



Asian Development Bank & Cambodia

FACT SHEET

Table 1. Cambodia: Development Indicators

Non-MDG	
Population in millions	14.63 (2008)
Annual population growth rate (%)	1.9 (2006–2008)
Adult literacy rate (%)	76.3 (2007)
Percent of population in urban areas	20.9 (2007)
MDG	
Percent of population living on less than \$1.25 a day	40.2 (2004)
Percent of population living below the national poverty line	34.7 (2004)
Under-5 mortality rate per 1,000 live births	91 (2007)
Percent of population using an improved drinking water source	65 (2006)

MDG = Millennium Development Goal.

Sources: ADB, 2009. *Basic Statistics 2009*. Manila.

UNESCO, 2009. Institute for Statistics Data Centre.

World Bank, 2009. World Development Indicators Online.

Cambodia has made great strides since 1991, when more than 2 decades of isolation and conflict ended and priorities turned to ensuring peace and security, rebuilding institutions, establishing a stable macroeconomic environment, and putting in place a liberal investment regime. Gross domestic product (GDP) growth has been robust at nearly 9% over the last 10 years. While the incidence of poverty has declined from 34.7% in 2004 to around 30% in 2007, it remains high.

Recent economic growth—narrowly concentrated on the garment, tourism, and construction industries—is urban-focused, with limited linkage to the rural economy, where 91% of the poor live. This has led to a rapid increase in inequality over the past decade. Looking forward, continuing weaknesses in garments, tourism, and construction are forecast to reduce GDP growth sharply in 2009 and 2010. This deceleration threatens to undermine the steady gains made to reduce poverty. There is a pressing need to diversify the economy to enable the rural poor to contribute to, and benefit from, economic growth. The Government has drawn up a comprehensive reform agenda aimed at achieving the Millennium Development Goals (MDGs), which is embedded in its National Strategic Development Plan (NSDP) 2006–2010.¹ Achieving the MDG targets related to human development remains a challenge.

Relationship with ADB

As of 31 December 2008, Cambodia had received \$1,001.14 million for 46 loans (35 project loans and 11 program loans), \$117.11 million for 10 ADF grants (9 project grants and 1 program grant), and \$99.38 million for 151 technical assistance (TA) projects, since joining the Asian Development Bank (ADB) in 1966. The majority have been provided since operations resumed in 1992.

The Cambodia Country Strategy and Program (CSP) 2005–2009 focuses on broad-based economic growth, inclusive social development, and good governance. In addition, the CSP has a geographical focus on the Tonle Sap Basin and a subregional focus on the Greater Mekong Subregion (GMS) Program.

The midterm review (MTR) of the CSP 2005–2009, conducted in August 2007, reinforced the need for a sharper focus on agriculture and rural development across ADB-financed projects and an emphasis on private sector-led growth in response to the Government's own development plan. The CSP for 2005–2009 and its MTR can be found at www.adb.org/Documents/CSPs/CAM/default.asp.

¹ The Royal Government of Cambodia has decided to extend the NSDP to 2013 to be consistent with the Rectangular Strategy for Growth, Employment, Equity and Efficiency, Phase 2, which is a development platform of the fourth mandate of the Government 2008–2013.

Impact of Assistance

Support for infrastructure and transport sector development—including road improvements—has helped enhance market access and opportunities for economic development by reducing travel time and transport costs. Under the Northwestern Rural Development Project, approximately 600 kilometers of rural roads have been rehabilitated in four Northwestern provinces. The GMS Southern Coastal Corridor Project will promote efficient movement of passengers and goods between Thailand, Cambodia, and Viet Nam.

Support for power sector development, such as the Power Rehabilitation and Provincial Power Supply Project, has provided reliable connections to nearly 42,000 households. The GMS Transmission Project, and the Second Power Transmission and Distribution Project will stimulate economic growth by supplying electricity at affordable prices to consumers in the southern provinces.

Support for agriculture sector development has been provided through program loans and associated TA and investment projects to assist government efforts in a number of areas, including

- establishing the legal framework for securing access to productive agricultural land;
- preparing divestment plans for selected state-owned enterprises to improve the market environment for private agro-based enterprise growth; and
- developing a master plan for coordinated agricultural research.

