efficient utilization of biomass for bioenergy and food security, and plans are being developed to focus on developing regional 'green', inclusive value chains that link smallholders who practice environmentally-friendly farming into modern value chains.

Upcoming initiatives include promoting urban infrastructure along developing economic corridors; developing further links between existing corridors; supporting sanitary and phytosanitary requirements to facilitate GMS trade; ensuring that water resources serve irrigation as well as natural resource management needs; developing tourism infrastructure; and addressing climate change issues.

GREATER MEKONG SUBREGION ECONOMIC CORRIDORS



RURAL DEVELOPMENT

Agriculture and Natural Resources

...food security and conservation...

Agriculture and natural resources are critically important in Cambodia because 80% of the population is rural and most households depend on agriculture, fisheries and forest resources for subsistence as well as income. About 90% of cultivated land is devoted to rice and the rest to other food crops, as well as industrial crops (primarily rubber). Due to limited irrigation, most farmers grow only a single, rain-fed rice crop per year, and this keeps their incomes low.



The Tonle Sap Great Lake, which is the largest fresh water lake in Southeast Asia, and of great importance to millions of poor rural people, has a unique hydrological cycle, and rich resources, biodiversity and habitat range. Rainfall distribution and river discharges are highly seasonal, variable and unpredictable, with wet and dry seasons, typhoons, floods and droughts. Coupled with this, the annual rise and fall of the Mekong River has both positive and negative effects. Floods sustain the critical water cycles of the Tonle Sap Lake and the Lower Mekong Delta that are necessary for agriculture and fisheries production, but can cause major flooding, deaths, loss of crops, and damage to property and public infrastructure.

Climate change is likely to increase the challenges of water management. Less rain is anticipated during the dry season, more rain during the wet season, more frequent extreme weather events, and worse seasonal water shortages and floods.

Since ADB re-started operations in Cambodia in 1992, the agriculture and natural resources sectors have been an ongoing focus in ADB country strategies, accounting for 17% of ADB spending. To mobilize additional funds, ADB has also partnered with donors such as Agence Française de Développement, Australia, Finland, the International Fund for Agricultural Development, the Japan Fund for Poverty Reduction, and trust funds such as the Global Agriculture and Food Security Program, and the Pilot Program for Climate Resilience.

Food Security and Agriculture

The first 4-year ADB loan in 1992 financed the repair of irrigation systems and ADB provided 18,000 tonnes of fertilizer to the agriculture ministry for sale to farmers. The government implemented its first Agriculture Sector Program from 1996 to 2000 and over this period ADB advised the government on developing the Land Law which legalized private ownership of land; privatizing state agricultural enterprises; decentralizing authority from the ministry down to provincial departments of agriculture; and improving farmers' access to finance and agricultural inputs.

To support the government's efforts to boost economic growth and reduce poverty in the early 2000s, ADB provided support through the Agriculture Sector Development Program and Project 2003–2009, which improved access to productive land, water, seeds and other inputs, and promoted market-based agriculture and higher productivity.





When Cambodia experienced soaring food and fuel prices in 2008, ADB responded quickly to the government by initiating the Emergency Food Assistance Project. Through supporting expansion of the government safety-net programs, ADB helped improve the food security of about 500,000 poor and vulnerable people. In addition to improving access to food and quality seeds, the project provided poor people with cash-for-work opportunities on rural road and irrigation projects and also supported establishing the Cambodia Food Reserve System.

To build on gains made under previous agriculture and irrigation investment programs, ADB will support the government's 2010 Rice Production and Export Policy through the ADB Climate Resilient Rice Commercialization Sector Development Program planned for approval in 2013. The program will enhance the legal and regulatory environment for rice commercialization, initiate land-use zoning, build climate resilient rural infrastructure, and improve rice quality through enhanced value chain services.

Irrigation and Water Resource Management

Recognizing that water plays a critical role in management of agriculture and disaster risk management, ADB has focused on policy and institutional reforms to improve water resource management and irrigation service delivery, as well as sustainable small and medium-scale irrigation schemes. As climate change increases the frequency and intensity of floods and droughts, ADB is pioneering the introduction of integrated water resources management to manage competing demands for water.



Natural Resources and Livelihoods

The focus of ADB support to natural resources and rural livelihoods' development has been the Tonle Sap Initiative that began in 2002. In 2005, this was formalized as the Tonle Sap Basin Strategy, which forms the basis for setting priorities for 5 to 7 years. The strategy is based on three principles: 1) sustainable livelihoods, 2) participatory decision making and implementation, and 3) basin-wide planning for management and development of the Tonle Sap basin. Within the initiative, ADB targets improvements in environmental management, sustainable livelihoods, and lowland rural development. The Tonle Sap Initiative is also strengthening communities' capacity so they can manage the natural resources in the Biosphere Reserve, plan and implement social infrastructure and income generating activities, and with good agricultural practices, diversify and increase production.



GMS Core Environment Program

In addition, subregional programs are complementing country operations to maximize both conservation and agricultural development impacts. Since 2006, the Core Environment Program and the Biodiversity Corridors Initiative (CEP-BCI) have supported conservation and sustainable livelihoods in Cambodia's eastern plains dry forest and the Cardamom Mountains in the southwest. Both areas contain fragile ecosystems with important fauna and flora, including tigers and Asian elephants. The Cardamom Mountains also contribute water and sediment to the Tonle Sap through the streams and rivers that flow through upland forests into the wetlands surrounding the Tonle Sap.

To ensure that environmental concerns are adequately addressed in economic corridor development, the ADB Biodiversity Corridors Initiative supports sustainable management of land corridors that enable wild animals to move between protected forest areas. In working with poor, local communities that depend on natural resources, the biodiversity initiative has taken an integrated approach to conservation and development, and works through non-governmental organizations such as Conservation International, Fauna and Flora International, and Wildlife Alliance, as well as government agencies.

The biodiversity initiative has helped local communities to find alternatives to hunting and trapping. These include rice terrace restoration, using better agriculture techniques, ecotourism (boating and trekking), and improving important small-scale infrastructure such as wells and schools. All help to boost local incomes. A tree nursery has reforested 1,500 hectares, and five conservation agreements for community-based management have reduced land clearing and hunting. In addition, the biodiversity initiative has expanded its work to both Koh Kong and Monduliri Provinces.





Nurturing Nature under the Tonle Sap Initiative

A midwife who brings both babies and fish in to the world

In the fishing village of Phneat, on the shores of the Tonle Sap Great Lake, people disagree about how much their catch has declined in recent years, but they all agree that fish stocks are falling. As part of efforts to shore up stocks before the situation becomes critical, with ADB support, Fisheries Administration of the Ministry of Agriculture, Forestry and Fisheries, has been working with Great Lake communities to help them establish and manage fish breeding sanctuaries.

Tan Kim Ouy knows all about bringing new life safely into the world. As the community midwife in Phneat, she not only delivers babies safely, but she is also in charge of making sure that aquatic life thrives without the threat of overzealous fishing.

When community members agreed to set up an aquatic sanctuary—an area of the river where fishing would be banned and fish could breed undisturbed—widely-trusted and nurturing Kim Ouy was the obvious choice to oversee the project. She says her friends and neighbors have been very receptive to creating a fish sanctuary. Through the community fisheries group, which includes the whole community, Kim Ouy has explained when and where fishing is allowed, and why, when, and where fishing is restricted. Kim Ouy believes that taking a longer-term view of fisheries and conservation is crucial for ensuring the Tonle Sap Great Lake's long-term future. "People have started to understand the importance of conserving fish. Now, the numbers have increased and people can catch fish around here again. Previously, they had to travel a long way. I would like to preserve the fish so that the next generation can catch them," she said.



Rural Water Supply and Sanitation

...for gender equity and livelihood improvements...

Around half of rural Cambodians lack access to safe drinking water and, as a consequence, many women and children spend hours of their day hauling household water from distant sources. The time wasted carrying water could be spent on more productive activities such as income generation or studying, and the illnesses caused by contaminated water are dangerous and costly to treat. Every day an estimated 20 Cambodian children die from diarrhea, a condition directly related to contaminated water and poor sanitation. Fewer than 24% of Cambodians have sanitation facilities (latrines), and in 2008, poor sanitation caused an estimated \$450 million of economic losses. Improving rural water supply and sanitation is one of the key steps towards achieving Cambodia's Millennium Development Goals.

ADB has taken an integrated approach to improving rural water supply and sanitation through grants, loans, and technical assistance. ADB support for rural water supply and sanitation includes the Tonle Sap Rural Water Supply and Sanitation Sector Project (2006–2010) and the Second Rural Water Supply and Sanitation Sector Project (2009–2015). These focus on expanding access to rural water supply and sanitation in the six provinces around the Tonle Sap Basin where most of Cambodia's poorest people live, and on gender equity and improving livelihoods.





The Tonle Sap Rural Water Supply and Sanitation Sector Project provided safe water to around 500,000 villagers, and built 45,000 latrines that are used by an estimated 200,000 people. Stressing value for money, the project focused on improving existing sources of water, and where this was not possible, new low cost and easy-to-maintain water sources were created. In total, ADB finance has upgraded or created over 5,600 water sources, including wells with hand pumps, community ponds with filtration systems, rainwater tanks, and household bio-sand filters. ADB finance has also developed five small-piped water supply systems.



To encourage healthy habits, ADB water and sanitation projects include village education campaigns on hygiene. These behavior change campaigns, which are led by village leaders, stress the need for all households to adopt clean sanitation habits since infections spread easily from those with poor habits to everyone else. ADB encourages community involvement through the formation of water and sanitation user groups that operate and manage the facilities created under the project and support the education campaigns. Nearly 5,500 user groups have been formed in over 800 villages, and women comprise 43% of their board members.



Easing the Burden of Water in Rural Cambodia

A community pond in rural Cambodia has made clean water accessible, and reduced illnesses, health costs, and the time women and children spend hauling household water.

Hong Yoeun's hands are covered with calluses—the unforgiving plastic handles of water buckets have caused these. For 35 years, until 2010, she never lived in a place with running water. But now getting clean water is much easier for Hong Yoeun and her family. A large, rectangular pond that fills with rainwater has been dug in the middle of Tek La-ak, her leafy village in Kampong Chhnang Province. Before the community pond was created, Hong Yoeun, with two of her four children trailing behind her, had to hike to the nearest water source, and then lug the dripping pails back home. Hong Yoeun often had to make this trip three times a day and her water supply problem was not unusual. Around half of the people living in rural Cambodia have little access to clean water, and it is rarely close to home. Tek La-ak's new community pond may look muddy, but it is safe water and has transformed the lives of everyone in her village. For Hong Yoeun, it is hard to overstate the benefits that the new water supply has brought her family. "In the past, I had to go a long way to get water three times a day. Often, it would be dark when I made the last trip, but I would still have to make rice for the children. Now that we have the pond nearby, I can relax more and I have time to do other things."

Climate Change

...building adaptive infrastructure and community resilience...

Cambodia is highly vulnerable to the impacts of climate change. This high vulnerability is due to the country's low capacity to adapt and its high reliance on the climate-sensitive sectors of rain-fed agriculture, fisheries, and natural resources. Infrastructure-related losses from natural disasters intensified by climate change are also predicted to be high. The 2011 floods, for example, caused direct damage to assets and economic losses of more than \$600 million.

