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NEWS RELEASE

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\$29 Million ADB Loan to Help Improve Public Service Delivery in Cambodia

MANILA, PHILIPPINES (23 September 2020) — The Asian Development Bank (ADB) has approved over \$29 million in financing to help the Government of Cambodia improve service delivery through key reforms in public financial management and decentralization, especially in rural areas, where most of the country's poor live.

The Second Decentralized Public Service and Financial Management Sector Development Program includes a \$20 million policy-based loan that will support a programmatic approach to strengthening local governments' fiscal planning and management, as well as public administration. It also includes a \$9.35 million project loan to help build the National School of Local Administration, a dedicated training center for local government officials. In addition, the government will provide the project with \$1.7 million in financing.

"The project aims to help local governments across Cambodia provide sustainable, effective, and efficient delivery of basic public services, while also bridging the urban–rural divide," said ADB Senior Public Management Specialist Jhelum Thomas. "The project is much needed, as the coronavirus disease (COVID-19) pandemic has seen significant numbers of people move from urban to rural areas. This will put more pressure on local governments to provide social assistance and basic services such as roads, water supply, and sanitation to support inclusive and equitable growth."

Cambodia's gross domestic product grew 8.0% on average annually from 1999 to 2019, reducing poverty to 13.5% in 2014 from 47.8% in 2007. But more than 70% of Cambodians lived on less than \$3 a day and access to basic services has been uneven. Poor and vulnerable households are especially at risk amid the COVID-19 pandemic, which has led to a significant decline in key sectors of Cambodia's economy and losses in livelihoods.

ADB's program will build on the ongoing first Decentralized Public Service and Financial Management Sector Development Program. It will help strengthen agency coordination for responsive, accountable service delivery, including strengthening strategic budget plans, audit, and ombudsman functions. It will also improve revenue and expenditure management to meet local needs and address the longer-term skills shortages of local government staff. The project will support the construction and operations of the new National School of Local Administration, which will provide structured skills development for local government staff.

The government embarked on decentralization reforms in 2001. Subnational governments continue to face the challenges of weak subnational planning, ineffective revenue and expenditure management, and developing skilled public servants.

ADB has provided comprehensive support to Cambodia's decentralization reforms since 2002, supporting legal, policy, and institutional reforms. Between 2002 and 2012, ADB's engagement focused on strengthening commune councils and expanding services in rural areas. Since 2012, ADB's support has focused on strengthening government coordination, the regulatory framework, institutions, and defining service responsibilities. The new project is in line with the priorities laid out in ADB's 2019–2023 country partnership strategy.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.



ADB supporting the Government of Cambodia to improve public service delivery, especially in rural areas, where most of the country's poor live.

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