Table 2. Cambodia: Economic Indicators, 2004–2008

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	380	440	490	540	...
GDP growth (% change per year)	10.3	13.3	10.8	10.2	6.5
CPI (% change per year)	3.8	5.9	4.7	5.9	19.7
Unemployment rate (%)
Fiscal balance (% of GDP)	-4.1	-2.5	-2.7	-2.9	-2.1
Export growth (% change per year)	24.1	12.4	26.9	10.7	...
Import growth (% change per year)	22.5	19.4	21.1	14.6	...
Current account balance (% of GDP)	-8.2	-9.6	-7.2	-7.8	-14.0
External debt (% of GNI)	67.6	58.4	50.6	46.3	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila. ADB staff estimates.

World Bank. 2009. World Development Indicators Online.

Table 3. Cambodia: 2008 Loan, TA, and Grant Approvals (\$ million)

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
53.8	–	5.0	36.9	95.7

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$1,001.1 million
Cumulative Disbursements (as of 31 Dec 2008) : \$789.3 million

Recent statistics indicate that rice yield in 2007–2008 amounted to 2.62 tons per hectare, which is an increase from 2.47 tons per hectare in 2005. The positive impact of gender policy in agriculture has been reflected in the increased promotion of women as Bureau Chiefs and Deans and Deputy-Deans of various agricultural faculties.

ADB interventions in natural resources management, particularly in the Tonle Sap Basin, have helped strengthen the institutional capacity for integrated water resource management and boosted the capacity of rural communities to plan development activities. As of 2007, 509 community fisheries were established, of which 172 were established with ADB support. The Tonle Sap Lowlands Rural Development Project supports rural development, poverty reduction, and conservation of natural resources.

In the education sector, ADB provided lending and nonlending assistance, which included support to the Education Sector

Table 4. Cambodia: Cumulative ADB Lending as of 31 December 2008

Sector	Loans (no.)	Amount (\$ million)	% ^a
Agriculture and Natural Resources	6	106.11	10.60
Education	6	123.00	12.29
Energy	6	120.77	12.06
Finance	6	70.30	7.02
Health, Nutrition, and Social Protection	2	40.00	4.00
Industry and Trade	2	35.60	3.56
Law, Economic Management, and Public Policy	2	30.00	3.00
Multisector	6	201.10	20.09
Transport and Communications	7	228.00	22.77
Water Supply, Sanitation, and Waste Management	3	46.26	4.62
Total	46	1,001.14	100.00

^a Total may not add up because of rounding.

Table 5. Cambodia: Project Success Rates

By Sector	Percentage ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	100.0	1
Education	100.0	2
Energy	100.0	2
Finance	50.0	2
Health, Nutrition, and Social Protection	100.0	1
Law, Economic Management, and Public Policy	100.0	1
Multisector	100.0	3
Transport and Communications	66.7	3
Water Supply, Sanitation, and Waste Management	100.0	2
Total	88.2	17
By Year of Approval		
1990s	91.7	44
2000s	80.0	5

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2008.

Development Programs and the Education Quality Improvement Project. ADB assistance has contributed to better school access in remote areas, quality of education, decreased gender disparities, and development of a number of policy reforms. ADB supported the upgrading and completion of 349 unfinished primary schools in six remote provinces, and construction of 278 lower secondary schools. About 22 upper secondary schools were also constructed and refurbished. Net enrollment at the secondary level has risen from 11.7% to 24.8% from 1997 to 2007, while the adult literacy rate over the same period has risen from 57% to 67.3% (female) and from 64.1% to 84.7% (male).

In the rural water supply and sanitation sector, the Tonle Sap Rural Water Supply and Sanitation Project aims to improve access to water and sanitation facilities for the poor in the five provinces of the Tonle Sap Basin. To date, the project has completed more than 4,000 water points and more than 18,000 household latrines, mobilizing beneficiaries into more than 5,000 water and sanitation user groups.

In the health sector, ADB has focused on improved delivery of services, particularly to the poor and women. It has helped to strengthen

Table 6. Cambodia: Portfolio Performance Quality Indicators for Sovereign Lending, 2007–2008

	2007 (\$ million)	2008 (\$ million)
Number of Ongoing Loans (as of 31 Dec 2008)		19
Contract Awards/Commitments	74.3	109.7
Disbursements	56.8	106.4
Loans at Risk (%)	9.1	5.3

Table 7. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008^{a,b}

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

^a Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

^b Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

institutional capacity to plan, finance, and manage the health sector. The GMS program for Regional Communicable Diseases Control seeks to contain the spread of epidemic diseases at the local level and reduce the burden of common endemic diseases in Cambodia, Lao People's Democratic Republic, and Viet Nam. From five Cambodian border provinces, the project has been expanded to provide support for dengue control nationwide.