To address Cambodia's high vulnerability to climate change, ADB is implementing the \$86 million Pilot Program for Climate Resilience, financed by the Climate Investment Fund. The first phase, which began in 2010, is strengthening institutional capacity to integrate climate resilience into planning at the national and subnational levels, mainstream gender considerations, engage civil society and the private sector in developing adaptation initiatives, and identify opportunities for science-based adaptation planning.

The second phase, from 2011 to 2018, involves implementing an innovative strategic program for climate resilience, designed to mainstream climate resilient dimensions into a range of development projects. In addition to technical assistance projects, which include a facility to build the capacity of civil society organizations in the climate change area, and resources to monitor and evaluate all investment projects, the program includes: 1) two investment projects in water resources (climate risk management and rehabilitation of small and medium-scale irrigation schemes in the Tonle Sap basin and flood and drought management in Pursat and Kratie Provinces); 2) two investment projects in agriculture (promoting climate-resilient agriculture, forestry, water supply, and coastal resources in Koh Kong and Mondulkiri Provinces; and climate proofing of agricultural infrastructure and business-focused adaptation); and 3) three investment projects in infrastructure (climate proofing of roads in Kampong Chhnang, Kampong Speu, Prey Veng, and Svay Rieng Provinces; climate proofing of urban infrastructure in the Southern Economic Corridor; and flood-resilient infrastructure development in the provinces of Battambang, Kampong Cham, Kampong Thom, Pursat and Siem Reap).



Flood Rehabilitation (2000 and 2011)

...emergency response, rehabilitation, and preparedness...

In 2000, Cambodia experienced its worst flooding in decades, with estimated damage of \$150 million. This flood affected more than 3 million people in 22 of the 24 provinces, killing 182 people and displacing 85,000 families. The devastating flood in 2011 inundated 1,360 schools, 491 pagodas, 115 health clinics, and nearly 300,000 hectares of paddy. In the 19 provinces affected, the flood also displaced 52,000 families, drowned 1,675 cows and pigs, and killed 250 people. As a result of the 2011 flood, 350,000 villagers faced food shortages and over 900 kilometers of national and provincial roads and 4,500 kilometers of rural roads were damaged, along with many bridges and check dams. A damage and loss assessment carried out by ADB estimated direct damage to assets and economic losses at over \$600 million.

In 2000, ADB responded in just three months with the ambitious Emergency Flood Rehabilitation Project. This project allocated ADB loan funds of \$55.8 million to rehabilitate the flood-damaged national road network, including bridges and culverts that had been damaged or washed away. The project also repaired railway embankments and railway bridges, a major flood control dike protecting residential and agricultural areas of Phnom Penh, and small- to medium-scale irrigation facilities, including embankments, water control structures, and delivery and drainage canals. In rural areas, ADB funds repaired flood-damaged infrastructure, including rural roads, bridges, and culverts; education facilities (classroom floors, roofing and walls and replacement of furniture and equipment); and health centers as well as referral hospitals. Overall, the project evaluation concluded that: “ADB prepared a highly relevant project that was implemented in an expedient manner.”

For the 2011 floods, ADB, in close collaboration with government and other donor partners, initiated immediate humanitarian assistance, including a grant for \$3 million from the Asia Pacific Disaster Response Fund. This grant provided: 1) rice seeds to enable affected households to rapidly replant destroyed rice fields; 2) temporary repairs to irrigation canal embankments through the provision of fuel and sand bags; and 3) food and cash-for-work schemes to support flood-affected families so they could undertake emergency road repairs to re-establish connections with their flood-affected communities. The latter enabled rapid access so emergency assistance could be distributed while also giving work to flood-affected people.

In response to a high-level request from the government, ADB quickly approved the Flood Damage Emergency Reconstruction Project. Of the total project cost of \$67 million, ADB contributed \$55 million and the Australian Agency for International Development contributed \$5.25 million. The project covers: 1) restoration of national and provincial roads (including bridges and culverts); 2) restoration of rural roads (including bridges and culverts); 3) restoration of irrigation facilities; and 4) project and flood management. The Cambodia Resident Mission set records with project processing—with over \$24 million of contracts awarded by the end of June 2012. By September 2012, a number of urgent subprojects were virtually completed. These include the bypass road/dyke that protects 30,000 families in Prey Veng town from floods, and repairs to a large number of rural roads and bridges that connect thousands of rural households with the rest of Cambodia.

To achieve longer-term solutions to floods, which may recur more frequently due to climate change, ADB is considering support for strengthening the government's capacity to prevent, prepare for, and mitigate future floods. The activities will also include community-based disaster risk management programs that target at-risk communities at district, commune, and village levels.



SOCIAL DEVELOPMENT

Education and Vocational Training

...for long-term inclusive development and economic growth...



Education is intimately linked to social and economic development, and poverty reduction.

Over the last 20 years, Cambodia has made significant improvements in school enrollment and completion rates in primary education, as well as in reducing gender disparities. Despite these achievements, the overall quality and efficiency of education remains a critical issue. Expansion of enrollments in primary schools has led to high student-teacher ratios. Drop out and repetition rates also remain high across the school system. Of the children who successfully completed Grade 6 of primary school in 2011 (283,920 children, of whom 138,598 were girls), the number of children reaching Grade 9 was much lower (146,106 children, of whom 69,139 were girls). This means that only around 50% of Cambodian children enter the final year of basic education.

Increasing access to, and enhancing the quality of secondary education and skills development is extremely important to prepare for lifelong employment, the 300,000 young people who reach working age every year. Cambodia also needs to build a skilled workforce for inclusive social development, higher economic growth through diversification, and ASEAN economic integration.

Over the past decade, the ADB strategy for improving Cambodia's education sector has been to promote and facilitate comprehensive, government-led improvements of education and vocational training. Since 1996, ADB has spent over \$200 million on education and vocational training, representing 12% of total ADB total assistance. ADB has played a lead role in far-reaching education and skills development reforms, and has made substantial achievements in addressing key issues of equity, efficiency, quality, and access.





From 1996 to 2001, the ADB Basic Skills Project assisted the government in 1) establishing the National Training Board and the National Training Fund; 2) improving the quality and relevance of skills training programs through the rehabilitation of selected skills training institutions, developing a training curriculum for national technical and vocational education, and establishing vocational staff development centers; and 3) expanding vocational outreach programs.

The Education Sector Development Program, 2001–2005, assisted the government in developing a comprehensive sector-wide approach and the Education Strategic Plan (2001–2005). The program's major achievements include 1) increasing the share of the government budget allocated to the Ministry of Education, Youth and Sport from 15.7% in 2001 to 19.5% in 2004; 2) reducing informal payments by primary and secondary school students, which greatly increased primary school enrollment; and 3) increasing the proportion of the education budget going to school operating budgets from 5.5% in 2000–2001 to 27.9% in 2004–2005.

In the Second Education Sector Development Program, 2005 to 2008, ADB enhanced opportunities for the poor at the primary, secondary and post secondary levels through targeted investment programs. These covered facilities development; decentralized vocational training through life-long community learning centers; targeted and expanded education incentives for the poor, with an emphasis on girls and minorities; and, capacity-building support for decentralized education.



This program increased the Ministry of Education, Youth and Sport's recurrent budget disbursement rate from 94.27% in 2005 to 97% in 2006; expanded lower secondary education (grade 7 to grade 9) through constructing 329 lower secondary schools; expanded upper secondary education (grade 10 to grade 12) through refurbishing 16 upper secondary schools and building 25 more; enhanced upper secondary education through building 18 upper secondary resource schools and equipping them with science and computer labs, libraries, meeting rooms, and offices; and via the Voucher Skills Training Program, introduced demand-driven and community-based skills training for the poorest communes in seven provinces.



Despite rapid expansion in the provision of education at all levels, the overall quality and efficiency of education remains a serious concern. ADB therefore launched the Enhancing Education Quality Project (2008–2014). This is strengthening the quality of school education through carefully targeted support for education system management and development, professional development of teachers, and improvements to secondary curriculum.

Beginning in 2010, the third ADB Education Sector Development Program builds on and extends the achievements of first two ADB education sector development programs. In close alignment with the government's Education Strategic Plan 2009–2013, ADB is enhancing the quality of, and access to lower secondary education through reducing lower secondary dropout rates, especially of poor children and girls in remote areas; strengthening financing and institutional governance for lower secondary schools; and improving teacher training and curriculum.

To respond to the growing skills needs of Cambodia's private sector, in 2010 ADB launched the Strengthening Technical Vocational Education and Training Project (2010–2015). In alignment with the government's policy objectives, the project is expanding the public vocational education system in areas of demand by industry, and aligning the skills development network with market demands. The project focuses on strengthening technical and vocational education and training facilities in mechanics, construction, business services, and information and communication technology.

To prioritize and guide future initiatives in 2012, ADB, together with other development partners led by the United Nations Development Program, participated in the production of a Cambodia Human Capital Roadmap.





This Roadmap seeks to raise quality and increase access and participation rates in basic and postsecondary education, as well as higher education. The Roadmap also stresses that investments in education and training are crucial because well-educated and trained citizens are a key resource for economic growth.

Building the Future of Cambodia's Human Capital

Access to quality secondary education remains a challenge in Cambodia. To remedy this, with ADB support, the Ministry of Education, Youth and Sport has established 26 resource centers across the country. Each well-equipped center has two computer rooms with 16 computers each, two science labs with microscopes and other science equipment, a library, and other facilities.

Seng Sokha, a Grade 11 student in Kandal Province, is typical of the enthusiastic students who use the secondary school resource centers. "We love to come here and check out the microscopes in the science lab and practice on the computers in the computer lab. It is a place where we can explore."

Lay Raksmei, a science teacher in Seng Sokha's school says the resource centers allow students to learn by doing, and reinforces what they are learning through their classes and reading. "We're going to see a substantial impact on academic achievement. The center plays a very important role in the teaching-learning process of science subjects."



Health Care

...access and affordability...

Ill health remains the main reason Cambodian households become poor. Villagers are often forced to sell livestock and even their land to pay for health care costs. Although considerable progress has been made in the last 20 years, further support and consolidation in the health sector are required to improve access and utilization of health services, especially by the poor and disadvantaged.

ADB began its health sector support in the late 1990s through a series of surveys to assess the state of health care provision in the country. At the time, one major concern was improving the effectiveness of government response to the HIV/AIDS epidemic in Cambodia. Accordingly, the first ADB health project aimed to 1) achieve an effective multi-sectoral response to HIV/AIDS through building capacity in the National AIDS Authority and related line ministries; 2) support local responses to HIV/AIDS through building capacity at provincial levels; and 3) improve the existing HIV/AIDS response through more rigorous and critical analysis of data drawn from surveillance surveys and other sources.

In 2002, following an ADB technical assistance project that analyzed health system data to support informed decisions, ADB launched the first in a series of health sector support projects to 1) increase institutional capacity to plan, finance and manage the health sector in line with the government's Health Sector Strategic Plan; 2) develop affordable, good-quality, basic curative and preventive health services, especially for women, the poor, and the disadvantaged; 3) increase the utilization of health services, especially by women and the poor; and 4) control and mitigate the effects of infectious disease epidemics and of malnutrition, again with emphasis on the poor.

A related technical assistance project determined how to best reach the rural poor with primary health care. This emphasized improving poor peoples' access to health services and reducing their out-of-pocket costs. In particular, the project evaluated the success of contracting out the provision of health services to non-governmental organizations.

The 2004 ADB Health Care Financing for the Poor Project established an equity fund to protect poor and vulnerable populations from catastrophic health care expenses, and ADB partnered with non-governmental organizations in specific geographic areas to identify these beneficiaries. In 2008, ADB helped the Ministry of Health to continue implementing its 2003–2007 Strategic Plan that articulated goals, desired health outcomes, priority areas for intervention, and intervention strategies.



The 2002–2003 SARS epidemic, which infected 8,098 people around the world, and killed 774 of them, and the recurring threat of Avian Influenza, prompted the countries of the Greater Mekong Subregion to develop the 2005 Regional Communicable Diseases Control Project. The objective was to contain the spread of epidemic diseases by facilitating regional coordination and comprehensive national preparedness, surveillance, and response systems. The project also established laboratory services and provided training to selected health care staff.

Since 2011, ADB has been implementing the Second Regional Communicable Diseases Control Project, which targets timely control of communicable diseases and improving the health of poor and indigenous people living in Cambodia's border areas. Major outputs include regional cooperation in communicable disease control, surveillance and response; targeting neglected diseases (such as dengue fever); controlling communicable diseases along borders and economic corridors; and achieving sustainability by improving project and financial management as well as procurement.



Gender Equity

...awareness, participation, equity, and empowerment...

Nearly one quarter of Cambodian households are headed by women, and at 71%, women's labor force participation is higher than in all other Asian countries except the People's Republic of China and Viet Nam. However, despite the high visibility of Cambodia's women garment workers, 83% of women are self-employed, with the great majority in small-scale subsistence agriculture. Traditionally, Cambodian women have been assigned lower status than men, which has prevented them from fully participating in economic, social, and especially political life. Two-thirds of rural women over the age of 25 have not completed primary school.



ADB gender work focuses on building women's livelihood capacities and creating opportunities for them beyond low-productivity agriculture. Fostering equal benefits for women through specific gender action plans in all sector operations contributes to the government's objective of gender equality and women's empowerment.

ADB has supported gender equality and women's empowerment in Cambodia since 1994. Through a series of technical assistance grants, ADB helped the new women's ministry prepare country gender assessments and national policies for women's empowerment, and establish mechanisms to include gender targets in social and macroeconomic policy and planning.

Subsequent ADB technical assistance, and Asian Development Fund and Japan Fund for Poverty Reduction grants have promoted skills development and improved access to credit for poor rural women's income generation activities. This funding has also supported the Ministry of Women's Affairs' network of women's development centers and is developing gender mainstreaming plans in line ministries, provinces, communes.

Through project gender action plans, ADB assistance has fostered gender equality with targeted interventions in agriculture, education and skills development, natural resource management, rural water supply and sanitation, rural road construction and maintenance, and small and medium enterprise development.

As a result of these efforts, gender gaps in education have closed and more Cambodian girls are staying in school and making the transition to the secondary level. Also thousands of women are participating on the boards of their local water and sanitation user groups, and tens of thousands of poor rural women have participated in training programs to develop their farming and natural resource management skills.

ADB-supported rural road rehabilitation is improving all-weather access to provincial towns and Phnom Penh itself, substantially cutting travel time and giving rural women better access to education, health services, markets, and business opportunities. Also, more rural women are finding jobs on road rehabilitation and maintenance projects through a targeted effort involving the Ministry of Rural Development and road construction companies.



When the Commune Councils were established in 2002, ADB supported training and networking programs to help newly-elected women Councilors do their jobs. To improve women's access to essential services, ADB has also supported nationwide civil registration. In the finance sector, ADB has contributed to developing microfinance institutions that provide rural women with financial services and in the education sector, ADB has had particularly strong results for gender equity at all levels of general education, as well as in technical and vocational education and training. With open borders across the Greater Mekong Subregion, ADB is working with the government to achieve gender targets related to mitigation of problems such as trafficking, HIV/AIDS and other communicable diseases.



Women Learn to Earn

As a widow, Thav Heat has to bring in enough money to make sure nobody in the family goes hungry, as well as to put her children through school. "It can be very hard to feed my four children, especially in the rainy season.

After the harvest season, we have only enough rice and other food to keep us going for five months. But after that, we have to earn money to buy food."

Across Cambodia, women face similar challenges. Because of death, divorce, or migration for work to other provinces or another country, women are raising their children without a husband. To address the lack of opportunities for rural women, the Ministry of Women's Affairs, with support from partners such as ADB, the International Labour Organization and German Technical Cooperation (GIZ), has established a number of women's development centers across the country. These train women in life skills and income generation skills, as well as offering women access to micro-credit.

Un Kean is 60 years old and has been weaving reed mats since she was 13. The women's development center, a half-hour boat ride away, has shown her how to adapt her skills to suit the contemporary market. "Since the center taught me how, I have been able to use more colors and make different designs. In the past, we sold mats cheaply, but with better design and color, we can get a better price, and that extra money really makes a difference to daily life. It means I can help my children and grandchildren with their school costs, and other things they need."



PUBLIC SECTOR MANAGEMENT

Governance

...promoting accountability and improving public service delivery...

After the 1993 election, the new government had to operate with public institutions, including the judiciary and legal systems, which were almost entirely destroyed over three decades of war and political turmoil. Governance continues to pose significant challenges to development effectiveness in Cambodia. On-going ADB support in strengthening country systems through programs on public financial management and decentralization are working to fundamentally improve the accountability framework and governance environment.



Improving governance and preventing corruption are core priorities for ADB as good governance is a necessary condition for development effectiveness. Since the resumption of ADB operations in the early 1990s, the ADB Cambodia program has focused on promoting good governance through support for legal and institutional development as well as for public financial management, including procurement, decentralization, economic policy, and project management.

Since 2007, ADB has focused governance reform on programs and projects in rural development, water resources, and formal and vocational education. Given the focus of ADB on infrastructure financing, ADB stresses governance risk assessments related to infrastructure.





The second ADB Governance and Anticorruption Action Plan, approved in 2006 and revised in 2011, provides a framework for conducting governance risk assessments and developing risk management plans at the country, sector, and project levels. This framework covers three core governance areas: public financial management; procurement; and combating corruption. To achieve satisfactory development outcomes, the assessment is risk-based and looks both at risk in relation to fiduciary matters, as well as at broader governance risks.

In the country partnership strategy 2011–2013, governance is identified as a critical driver of change, with priority given to governance activities that improve efficiency in public service delivery. In addition to these interventions, ADB is strengthening the capacity of the Anti-Corruption Unit to carry out its legal mandate. ADB will also contribute to improving sector governance by strengthening public financial management capacity, aligning with emerging decentralization and deconcentration systems, and supporting institutional development.

Public Financial Management

...improved resource mobilization and public expenditure accountability...

While urban incomes have risen substantially since 1992, the rural poverty rate has not declined as much as expected. It is estimated that 80% of the population live in rural areas, and out of Cambodia's total population of 14 million, about 4 million people have incomes below the national poverty line. Poverty reduction is severely hampered by limited resources, lack of effectiveness and accountability for public spending, and weak links between policy and the budget. These have resulted in limited public service delivery and few economic opportunities for the rural poor.

The Cambodian government launched the Public Financial Management Reform Program (PFMRP) in 2004, with the overall objective of strengthening resource mobilization, and effectiveness and accountability for public expenditures. ADB has supported implementation of the PFMRP in the ministries engaged in rural development. Specifically, support has improved budget preparation and execution, financial management and accounting, procurement, internal control, public debt management, and monitoring and evaluation systems for rural ministries. In addition, ADB has supported the National Audit Authority in strengthening a chain of accountability for public expenditures.

A strong public financial management system has helped the government to improve resource mobilization in implementing its National Strategic Development Plan, which aims to reduce poverty, particularly through increasing resources for the agriculture and rural development sector.



Decentralization and Deconcentration

...strengthening local democratic development, accountability, and local economic development...

Historically, Cambodia has been a highly centralized state. However, since the early 2000s, the government has been engaged in a comprehensive decentralization and deconcentration process. This aims to restructure and transfer national roles and responsibilities to sub-national administrations, with appropriate fiscal arrangements to promote transparent and accountable local development. Through improved service delivery, these measures are expected to contribute to more effective poverty reduction.

Important milestones in the ambitious decentralization and deconcentration (D&D) reform process are:

- Adoption of the Law on the Administration and Management of Communes/Sangkats (2001), and subsequent elections for Commune/Sangkat Councils in 2002, 2007, and 2012;
- Adoption of the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts, and Khans (2008), which led to elections for the first mandate of district/khan and provincial councils in 2009;
- Formulation of the Strategic Framework for D&D Reforms (2005), which sets out the vision, principles, policy, and strategy for implementing decentralization and deconcentration reforms;
- Adoption of the National Program for Sub-National Democratic Development 2009–2019, and its 3-year implementation plan 2011–2013 (IP3); and
- Adoption of the Law on Sub-National Finance (2011).

Following the first Commune Council elections in 2002, most Commune Councilors did not have offices or basic equipment with which to work. Also very few Councilors had any experience with their roles and responsibilities under D&D or with development work, in general. To remedy this situation, at the government's request, ADB launched the Commune Council Development Project (2002–2006), and extended this from 2006 to 2010.

Together, the two ADB Commune Council Development Projects financed the construction of 697 Commune offices across Cambodia. These attractive 'Khmer-style' buildings symbolize the emerging spirit of the communes, and provide an attractive location where elected representatives from different parties debate and discuss local issues. The Commune buildings are also used by government agencies, development partners, and civil society organizations to disseminate information, hold meetings, and conduct training.



ADB Commune Council Development Projects have trained over 20,000 councilors, clerks, and other local officials on local democracy, roles and responsibilities of Councilors, citizen's participation in local development, conflict resolution, gender equity, civil registration, financial management, and the D&D laws and regulations.

With ADB support, the government also developed a comprehensive national civil registration system to replace documents destroyed or lost over years of war. By 2006, about 90% of the total population of 12.5 million, had been provided birth certificates, an 85% increase since 2003, when only 5% of the population had birth certificates. With ADB support, these birth registration records were then digitized to prevent them from being destroyed by floods, fire, or termites. The civil registration certificate provides people with a legal document that enhances their citizenship and enables access to social benefits and legal protection. For land use planning, the project also produced digital photomaps showing commune boundaries.

Since 2009, ADB has supported implementation of the National Program for Sub-National Democratic Development 2009–2019, and its 3-year implementation plan 2011–2013. In 2012, ADB approved the decentralized public service and financial management program, a major decentralization project involving ambitious policy reforms concerned with functional assignments and fiscal decentralization, construction of a number of district offices in poorer districts, and public financial management capacity building for subnational authorities.

ADB presently co-chairs a Development Partner-Working Group on Decentralization and Deconcentration to discuss progress, resolve challenges, and hold related policy dialogue with the government.



Civil Society Engagement

...enhancing participatory development...

International and local non-governmental organizations (NGOs) play a major role in providing or supporting basic social services, often in remote areas and communities, and are present in every province and major sector in Cambodia. Programs implemented and managed by NGOs account for about 20% of overseas development assistance. NGOs also bring alternative models and approaches to development—emphasizing participation, equity, gender sensitivity, and environmental sustainability. Over the last 20 years, NGOs have advocated national reforms to improve health, education, governance, human rights, legal rights, social services, the natural environment, and women and children's welfare.