ADB has been a major development partner for Cambodia in the financial sector. The Financial Sector Program Loans have helped create more robust and better regulated banking institutions, which resulted in increased public confidence in, and greater borrowings from, the banking system. These programs have also contributed to the adoption

Table 8. Cambodia: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008

Contractor/Supplier	Sector	Contract Amount (\$ million)
Khaou Chuly MKK/Guangdong Provincial Changda Highway	Transport and Communications	7.97
Kim Mex Construction and Investment Company, Ltd.	Health, Nutrition, and Social Protection	4.29
Seaboard Cambodian Development Company, Ltd.	Transport and Communications	2.39
Muhibbah Engineering (Cambodia) Company, Ltd.	Transport and Communications	2.38
Envisioning Company	Health, Nutrition, and Social Protection	1.71
Phao Ngoun Construction Company, Ltd.	Multisector	1.42
PHV Construction Company, Ltd.	Multisector	1.33
Tan Kim Engineering Construction Company, Ltd.	Multisector	1.27
Tang Thai Kheang Construction Company	Multisector	1.17
Keurt Construction Enterprise Company, Ltd.	Multisector	1.03
Cambodian Individual Consultants	Multisector	0.25

Table 9. Cambodia: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Health Net International	7	2.49
Swiss Red Cross	3	2.40
Key Consultants (Cambodia) Ltd.	6	1.61
Cadtis Consultants Company, Ltd.	6	1.57
Cambodian Individual Consultants*	12	1.07
Ockenden International	1	0.52
Handicap International	2	0.45
Padek Cambodia (The NGO)	2	0.42
SBK Research and Development Company, Ltd.	4	0.39
Aruna Technology, Ltd.	1	0.38
Zoa Refugee Care (The NGO)	1	0.34

* Consultant may have one or more contracts within the period covered.

of a number of fundamental laws and regulations required under the World Trade Organization accessions. ADB's Small- and Medium-Sized Enterprises (SME) Development Program has improved the business environment for SMEs, including improving access to finance and simplifying tax and accounting guidelines for the sector. A project under the Japan Fund for Poverty Reduction–Women's Development Centers is working to empower rural women by supporting micro and small entrepreneurship in two provinces.

Support for decentralization and democratic development has also been provided by ADB. About 694 commune offices have been provided, and 11,200 commune councilors and clerks have received training and acquired the necessary skills to discharge their responsibilities.

A number of loans and grants under the GMS program have also been provided to promote connectivity through rehabilitation of road and rail transport, power transmission, tourism development, and cross-border communicable disease control.

Future Directions

In 2008, ADB approved the following:

- **Road Asset Management Project** to support sustainability of national roads and the establishment of a road management system;
- **Promoting Economic Diversification Program** to support implementation of the Government's SME Development Framework and trade development strategy, enhancing export diversification, and improving the efficiency of domestic trade;
- **Financial Sector Program Cluster 2 (Subprogram 2)** to further support financial sector development by putting in place a sound, market-based financial system;
- **Public Financial Management for Rural Development Program** to strengthen financial governance through public financial management development in rural sector ministries and improving the National Audit Authority's capacity in performance audit; and
- **Emergency Food Assistance Project** to provide free rice and food-for-work to some of the most severely affected households, provide targeted fertilizer and seed subsidies to rice farmers, and strengthen the national emergency response systems on food security.

Programs to be approved in 2009 include the following:

- **Strengthening Technical Vocational Education and Training** to further strengthen technical and vocational education system;
- **Second Financial Sector Program Cluster (Subprogram 3)** to further reform the financial sector;
- **Tonle Sap Rural Water Supply and Sanitation, Phase 2**, to further contribute to meeting Cambodian MDG targets by expanding coverage of improved water supply and sanitation infrastructure;
- **Tonle Sap Poverty Reduction and Smallholder Development** to enhance productivity and income of rural households in the Tonle Sap Basin; and
- **Cambodia Northwest Provincial Road Improvement Project**, a subregional project scheduled for approval in 2009, with a number of important TA projects also planned for approval in 2009.²

² These TAs include Support to Fiscal Decentralization; Technology Demonstration and Rural ICT Application for Smallholder Development in the Tonle Sap Basin; Capacity Building for Cambodia National Petroleum Authority; and the GMS Phnom Penh Plan for Development Management, Phase 4.

Operational Challenges

The binding constraints to poverty reduction in Cambodia remain numerous, including narrowly-based economic growth, limited access to and poor quality social services, landlessness, lack of access to natural resources, social exclusion, poor governance, and endemic corruption.