ADB recognizes that civil society organizations (CSOs), including NGOs, are significant players in the development process and cooperates with them to improve the impact, sustainability, and quality of services. CSOs add value in promoting sustainable development through innovation—identifying new approaches and models for specific development activities; providing their strong knowledge of local communities; and helping to ensure that ADB project components are implemented as envisaged and planned. CSOs also aid continuity in project work, especially when implementing agencies lack capacity or during staffing changes.

ADB is committed to engaging with civil society and civil society organizations in Cambodia in a range of ways. Reflecting this commitment, the ADB Cambodia Resident Mission has developed a plan for enhancing its work with civil society, respecting that ADB should respond to the needs of civil society in Cambodia. The plan, which is the first among all ADB resident missions, has six components:

- Consulting on ADB and resident mission policies and strategies
- Hosting regular thematic civil society roundtables
- Enhancing project-specific CSO engagement
- Building internal staff capacity
- Strengthening the enabling environment, and
- Fostering private sector-civil society engagement.

ADB maintains regular dialogue with CSOs at several levels: through a semiannual NGO Roundtable Meeting; consultation in the programming cycle (for example, during the preparation of the country partnership strategy); and during project preparation, implementation, monitoring, and review.



PRIVATE SECTOR DEVELOPMENT

Finance

...improving access to finance and financial services...

Everyone needs trustworthy, efficient, and affordable commercial financial services. Both individuals as well as businesses need to be able to save and transfer money easily and conveniently, as well as to borrow money and buy insurance at reasonable rates. Businesses also need specialized finance for international trade, to be able to lease facilities, vehicles, and equipment, and to raise money through selling shares. The government needs access to commercial financial services too in order to finance large-scale infrastructure through the sale of bonds, public-private partnerships and other means.



Twenty years ago Cambodia had virtually no commercial financial services. Although over the 1990s, the commercial finance industry began to develop rapidly with the opening of a number of banks, in 1997 and 1998, the banking sector nearly collapsed due to the Asian financial crisis and political turmoil in Cambodia. In 1997, the domestic savings rate in Cambodia was only 6.4% of GDP, the lowest in Southeast Asia. Lack of access to banking services, finance, and the poor environment for doing business severely constrained private sector development.

During the 1990s, to stimulate agricultural development, ADB focused on providing the population with better access to rural credit. In early 1999, under the Agriculture Sector Program, the government continued its liberal interest rate policy and adopted an overall rural credit policy and strategy. This included support for the expansion of rural credit and savings services based on private initiatives; provision of funds for rural finance through the Rural Development Bank; and establishment of the necessary legal and regulatory framework for microfinance institution (MFI) activities.

In 2000, ADB broadened its assistance to the government by collaborating on Cambodia's first in-depth finance sector study. This led to the development of the 2001–2010 rolling 'blueprint' for Cambodia's finance sector that provided a vision, objectives and framework for government reforms.



In 2006, ADB helped the government update the 2001–2010 ‘blue print’ as the Financial Sector Development Strategy (FSDS) 2006–2015, and in 2011, ADB helped the government update the sector strategy again as the FSDS 2011–2020. This latest financial strategy takes stock of the accomplishments achieved over the previous 5 years, and identifies gaps, issues and constraints to be addressed over the coming 10 years.

According to an independent evaluation, ADB has made strong contributions towards Cambodian finance industry development. ADB-supported finance sector reforms include more stringent requirements for commercial bank licenses, as well as increasing the reserve requirement for foreign currency holdings against deposits from 8% to 12.5%. Both these measures helped increase public confidence in the finance industry.

Some other important reforms that ADB has contributed to directly or indirectly include: modernizing the national payment, clearance, and settlement system; improving access to domestic deposits and credit for MFIs; strengthening bank and MFI regulations and supervision; introducing higher standards of accounting, auditing and financial reporting that are now used by a number of large enterprises, banks, MFIs, and insurance companies; setting up a registry that records the assets that banks take as security for loans; drafting and passing of the securities law in 2007; setting up a financial intelligence unit in the National Bank of Cambodia to counter money laundering and prevent the financing of terrorism; setting up the Securities Exchange Commission in 2009, and the stock exchange in mid 2011; and launching a credit bureau in March 2012.

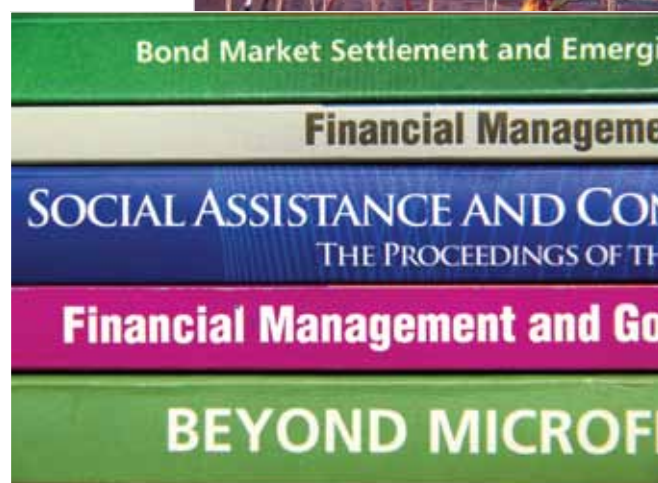
Since 2005, the finance industry has grown significantly. In 2005, there were 15 commercial banks, 4 specialized banks (including one state-owned bank), 2 representative offices of foreign-based banks, 16 licensed and 24 registered MFIs, and 3 insurance firms. By June 2012, there were 32 commercial banks, 2 representative offices of foreign-based banks, 32 licensed MFIs, 7 MFIs that met the higher standards required to take deposits, 29 registered MFIs, 7 insurance companies, a stock exchange, and nearly 20 stock exchange-related businesses (underwriters, dealers, brokers, investment advisers, and cash settlement agents).

With strong banking sector growth, transactions have grown substantially too. For example, between 2002 and June 2012, total depositors increased from only 84,000 to nearly 1.4 million, and bank loans increased by 279% to 329,000. Bank branches increased from only 35 in 2004 to 399 by June 2012, and bank employee numbers grew from only 3,000 in 2005 to 12,750 by June 2012. With more banks competing with each other, average annual interest rates on loans fell substantially from 15.3% in 2004 to 8.2% by June 2012.

Microfinance institution growth has also been very impressive over the last decade. Between 2002 and June 2012, MFI branches grew from 79 to 1,878, lending from \$51.3 million to \$729.7 million, deposits from \$7.1 million to \$178.5 million, and active MFI borrowers from 328,000 to 1.19 million, which is about 8.2% of the total population.

The number of insurance companies increased from 2 in 2002 to 9 in June 2012, including 2 life insurance companies, 6 private non-life insurance companies and a reinsurance company that is 80% state owned. Total gross insurance premiums went up from \$5.5 million in 2002 to over \$29 million in 2011.

With ADB assistance, the legal foundation to support financial and commercial transactions has been improved and a commercial dispute resolution mechanism, the National Arbitration Center, has been set up, in addition to the related legal framework enhancement, including the commercial law and the trust law.



Private Sector Development

*...improving the business
and investment climate...*

Cambodia's private sector continues to be dominated by very small, informal enterprises and small farms, with only a few large and modern operations. About 90% of enterprises have fewer than four employees, while only 1.5% of enterprises have more than 20 employees. Only a small number of firms operate between these two extremes. In both urban and rural areas, the lack of medium-sized enterprises is a weakness in the private sector structure that constrains economic diversification.



Since launching private sector development programs in the early 2000s, ADB has supported improvements in the investment climate and activities of small and medium-sized enterprises (SMEs). Business registration costs have been reduced, procedures simplified, and the registration process made more transparent, including ensuring public access to an online business registry. From 2009 to 2012, the ADB Promoting Economic Diversification Program has helped the government to further develop SMEs, strengthened the government's capacity to supervise and monitor sanitary and phytosanitary standards, established a pilot regulatory impact assessment program, and strengthened legal frameworks in areas of competition law and food safety.

ADB support for two Financial Sector Development Program clusters (2001–2007 and 2007–2010) helped restore and improve public confidence. These program clusters also helped to improve financial intermediation in the banking sector, maintain finance sector stability, boost competition in financial markets, strengthen corporate governance, and support development of the legal framework for commercial enterprises such as the adoption of laws on commercial enterprises, corporate accounts, secured transactions, and negotiable instruments.

Other ADB projects have focused on improving the enabling environment for the private sector, including:

- 1) the Agriculture Sector Development Program that sought to improve the ability of smallholders to raise productivity and diversify into higher value-added products, improve the market environment for private agro-based enterprise growth, and strengthen institutional capacity for competitive agricultural commercialization;
- 2) the Greater Mekong Subregion (GMS) Tourism Development Project that has facilitated private sector participation in tourism marketing and promotion;
- 3) technical assistance for trade facilitation that sought to strengthen economic and trade cooperation both within and outside the region to facilitate the free movement of goods and people; and
- 4) technical assistance that developed vocational training that links to the skills required in the private sector.



ADB has also provided support through projects that either facilitated public-private partnerships or enlarged the scope for private initiatives, such as the Power Transmission Project, the GMS Transmission Project, the Road Asset Management Project, the Cambodia Road Improvement Project, and the GMS Rehabilitation of the Railways in Cambodia Project.

On the non-sovereign operation side, ADB's first private sector operation was through a loan of \$7 million approved in 2007 to Cambodia Power Transmission Lines Co. Ltd. for the transmission line to northwest Cambodia that now forms part of Cambodia's national grid. This northwest grid connects to Thailand's line at the Thai border and enables the import of reliable power from Thailand at competitive rates. This is the first privately owned high-voltage transmission line in the GMS and it has set a valuable public-private partnership financing benchmark for Cambodia. In 2008 the ADB Trade Finance Program (TFP) approved \$7 million credit lines to two participating issuing banks to support trade transactions.

ADB Strategy 2020 calls for the bank to: "scale up private sector development and private sector operations in all operational areas, reaching 50% of annual operations by 2020". Accordingly, under the present CPS 2011–2013, the Cambodia team has been proactively exploring ways to expand private sector initiatives through three activities: private sector development; private sector engagement; and private sector operations.

ADB efforts are intensifying to identify the private sector dimensions of all projects being prepared, including public-private partnerships. The Cambodia Resident Mission engages frequently with business leaders and young entrepreneurs in roundtable meetings and discussions. ADB also co-chairs the Private Sector Technical Working Group to enhance ADB coordination with the private sector support activities of other development partners.



Public-Private Partnerships

...facilitating project development...

The low coverage of infrastructure in Cambodia, including electricity, highways and railways, has a negative impact on investment, economic growth, and social development. However, the government faces substantial challenges in providing new and improved infrastructure. In addition to lack of experience in developing large-scale infrastructure projects, the government is challenged by lack of finance. Not only is the government's borrowing of large sums constrained by Cambodia's small tax base, but local financial institutions cannot lend large amounts for long periods because they lack such funds themselves. Since government, local financial institutions and donors cannot provide adequate large-scale, long-term financing, public-private partnerships appear to be a strong solution for meeting Cambodia's high-priority infrastructure needs.



Public-private partnership opportunities are actively promoted by ADB because they enable government to build infrastructure without taking funds away from other crucial sectors such as education and health. Where appropriate, ADB provides technical assistance to facilitate public-private partnership development, including addressing entry barriers, improving governance, and developing government capacity. ADB brings a wealth of experience to share in strengthening the legal and regulatory environment for partnerships, mobilizing private sector finance, and enhancing governance and transparency.

In the power sector, through the Greater Mekong Subregion Transmission Project, ADB has encouraged small private operators to invest in and operate power facilities that serve rural consumers. Through the Provincial Power Supply Project, ADB has strengthened the capacity of the Electricity Authority of Cambodia to prepare contracts for private sector participation in power supply development as well as manage the income.



In the road sector, under the Road Asset Management Project, ADB initiated the privatization of some units of the Ministry of Public Works and Transport, and under the Cambodia Road Improvement Project, ADB strengthened the domestic contracting industry by opening up opportunities in road construction as well as maintenance.

As a critical element of the Cambodia private sector development strategy, the ADB country partnership strategy (CPS) 2011–2013, calls for public-private partnerships (PPPs) to be “actively sought in all areas of operations.”

A comprehensive PPP assessment was completed in October 2011, and a full range of PPP development initiatives put in place. These include: 1) small-scale technical assistance over 2012 that has provided support for the government in taking a more proactive role in implementing PPP policies and programs and managing associated risks; 2) measures to improve the legal, regulatory and institutional environment for PPPs and identify and screen possible projects for a pipeline of bankable PPP investments; 3) focused technical assistance to strengthen the capacity of senior and mid-career government officials to develop and enhance PPP initiatives; and 4) a proposed project from March 2014 to March 2020 to implement a number of PPP projects—including further project development and viability-gap funding as required. These activities have been carefully sequenced to progress at a suitable pace through the four pillars of ADB’s Public-Private Partnership Operational Framework towards successful PPP implementation (see Diagram below).

Four Pillars of the ADB Public-Private Partnership Operational Framework

Pillar 1	Pillar 2	Pillar 3	Pillar 4
Advocacy and capacity development	Enabling environment	Project development	Project financing
<ul style="list-style-type: none"> • Create awareness • Invoke leadership • Identify PPP potential in sector planning and the private sector development agenda • Develop capacity of the government and ADB staff 	<ul style="list-style-type: none"> • Develop policy, legal regulatory and institutional framework to facilitate, guide and manage the development of PPPs (country and sector specific) 	<ul style="list-style-type: none"> • Align ADB project cycle to the PPP development process • Assist in the development of pathfinder projects • Provide support (including advisory support) throughout the process up to contract award/ financial close which can come as expert support, toolkits, funding costs of transaction advisors, and procurement support 	<ul style="list-style-type: none"> • Provide credit enhancement products, for example, equity, long-term debt, refinancing subordinate debt, cofinancing, and guarantees • Establish credit guarantee facility • Provide public sector financial support through schemes such as viability gap financing
Regional Department (RD) Responsibility			Private Sector Operations/RD



A Public-Private Partnership Brightens Lives

A private power company is bringing cheap, reliable electricity to rural villages—increasing productivity, incomes, and comfort for local people.

Neang Sokha says she is able to live a “civilized life” now that the electricity supply has improved in her village of Ek Phnom, in Battambang Province. “We use about 20 kilowatt-hours a month now and pay only five dollars. Before, because it was so expensive, we used only 10 kilowatts but paid about \$12.”

Under a project supported by an ADB loan to a private company, electricity from Thailand is now providing reliable power for over 30,000 people, including Ek Phnom villagers.

Chhy Kimyeon and her husband Soeum Chhay require electricity to run the hairdressing business they have been operating in Ek Phnom since 2003. “We use electric cutters rather than scissors to cut men’s hair, and electric blow dryers for styling hair because it’s easier and faster. Also, the salon needs lighting during business hours. Electricity is now much cheaper than the village generators of the past.”

Down the road from the hair salon, Sin Bunkhoeun cuts steel rods used in construction. Since his business requires electricity throughout the day, he bought his own generator some years ago and spent about \$2 per day on diesel to run it. “Now I spend about \$12 per month, and don’t bother to use my generator.”



KNOWLEDGE PARTNERSHIPS

Knowledge Building

*...knowledge first,
finance follows...*

ADB recognizes that knowledge is a key driver of change in the Asia and Pacific region and knowledge building and management are integral to the successful delivery of ADB Strategy 2020, which provides guiding principles for ADB operations across the region as well as in Cambodia. The efforts of ADB to enhance knowledge building under Strategy 2020 include supporting knowledge development through ADB operations, strengthening knowledge sharing through communities of practice, strengthening knowledge partnerships, and enhancing staff learning and skills development.



To promote knowledge building in the ADB Southeast Asia Department, which includes Cambodia, a Knowledge Management Framework was developed in 2010 to guide the department's knowledge-related activities. The strategy recognizes that knowledge and finance are inseparable components of operations and the operations cycle. Thus knowledge building and sharing are integral to ADB's core business—both for lending and non-lending products and the services that underpin ADB development support in the region.

ADB experience shows that systematic mainstreaming of knowledge work and support, including learning from experience, is paying off in terms of more relevant and feasible investments, as well as relevant policy support. This operating principle is epitomized in the slogan 'knowledge first, finance follows'.

The ADB Cambodia Resident Mission has played a primary or supporting role in preparing a large number of sector assessments, strategies and roadmaps in sectors such as agriculture and natural resources, education, technical and vocational education and training, water supply and sanitation, urban development, the finance industry, transport, public sector management, energy, industry, and trade. ADB has also prepared thematic papers in Cambodia on economic issues, governance, poverty, gender, the private sector, environment, and regional cooperation/integration. These extensive knowledge products played an important role in supporting the country partnership strategy 2011–2013, and many of them have been published and distributed widely.

A particularly important knowledge product was the 2011 national Governance Risk Assessment and Risk Management Plan, designed to guide the preparation of risk mitigation strategies for the sectors and projects covered by the country partnership strategy. To better operationalize sector results frameworks and associated monitoring matrices, ADB has carried out several rounds of consultations with government line ministries to improve results indicators and increase government attention to results monitoring frameworks.

The ADB Cambodia office is developing a knowledge strategy—one of the first in ADB for a resident mission. ADB Cambodia is also planning a comprehensive joint knowledge portfolio assessment exercise with the World Bank and the government's Supreme National Economic Council. These activities will include an inventory of all major knowledge activities being undertaken in Cambodia, identification of knowledge weaknesses, gaps and projects to address them, and the development of a knowledge platform at the Supreme National Economic Council. The end result will be improved knowledge products and greater knowledge sharing between all stakeholders working on development in Cambodia.

A number of critical collaborative research exercises started in 2011: the joint ADB-World Bank 2012 Investment Climate Assessment and the Farm Investment Climate Assessment; and the ADB-led Country Diagnostic Study being carried out jointly with the International Labour Organization and the United Nations Development Programme to examine the constraints to inclusive growth. These activities will underpin the preparation of the next country partnership strategy 2014–2018, and feed into the government's own planning documents—the next phase of the Rectangular Strategy, the National Strategic Development Plan, and the Cambodia Vision 2030.

The ADB Cambodia Resident Mission annually prepares the Cambodia chapter of the Asian Development Outlook in April; the inputs from Cambodia for the Asian Development Outlook Update in October; and the annual Country Performance Assessment for Cambodia that supports the performance-based allocation of concessionary funds from the Asian Development Fund. ADB also regularly provides inputs into the Joint International Monetary Fund/World Bank Debt Sustainability Analysis.

Communications

...understanding development issues...

Communications is more than informing audiences about development activities and results. A communications strategy must also ensure that relevant information and knowledge is shared with all stakeholders, including the public, and that problems and proposed solutions are well understood. This approach improves stakeholder perceptions, fosters social awareness and facilitates two-way dialogue. It also enhances the visibility of an organization and adds value to its work.



ADB focuses its external communications on six primary stakeholders: the government, development partners, the private sector, non-governmental and civil society organizations, people affected by ADB projects, and the mass media.

- ADB encourages ownership of its programs by the government, and the perception of ADB as a source of knowledge and expertise, rather than only a source of funds.
- ADB would like development partners to see its work as having significant impacts on economic and social development, and to cofinance initiatives.
- ADB aims to identify and develop opportunities for cooperation and partnerships with the private sector.
- ADB works with non-governmental and civil society organizations to involve them in project implementation, to promote better relations and to assist them to be more responsive in assisting the people benefiting from or affected by ADB projects.
- ADB works with affected people to ensure that projects and programs bring benefits to their lives.
- With the mass media, ADB has an open door policy and maintains strategic partnerships with leading print and broadcast news agencies that help to raise ADB visibility and improve credibility.

Public Information Centers

Public Information Centers—jointly financed by ADB and the World Bank—disseminate publications produced by ADB, the World Bank, and other development partners, on important economic and social development issues. As such, these centers serve as dedicated resource hubs for sharing knowledge with staff from government, the private sector and non-governmental and civil society organizations, as well as students, faculty and independent researchers. In addition to Public Information Centers in Phnom Penh in the offices of ADB and the World Bank, in 2010 ADB opened three centers in Kampong Cham, Siem Reap, and Preah Sihanouk Provinces. In 2012, another center was opened in Battambang. Each of these centers is located in the compound of a provincial university, stocked with thousands of books in English and Khmer on various development issues in Cambodia and around the world, and equipped with computers, printers, and Internet connections.



Working with Development Partners

...coordination for aid effectiveness...

Cambodia has a well-established mechanism for coordination among development partners. The government is firmly committed to aid effectiveness and harmonization, and actively participates in aid-related international conferences.

The Council for the Development of Cambodia is responsible for coordinating development assistance, including policy dialog with development partners. The Council coordinates 19 technical working groups, each promoting coordination in one important sector, and co-chaired by a lead government agency and a development partner.

ADB co-chairs working groups on decentralization and private sector development, and participates in other technical working groups in sectors relevant to ADB activities, including one on general aid partnership and harmonization that establishes consensus on priorities.

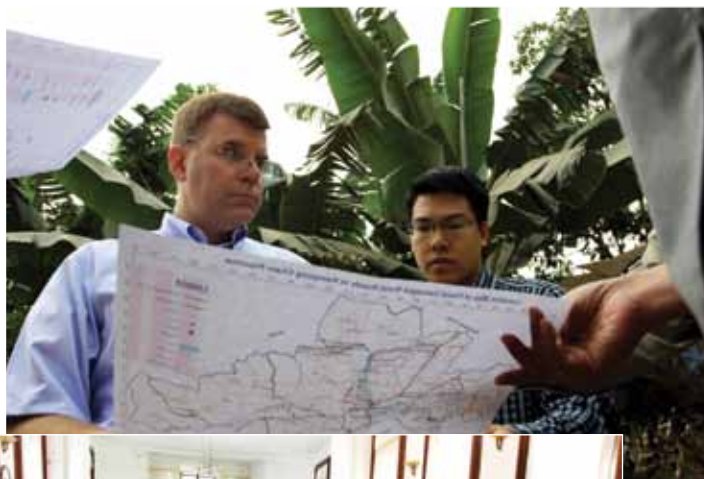
The working groups report to the Government-Development Partner Coordination Committee. This Committee meets regularly, and is co-chaired by the Deputy Prime Minister and Minister of Economy and Finance, and an elected development partner.