Given the wide range of development issues that need to be addressed and the limited resource envelope, ADB will exercise greater sector selectivity in its operations over the remainder of the CSP period, focusing on enhancing rural productivity and incomes. This is in line with the poverty focus of the NSDP and the Government's rural development drive, and will ensure the continued relevance and effectiveness of ADB's assistance program. Based on the 2008 Country Performance Assessment (CPA) exercise, Cambodia is to receive an Asian Development Fund (ADF) allocation of up to \$238 million (excluding regional programs) for the biennial period 2009–2010, which is an increase from an allocation of \$99.6 million for the biennial period 2007–2008. As a poor, debt-stressed country, Cambodia can receive up to 50% of its total ADF assistance in the form of grants under the ADF IX grants allocation framework. However, pending the result of a debt sustainability analysis expected to be available in the first quarter of 2009, and combined with the CPA outcome, Cambodia may receive only ADF loans.

Partnership

External assistance has contributed to the implementation of major public sector development projects in Cambodia. At the second Cambodia Development Coordination Forum meeting successfully completed in December 2008, development partners pledged to provide \$951.5 million for 2009, of which ADB's contribution would be about \$100 million.

The Government, in close cooperation with leading development partners, including ADB, has actively promoted greater harmonization between partners and improved alignment of their assistance programs with the Government's core development strategy. ADB, the World Bank, the United Kingdom's Department for International Development, and the United Nations have been closely cooperating and coordinating on country strategies and policy dialogue to reduce transaction costs to the Government and to enhance aid effectiveness.

Table 10. **Cambodia: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Cambodian Individual Consultants*	137	1.88
Worldfish Center (CAM)	1	0.77
NICFEC (CAM)	1	0.34
Cambodia Development Resource Institute	3	0.34
Community Based Natural Resource Management	1	0.22
Women for Prosperity	1	0.20
Buddhism for Development	1	0.06
National Institute of Statistics of Cambodia	1	0.06
Friends-International	1	0.05
Cambodian Entrepreneur Building, Ltd.	1	0.03
Thaneakea Plum (Cambodia) Ltd.	1	0.02

* Consultant may have one or more contracts within the period covered.

ADB cooperates with civil society organizations in Cambodia to strengthen the effectiveness, quality, and sustainability of the services it provides. For example, under the Health Sector Support Project, nongovernment organizations have been contracted to provide health services in 11 operational districts targeting 1.8 million people, including 800,000 poor.

Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

In 2008, Cambodia was provided \$5.6 million grant cofinancing comprising \$4.8 million from Australia for the Road Asset Management project and \$1.8 million from the United Kingdom for the Health Sector Support project. The OPEC Fund for International Development provided a loan cofinancing of \$7.0 million also for the Road Asset Management project.

As of year-end 2008, cumulative direct value-added cofinancing for Cambodia amounted to \$98.5 million for 10 investment projects, and \$21.3 million for 34 TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at www.adb.org/Documents/Fact_Sheets/Cambodia/cofinancing.asp.

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 108 contracts were awarded to Cambodian consultants worth \$20.6 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB TA projects worth \$2.33 billion, of which 208 contracts were awarded to Cambodian consultants worth \$5.2 million.

A summary of procurement contracts awarded to companies and consultants from Cambodia for goods and works, and consulting services can be found at www.adb.org/Documents/Fact_Sheets/Cambodia/procurement.asp.

About Cambodia and ADB

Cambodia is the 30th largest shareholder among regional members and the 38th largest overall.

ADB Membership

Joined	1966
Shares held	1,750 (0.05%)
Votes	14,982 (0.34%)

Phil Bowen is the Executive Director and **Dereck Rooker-Smith** is the Alternate Executive Director representing Cambodia on the ADB Board of Directors.

Arjun Goswami is the ADB Country Director for Cambodia. The Cambodia Resident Mission (CARM) was opened in 1996 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. CARM engages in policy dialogue and acts as a knowledge base on development issues in Cambodia.

The Cambodia government agency handling ADB affairs is the Ministry of Economy and Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

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Useful ADB websites

Asian Development Bank
www.adb.org

Country website
www.adb.org/cambodia

Asian Development Outlook
www.adb.org/Documents/Books/ADO/2009/CAM.pdf

Annual Report
www.adb.org/Documents/reports/annual_report/2008/

Depository Libraries
www.adb.org/Publications/Depositories/cam.asp