The Cambodia Development Cooperation Forum is the highest-level aid coordination and policy dialog forum for government and development partners. Meeting about every 18 months, Forum participants review past results and pledge new assistance. Among development partners, there is also an informal monthly meeting of the heads of development agencies.

There are well-established institutional arrangements for effective development partner assistance to, and engagement with, the private sector, and especially small and medium enterprises. This assistance is coordinated through the Private Sector Development Steering Committee—a joint government-private sector forum that meets biannually. The Steering Committee has several sub-steering committees chaired by relevant sector ministries, and these provide the opportunity for ongoing dialog involving government, the private sector, international development partners, civil society, and the academic community. This structure encourages alignment with the priorities of the National Strategic Development Plan and also the monitoring of progress. ADB actively supports the Steering Committee through co-chairing the technical working group on private sector development.

Serving as a key facilitator of development partner coordination, ADB Cambodia has conducted the annual country portfolio performance review exercise jointly with the World Bank since 2007 and, beginning in 2011, with the Japanese International Cooperation Agency. Export-Import Bank of Korea participated as an observer in 2010 and the International Fund for Agricultural Development has also joined in the past. ADB Cambodia actively consults with development partners on country programming, program/project design, and policy initiatives supported by ADB. In particular, ADB Cambodia consulted extensively with development partners in preparing the country partnership strategy 2011-2013. This consultation led to positive feedback and cofinancing with other development partners in sectors of common interest.

In 2012, an ADB technical assistance project is investigating how to improve systems, coordination mechanisms, and aid effectiveness, as well as increase the productivity of the technical working groups. The project will promote adoption of Managing for Development Results principles by both the government and development partners. To achieve this objective, the project will facilitate meetings, workshops, and focus group discussions with government officials, and all relevant stakeholders.



Managing for Development Results

...monitoring and evaluating...

Providing the right development aid is not only about the size of the loan or the number of roads or schools built—it is about knowing that the loan is improving people's lives in a sustainable way. For example, does a school educate children with skills that will support their country's economic future, as well as their own intellectual development? When a new highway is built, does it only spur growth and foster trade, or does it also bring tangible benefits to surrounding communities?

ADB is committed to ensuring that its resources are used to help countries achieve sustainable development and reduce poverty. It does this by focusing on results management in its operations, improving the capacities of its developing member countries, and contributing to the global agenda on aid effectiveness.

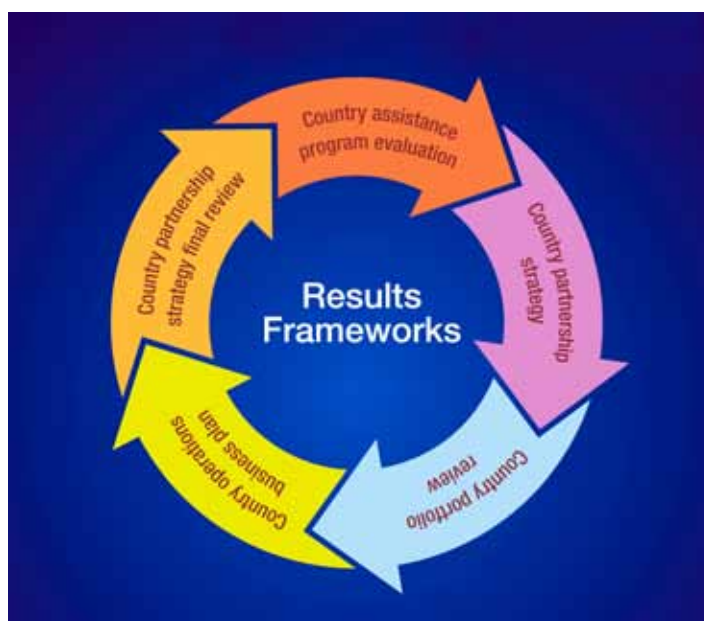
Managing for Development Results (MfDR) promotes informed decision making by integrating a results focus across the following four core management functions:

1. Planning – defining outcomes and outputs with measurable indicators and time-bound targets, and agreeing on associated activities
2. Budgeting – allocating resources to agreed activities
3. Implementing and monitoring – implementing agreed activities, and monitoring progress against targets
4. Evaluating – assessing performance against agreed targets, and identifying actions for improvement

Critical to managing for effective development results is regular reporting to stakeholders to increase accountability and promote learning.

In 2008, to put MfDR at the heart of what it does, ADB introduced a corporate results framework—a management tool that helps monitor and improve aid delivery. The framework forms the basis of the ADB Development Effectiveness Review, an annual report card that shows where ADB has been successful, where challenges remain, and where remedial action is required.

In Cambodia, during the preparation of the country partnership strategy 2011-2013, the country team made significant strides to improve the results frameworks at the national and sector levels in line with MfDR principles. In particular, improvements were made in the development of indicators to strengthen the monitoring and evaluation of development programs, and the alignment of ADB country and sector results frameworks with those of the government. Joint workshops were held with key government partners to improve the understanding of MfDR applications. ADB technical assistance in the near future will contribute further to strengthening the application of MfDR at all levels of government, as well as in the monitoring and evaluation frameworks in place for measuring and tracking the joint monitoring indicators of the aid coordination mechanism.



ADB THEN AND NOW

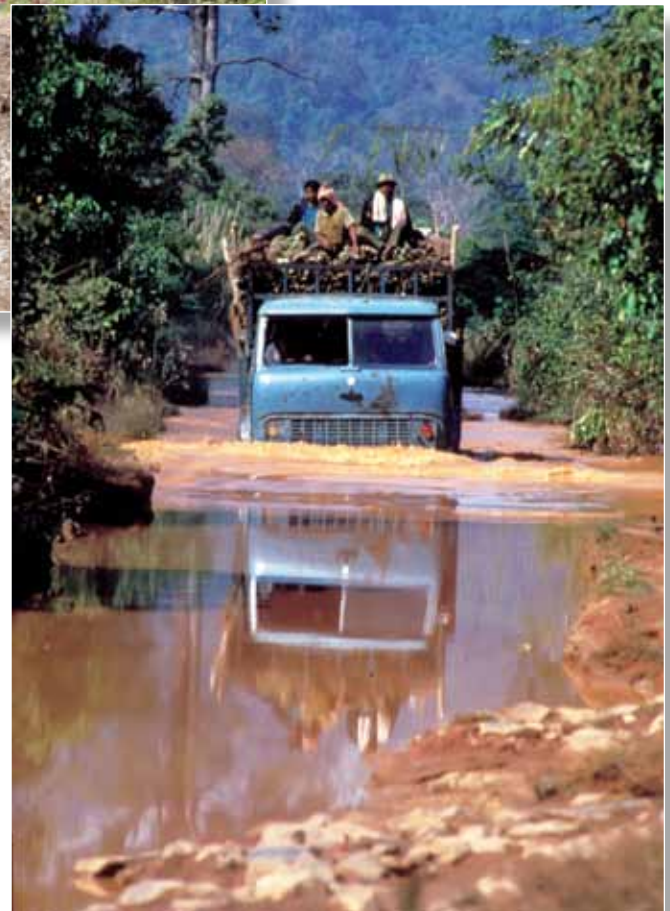


ADB in Cambodia in the Early 1990s

In the early 1990s, when the Asian Development Bank re-engaged with Cambodia to conduct assessment missions for a major loan and related technical assistance, the country had already made a remarkable recovery from years of war and isolation, but there was still much rebuilding to do.

In 1979, almost all of Cambodia's roads, bridges, irrigation systems, schools, hospitals, housing, and offices were in bad repair or unusable. There was no functioning administration, no currency, no electricity, no police force, and there were no transport services. To get from one part of the country to another, people had to walk. Rice production was also only a fraction of pre-war levels, and across the country people were starving. Total exports were only \$1 million, compared to \$87 million a decade earlier.

Over the 1980s, schools and hospitals re-opened, roads and buildings were repaired, and government was re-established, but Cambodia had little financial support for the enormous task of rebuilding infrastructure. Until 1991, limited assistance came only from the Soviet Union and some other socialist countries, plus a few international humanitarian organizations.



In 1991, however, the Soviet Union collapsed and could no longer assist Cambodia. Also, in 1991, heavy flooding caused more damage to key infrastructure, and Cambodia faced the enormous challenge of resettling about 180,000 internally displaced people, and another 360,000 people who would soon return from border camps in Thailand. Some 200,000 soldiers needed to be demobilized as well.

In 1991 and 1992, despite high security concerns due to ongoing civil war and banditry, and the challenges of bad roads, ADB sent several missions to Cambodia. These missions, some of which the World Bank and the International Monetary Fund joined, assessed the economy and sector requirements, and also determined the legal and operational framework for ADB lending.

In November 1992, barely a year after the Paris Peace Agreement was signed, and even before elections had been held and a new government formed, ADB provided Cambodia with a loan of \$67.7 million for the period 1992–1996. This was intended to rehabilitate critically needed infrastructure in four economically and socially important sectors—transport, power, agriculture, and education.

ADB also provided another \$4.2 million in technical assistance to support the government agencies responsible for implementing projects. Along with project oversight, ADB consultants developed the capacity of government staff to identify and prepare bids for subprojects; design projects; procure materials and services; supervise the contractors hired to carry out civil works; and monitor suppliers of equipment and materials.

With no government elected yet, in 1992, ADB needed three signatures on the loan: one from the head of the Supreme National Council of Cambodia, one from the head of the United Nations Transitional Authority in Cambodia, and one from the head of the existing administration.



To get the signature of King Sihanouk, who was the head of Supreme National Council, Someth Suos, who led ADB Cambodia operations in the early 1990s, and became the first Country Director in 1997, had to fly to Beijing. An ADB employee since 1970, Someth Suos, who was born and educated in Cambodia before taking degrees overseas, spoke, read and wrote Khmer, as well as English and French. In the late 1960s he had worked for the National Bank of Cambodia and his good contacts enabled him to both advance the work of ADB and help other development agencies in their negotiations with government.

“When I arrived at King Sihanouk’s residence in China to bring him the ADB loan documents to sign, I expected His Majesty would stage a formal ceremony for this. But he just took the documents from me, walked over to a nearby sideboard and signed them. Although he read the loan documents later, he just glanced at them before signing because he said that he had known me for a long time, and he trusted me.”

In 1996, ADB was the first international finance organization to re-establish an office in Cambodia. In addition to Someth Suos, employees were a project officer, an administrative assistant, a secretary, and a couple of cleaners. “The ADB office was initially only a few rooms, and as the only English speaker on the ADB staff, I had to type out English letters myself and also answer the phone whenever someone called who could not speak Khmer. With over \$70 million in finance and technical assistance to facilitate, I often worked seven days a week.”

In the early 1990s, working in Cambodia was very challenging. Travel to the provinces was very slow, and in the rainy season, a flood could block a road for days. The trip from Phnom Penh to Battambang, for example, took 14 hours compared to only 5 hours today. Security was also a problem. Some factions of the Khmer Rouge had refused to sign the 1991 Paris Peace Agreement and continued fighting, which was an ongoing drain on limited government resources. In many parts of Cambodia, millions of land mines and unexploded ordinance were a threat too.

In total, ADB finance rehabilitated 560 kilometers of important national roads and 23 bridges. Repairs were also made to the railway network at critical locations. In Sihanoukville, to boost trade, Cambodia’s deep sea port was rehabilitated. Wharves were repaired, new equipment provided for moving containers, leaking port warehouses were fixed, and the container yard was expanded and paved.

In Phnom Penh, with ADB finance, new diesel generators were installed, existing generators were repaired, and all were provided with a good supply of spare parts. The Phnom Penh distribution system was also rehabilitated, along with re-equipping substations.

Four combined irrigation and flood control schemes were repaired, which irrigated 10,000 hectares of farmland, and ADB provided the Ministry of Agriculture with critically needed construction equipment, spare parts and a computerized system for managing spare parts. The project also financed a soil testing laboratory and provided the Ministry of Agriculture with 18,000 tonnes of chemical fertilizer for selling on to farmers to boost their very low production. With these sales, the ministry earned about \$3 million to finance its work. In the education sector, ADB finance repaired 67 secondary schools, Phnom Penh University, three technical institutes, and two teacher training colleges, and provided them with equipment and materials.

As the first intervention by any multilateral or bilateral agency in Cambodia for over two decades, the 1997 ADB project completion report credits the bank with giving other development partners the confidence to venture into rural areas to begin or resume their operations. The project also laid a foundation for future ADB operations in Cambodia and created good relations in government agencies that have grown over the last 20 years. The bank has continued as well to play a key role in development partner coordination in Cambodia.

Overall, the ADB loan signed in 1992 ensured that the initial boost to the economy provided by the presence of the United Nations was sustained over the medium term. The removal of critical infrastructure bottlenecks reactivated the country's human resources, and returning refugees and demobilized soldiers were given productive work and the opportunity to develop skills in construction. This pioneering first project helped to lay the foundations for today's expanded markets, much greater public and private investment, and the integration of Cambodia's economy into world markets.



ADB MILESTONES IN CAMBODIA 1991-2012

- 1991: First ADB missions to scope possible assistance.
- 1992: First loan of \$67.7 million plus \$4.2 million for technical assistance.
- 1996: First ADB country director appointed.
- 1997: Opening of ADB office.
- 2000: ADB swiftly responded to the severe flooding in 2000 with \$55 million loan for rehabilitation.
- 2002: ADB supported Cambodia to organize the first Leaders Summit of the Greater Mekong Subregion in Phnom Penh.
- 2004: ADB launched the Learning Resource Center under the Greater Mekong Subregion, Phnom Penh Plan for Development Management.
- 2006: ADB moved its office from the Norodom Boulevard compound to its current location.
- 2008: ADB President Haruhiko Kuroda joined Prime Minister Hun Sen to inaugurate the railway rehabilitation in Poipet.
- 2008: ADB helped Cambodia to cope with rising food prices through \$35 million loan and grant for the Emergency Food Assistance Project.
- 2009: ADB supported Cambodia to organize the first Aid for Trade conference in Siem Reap.
- 2010: ADB launched four regional Public Information Centers jointly with the World Bank.
- 2011: ADB supported Cambodia to organize the first Southern Economic Corridor Symposium in Phnom Penh.
- 2011: ADB supported Cambodia to organize the 17th GMS Ministerial Conference in Phnom Penh.
- 2012: ADB swiftly responded to the severe flooding in 2011 with \$55 million, and \$5.25 million grant cofinancing from the Government of Australia to rehabilitate damaged infrastructure.
- 2012: ADB President Haruhiko Kuroda attended the 16th ASEAN Finance Ministers' Meeting, 7th East Asia Summit, and ASEAN Global Dialogue hosted and chaired by Cambodia.

Cambodia Resident Mission Country Directors

Country Director	Assignment Period	
Someth Suos	1996	1999
Urooj Malik	1999	2004
Shyam Bajpai	2004	2006
Arjun Goswami	2006	2009
Putu Kamayana	2009	2012
Eric Sidgwick	2012	On going

Someth Suos

The trust and confidence given to me by the bank to open up operations as the first Resident Representative/Director to Cambodia, was a great honor. It gave me the opportunity to serve the bank as “Family Doctor” to an ADB member country at a time of great need for economic development. Cambodia was scarred by three decades of tragic political events. No one could imagine such cruel destruction of human life, culture and spirit, as well as infrastructure. In the early 1990s, I saw first hand how the tiny number of Cambodian technical experts and professionals who had survived the killings were rebuilding the country with their actual bare hands, with little access to technology or know-how, and relying on trial and error rather than modern techniques of decision making. With my Khmer mother tongue, I was able to share my knowledge and experience of development issues with top government officials, and gain from them in-depth understanding of Cambodia’s needs regarding the priorities of infrastructure development, poverty alleviation strategies and education. The working relationship between the Royal Government and myself over the years has been overwhelmingly trusting and I feel honored that I was able to achieve ‘good marks’ for the bank as well as the highest appreciation from government that still resounds today.

Urooj Malik

I had the unique privilege of supporting the development efforts of the Kingdom of Cambodia from its transition from a war torn and tragic state to a market-based economy. Political stability has brought about high dividends over the last two decades. Clearly, this could not have been possible without ensuring a lasting peace, a clear vision for development, and meaningful partnerships between the Royal Government and its major partners. Indeed, the strong leadership at the helm in ensuring that the above conditions are met, has been quite remarkable. As Cambodia moves forward in its efforts to consolidate its economic gains and completely eradicate poverty, one hopes to see a continued genuine commitment to democratization, sound development management, and care for the natural environment. This will ensure that the fruits of growth are widely spread in society and that the path to development secures sustainability in the longer term for the Kingdom of Cambodia.

Shyam Bajpai

For any development practitioner, Cambodia is an incredible learning experience, and I was most grateful for the opportunity to refresh my connections with the reality in the field. When I came to Cambodia in April 2004, we had many serious issues: uncertainty about the formation of a government, lack of an agreed development agenda, prospects of a sharp downturn in the garment sector, and serious concerns about whether poverty was being reduced, despite all our efforts. Cambodia has come a long way since then on all these fronts and it is important to remind ourselves that problems can be overcome, and that we should not allow ourselves to become overwhelmed or frustrated by their size and complexity. In development, there will always be new problems as old ones are resolved, and we should not become perpetual worriers or pessimists. And it is for this reason that I remain optimistic today about the future of Cambodia.

Arjun Goswami

I consider myself very fortunate to have had the opportunity of serving in the Cambodia Resident Mission. Having wonderful colleagues who have nurtured strong relationships with Cambodian counterparts and stakeholders was a special privilege. Whether it was organizing emergency overland travel from Bangkok when the airport there was closed in 2008, or undertaking emergency food assistance, none of this would have been possible without those colleagues and relationships. I came to Cambodia from South Asia operations skeptical about regional cooperation. I left Cambodia fully converted to the regional cooperation cause after seeing it in operation in Cambodia. The magical memory of the Mekong from riverside restaurants in Phnom Penh, to the dolphins of Kratie, and the eagerness of students to learn, continue to inspire me long after my footprints have faded from Cambodia. I can truly say that one can take the man out of Cambodia but one cannot take Cambodia out of the man.

Putu Kamayana

I am honored to have served in Cambodia for three years from 2009 to 2012. I very much enjoyed being part of the ADB Cambodia Resident Mission's strong and highly motivated team. Having excellent working relations with the Royal Government, civil society organizations, the private sector, academia, and development partners enabled ADB to support innovations not possible in some countries. This also helped us to be more responsive to the needs of the government and the people of Cambodia. I was impressed too with how Cambodians value their cultural traditions, even as they continue to progress and open up to the world. It will be very important for the Cambodian people to maintain their ancient traditions and heritage, which have influenced the cultures of many countries in the region. And it will also be increasingly important to ensure strong spiritual foundations as people strive to achieve their aspirations.

Eric Sidgwick

This is an exciting time to be in Cambodia and I am privileged to be back here again, after serving as Senior Country Economist from 2008 to 2010. The country has some unique challenges, but has made steady progress in the past decade. I'm looking forward to working with the government, private sector, development partners, and Cambodia's vibrant civil society in ensuring effective support from ADB to accelerate progress in reducing poverty as well as in promoting sustainable and inclusive economic growth. I am excited to be a part of the Cambodia Resident Mission team which will be preparing the next Cambodia country partnership strategy that will fully align with and support the Royal Government's planning directions for the next five years and beyond.

ADB Country Partnership Strategy 2011–2013

The ADB Country Partnership Strategy (CPS) for 2011–2013 defines ADB's strategic approach in Cambodia as reducing poverty and promoting inclusive economic growth and social development and equity. It aligns ADB Strategy 2020 with Cambodian government priorities, and was developed in close collaboration with the government, and with engagement of civil society, private business, and development partners. Over the three years of the 2011–2013 CPS, ADB investments and technical assistance are planned to total more than \$500 million.

The CPS prioritizes five sectors: 1) transport (rural and provincial roads); 2) water supply, sanitation and urban development; 3) agriculture and natural resources (agriculture commercialization and irrigation support); 4) education (lower secondary schools and vocational training); and 5) finance (banking regulation, small and medium-enterprise finance, microfinance, and insurance).

Underpinning all activities of the CPS is a strong focus on public sector management, including public financial management, decentralization and deconcentration (D&D), and developing public sector capacity. Recognizing that reducing corruption and improving public financial management and public procurement are important in Cambodia, sector and project level governance risk assessments and management plans have been introduced across all sectors supported by the CPS.

The CPS directly responds to four very important challenges critical for Cambodia's future: climate change, decentralization, rural-urban linkages, and regional cooperation. The strategy also incorporates five key cross cutting themes into all ADB activities in Cambodia—private sector development, governance, gender equity, knowledge solutions, and partnerships. Practical strategies are being put in place as well in the Cambodia Resident Mission in areas of knowledge building, civil society engagement, development partner coordination, communications, and private sector engagement.

The CPS continues to maintain a geographic focus on the Tonle Sap Basin, one of the poorest and most environmentally sensitive regions in Cambodia, and it also further strengthens integration of Cambodia into the Greater Mekong Subregion.

At the request of the government, the time frame for the CPS matches the latter part of the National Social Development Plan (NSDP) Update covering 2009 to 2013, while the next CPS will be for five years in order to align with and support the NSDP 2014–2018. ADB team members and the government are undertaking a number of ambitious analytical exercises and sectoral and thematic studies that will guide the development of the next CPS 2014–2018 and support the preparation of the NSDP from 2014 to 2018.

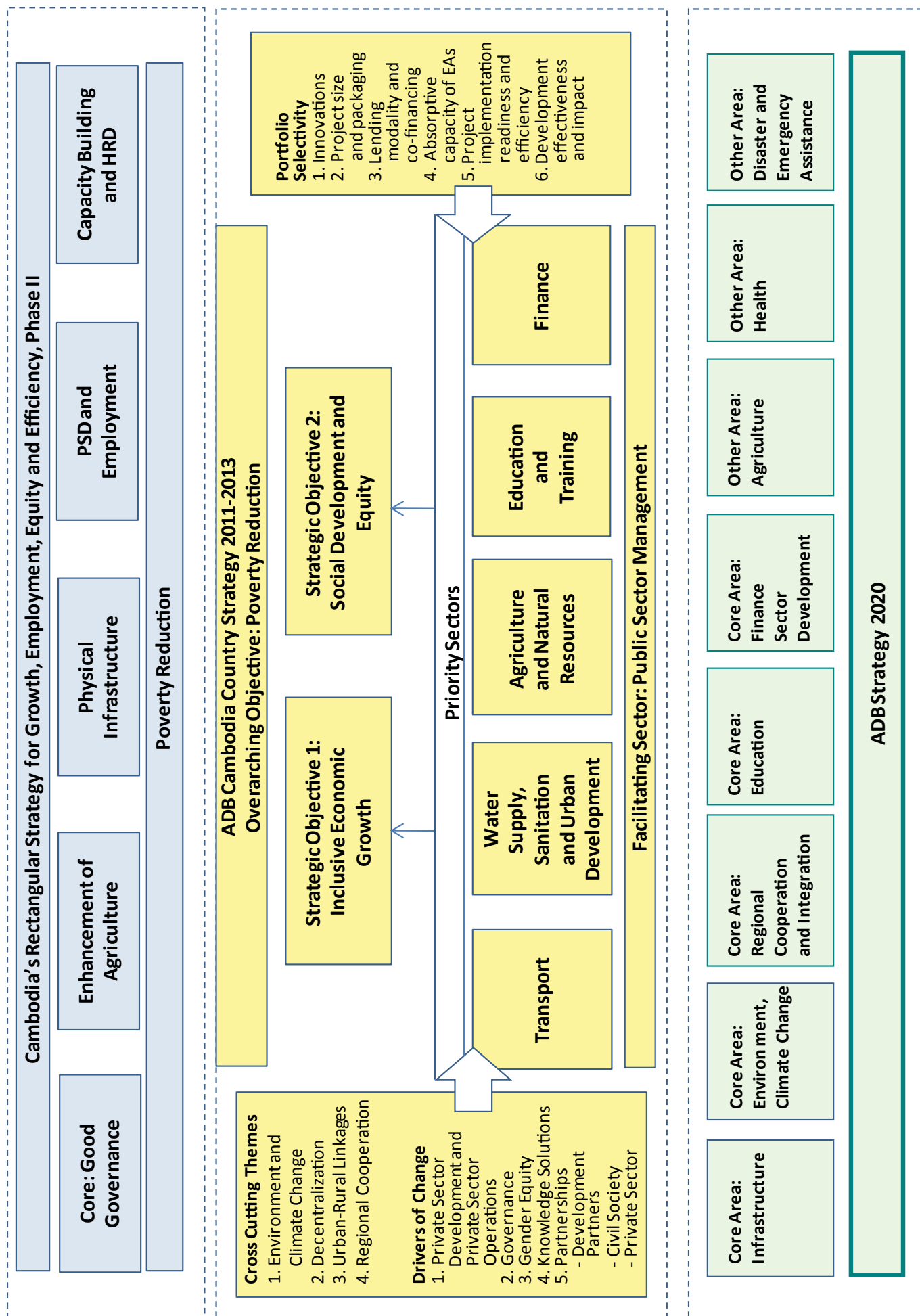
Cambodia was one of the first ADB member countries to develop a country partnership strategy under new ADB guidelines—an achievement made possible because of the strong relationships that ADB staff have developed over the last 20 years with all levels of government.

With nearly 75% of the population engaged in agriculture, the CPS focuses on boosting the competitiveness of small farmers as well as large-scale commercial agribusiness, and developing related rural infrastructure. Through these initiatives, the CPS is creating jobs, raising incomes, and improving food security. ADB is continuing 20 years of work too on improving irrigation systems in order to increase agricultural productivity and support the government's Rice Production and Export Promotion Policy.

Also under the CPS, initiatives to strengthen urban–rural linkages, including transport links both within the country and with neighboring countries, are expanding business opportunities. Investments in the finance sector, in trade facilitation, and in industry-relevant technical and vocational skills training are improving the conditions for doing business. The CPS is developing human capital too through measures designed to achieve gender equity, expand rural water supply and sanitation, and widen access to quality secondary education. ADB is also mainstreaming climate resilience activities into ongoing and new projects using funding from the global Pilot Program for Climate Resilience approved in 2011.

Through support to public-private partnerships, the CPS is preparing the legal, regulatory and institutional frameworks to leverage additional private sector finance for key infrastructure projects, with high potential in urban water, tourism, transport, and energy. To facilitate regional trade, competitiveness and tourism across the Greater Mekong Subregion, the CPS is continuing to improve cross border transport and trade facilitation along the Southern Economic Corridor that links Bangkok to Ho Chi Minh City, via Phnom Penh.

Lastly, improving portfolio quality and efficiency is a priority focus of the 2011–2013 CPS. The Cambodia Resident Mission has emphasized 1) applying innovations in portfolio selectivity; 2) increasing the average size of projects and introducing innovative financing mechanisms for projects or groups of projects, including cofinancing; 3) building project management capacity of executing agencies; 4) selectively delegating projects to the Cambodia Resident Mission to improve project administration and portfolio performance; 5) improving assessment of project readiness; and 6) improving monitoring and evaluation (M&E) of ADB activities through stronger results frameworks and joint supervision missions for cofinanced projects.





ADB Cambodia Resident Mission Team

Name of Staff	Position
Mr. Eric Sidgwick	Country Director
Mr. Peter Brimble	Deputy Country Director and Senior Country Economist
Mr. Januar Hakim	Senior Project Management Specialist
Ms. Karin Schelzig	Senior Social Sector Specialist
Mr. Peter Broch	Senior Transport Economist
Ms. Nao Ikemoto	Senior Natural Resources Management Specialist
Mr. Ricardo Carlos V. Barba	Senior Safeguard Specialist
Mr. Nida Ouk	Senior Project Officer (Physical Infrastructure)
Ms. Vandy Dav	Senior Finance and Administrative Officer
Mr. Chamroen Ouch	Senior Programs Officer (Governance)
Mr. Sophea Mar	Senior Social Sector Officer
Mr. Sokunthea Sok	Senior Procurement Officer
Mr. Poullang Doung	Senior Economics Officer
Mr. Chanthou Hem	Senior Project Officer (Agriculture and Natural Resources)
Mr. Piseth Vou Long	Senior Project Officer (Agriculture and Rural Development)
Mr. Chantha Kim	Programs Officer
Ms. Sokha Ouk	Safeguards Officer
Ms. Chandy Chea	Gender Specialist
Ms. Sothea Ros	External Relations Coordinator
Mr. Sophana San	Project Analyst
Mr. Sopheark M. Chea	Project Analyst
Ms. Sovathavy Hel	Senior Project Assistant
Mr. Mao Ouk	Associate Operations Coordinator
Ms. Phalla Kong	Senior Operations Assistant
Ms. Phalla Song	Operations Assistant
Ms. Vanna Sin	Operations Assistant
Mr. Dara Dy	Operations Assistant
Mr. Vuth Cheng	Senior Finance and Administration Assistant
Ms. Sovannary Teng	Finance and Administration Assistant
Mr. Samnang Seng	Associate Information Technology Coordinator
Mr. Dararith Kang	Senior General Office Assistant
Ms. Sophy Pich	General Service Staff (Secretariat)
Ms. Phirundeth Chin	Receptionist
Mr. Kosal Meas	Senior General Service Staff (Driver)
Mr. Sothea In	General Service Staff (Driver)
Mr. Virak Svay	Driver
Mr. Bunthoeun Nin	Messenger
Ms. Thany Kung	Housekeeper

Cambodia at a Glance

Key Economic Indicators	1993	2002	2006	2007	2008	2009	2010	2011
GDP (\$ billion, current)	2.5	4.3	7.3	8.6	10.3	10.4	11.6	13.0
GDP per capita (\$, current)	229	340	558	656	760	753	830	911
Gross domestic investment (% of GDP)	21.8	22.6	22.7	26.6	24.6	25.7	28.5	26.1
Overall fiscal surplus (deficit) (% of GDP)	(4.7)	(7.2)	(3.3)	(2.8)	(2.9)	(6.4)	(8.7)	(7.3)
Merchandise trade balance (% of GDP)	(8.2)	(13.2)	(14.8)	(14.7)	(15.3)	(14.4)	(14.1)	(11.6)
Current account balance (% of GDP)	(7.6)	(8.4)	(7.9)	(7.4)	(11.1)	(10.3)	(10.4)	(8.8)
External debt service (% of exports of goods and services)	...	2.6	0.6	0.9	1.1	1.6	1.6	1.6
External debt (% of GDP)	...	36.2	28.6	25.5	25.3	27.4	28.3	28.3
	1993-2002	2002-2006						
GDP growth (% in constant prices)	7.4	9.9	10.8	10.2	6.7	0.1	6.0	7.1
Agriculture	(3.3)	5.7	5.5	5.0	5.7	5.4	4.0	3.1
Industry	15.7	15.3	18.3	8.4	4.0	(9.5)	13.6	14.5
Services	7.6	10.0	10.1	10.1	9.0	2.3	3.3	5.0
CPI inflation (annual average)	4.3	3.1	6.1	7.7	25.0	(0.7)	4.0	5.5
Liquidity (M2) (% increase)	26.6	25.7	38.2	62.9	4.8	36.9	20.0	21.5

Poverty and Social	1990s	2000s	Latest Year
Population (million)	11.4 [1998]	...	13.4 [2008]
Population growth (annual % change)	2.3 [1998]	...	1.54 [2008]
Maternal mortality ratio (per 100,000 live births)	437 [1997]	472 [2005]	206 [2010]
Infant mortality rate (below 1 year/per 1,000 live births)	95 [1998]	66 [2005]	45 [2010]
Life expectancy at birth (years)	50 [1990]	54 [2002]	64.3 (women), 60.5 (men) [2008]
Adult literacy (%)	62.80 [1998]	78.35 [2008]	88 [2010]
Primary school gross enrollment (%)	108.8 [1996]	119.9 [2003]	123.3 [2011]
Primary school net enrollment (%)	61.8 [1996]	90.1 [2003]	96.4 [2011]
Child malnutrition (% below 5 years)	56.1 [1996]	49.7 [2000]	40 [2010]
Population below poverty line (%) ^a	22.9 [2009]
Rural population with access to improved water (%)	24 [1998]	52.7 [2005]	44.9 [2011]
Rural population with access to improved sanitation (%)	8.6 [1998]	15.7 [2005]	26.5 [2011]

Environment	2000	2005	Latest Year
Carbon dioxide emissions (tons)	2,255	3,322	4,602 [2008]
Carbon dioxide emissions per capita (tons)	0.18	0.28	0.33 [2008]
Forest area (million hectares)	11.54	10.7	10.36 [2010]
Urban population (% of total population)	18.6	19.2	22.8 [2010]

ADB ADF Portfolio (sovereign activities, as of 31 October 2012)	Totals
Total number of loans	64
Net loan amount (\$ million, cumulative)	1,385
Total number of grants	21
Total grant amount (\$ million, cumulative)	255.7
Total number of loans/grants	85
Total loans/grants amount (\$ million, cumulative)	1,640.97
<i>Disbursements</i>	
Total funds available for withdrawal (\$ million)	449.79
Disbursed amount (\$ million, cumulative)	203.84
Percentage disbursed (disbursed amount/total available)	45.3%

... = not available, [] = latest year for which data are available, () = negative, ADB = Asian Development Bank, ADF = Asian Development Fund, GDP = gross domestic product.

^a Preliminary data for 2009 based on the government's new poverty headcount measurement methodology.

Sources: Asian Development Bank, Ministry of Economy and Finance, National Bank of Cambodia, National Institute of Statistics, United Nations Development Programme, World Bank.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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