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Kingdom of Cambodia: COVID-19 Active Response and Expenditure Support Program First Quarterly Monitoring Report (July–September 2020)

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 29 March 2021)

Currency unit	–	riel/s (KR)
KR1.00	=	\$0.00024
\$1.00	=	KR4,048

ABBREVIATIONS

ADB	–	Asian Development Bank
CARES	–	COVID-19 Active Response and Expenditure Support
CEF	–	country engagement framework
CGCC	–	Credit Guarantee Corporation of Cambodia
CGS	–	credit guarantee schemes
COVID-19	–	coronavirus disease
CSO	–	civil society organization
DMF	–	design and monitoring framework
EQA	–	external quality assessment
GDP	–	gross domestic product
GDT	–	General Department of Taxation
GTF	–	garments, textiles, and footwear
IDPoor	–	Identification of Poor Households Programme
MEF	–	Ministry of Economy and Finance
MFI	–	microfinance institution
MLVT	–	Ministry of Labour and Vocational Training
MoH	–	Ministry of Health
MoP	–	Ministry of Planning
MSMEs	–	micro, small and medium-sized enterprises
NBC	–	National Bank of Cambodia
NSSF	–	National Social Security Fund
NSPC	–	National Social Protection Council
PACER	–	Policy Advice for COVID-19 Economic Recovery
SMEs	–	small and medium-sized enterprises
TA	–	technical assistance
UNDP	–	United Nations Development Programme
UNICEF	–	United Nations Children's Fund
WHO	–	World Health Organization
YEAC	–	Young Entrepreneurs Association of Cambodia

NOTE

In this report, “\$” refers to United States dollars.

CONTENTS

EXECUTIVE SUMMARY	
I. INTRODUCTION	1
II. UPDATE ON PROGRAM IMPLEMENTATION.....	4
A. Health Indicators.....	4
B. Health Outcomes	5
C. Social Assistance Indicators	7
D. Economic Stimulus Indicators.....	11
E. Economic Stimulus Outcomes	12
III. CONCLUSION AND RECOMMENDATIONS	16
A. Overall Progress.....	16
B. Programming of ADB Advisory Support	16
C. Recommendations	17
Annex 1: Design and Monitoring Framework	19
Annex 2: Design and Monitoring Framework Progress Report	23
Annex 3: Macroeconomic Data.....	26
Annex 4: Key Messages from the CARES Program Subcommittee Meetings	27
Annex 5: Socioeconomic Surveys by Key Development Partners and Agencies	33
Annex 6: Key Government Measures in Response to COVID-19	39
Annex 7: The Establishment of the Credit Guarantee Corporation of Cambodia (CGCC)	43

EXECUTIVE SUMMARY

This is the first quarterly progress report for the Asian Development Bank (ADB) Cambodia COVID-19 Active Response and Expenditure Support (CARES) Program. CARES is a \$250 million program to support the Government of Cambodia's response to the coronavirus disease (COVID-19) pandemic.

The government has mounted an impressive response to the pandemic. Its COVID-19 Master Plan includes strengthening the health system, providing support for workers and enterprises, and allocating cash transfers to poor and vulnerable households. The government's response was initially costed at \$815.7 million (3.1% of gross domestic product [GDP]) and this was subsequently increased to \$1.36 billion (5.1% of GDP). Well-targeted health measures prevented a major outbreak of COVID-19 during 2020 but the pandemic has had a large social and economic impact. Cambodia's traditional sectors of tourism, and garments, textiles, and footwear (GTF) have been hit hard. Construction activity has slowed and more than 119,000 migrant Cambodian workers have returned from Thailand since March 2020. The informal economy has also suffered. From an expected growth rate for 2020 of 6.8% before COVID-19, the economy is now projected to have contracted by 1.9%–4.5% in 2020.

The CARES program's design and monitoring framework (DMF) is aligned with the government's COVID-19 Master Plan and includes 11 performance indicators. The updates presented in this report show that the government is broadly on track to achieve the targets for the program's output indicators. COVID-19 testing and treatment capacity has increased dramatically from 600 tests per day in March 2020 to 4,000 per day by the end of 2020. Testing policies take full account of high-risk groups such as migrant workers. An ambitious cash transfer program has been rolled out successfully, using innovative mobile payments. It has reached approximately 90% of intended recipients in the Identification of Poor Households Programme (IDPoor). A package of economic support measures, including wage cost sharing, tax deferment and credit availability have been implemented to maintain labor market stability and support economic recovery. Food prices have remained stable.

Despite the good progress to date, the scale of the pandemic and the continued threat of outbreaks mean that further efforts are needed. Maintaining health security and rolling out vaccines are key public policy objectives for 2021. The risk of rising poverty is also a concern. Development partner surveys show that household incomes fell by 30%–60% during the second and third quarters of 2020. Households have responded by reducing food and non-food consumption, selling assets, and borrowing money, but these strategies cannot be sustained indefinitely. Additional support may be needed during 2021 to prevent a large increase in poverty and deprivation. New measures may also be needed to safeguard the economic recovery. Business surveys have identified significant reductions in firms' turnover and profits during 2020. The impacts vary by sector and firm size, with some evidence that micro and small enterprises have been disproportionately impacted.

The CARES Program is supported by a country engagement framework comprising a high-level policy committee and separate subcommittees for consultation with the private sector, civil society, and stakeholders with an interest in the use of big data. This report integrates key findings from the first meetings of the three subcommittees and presents recommendations in six key areas: (i) implementing a national vaccination program, (ii) strengthening program coordination and information flows, (iii) monitoring gender impacts, (iv) strengthening social assistance, (v) stimulating revival and growth of productive sectors, and (vi) refining fiscal policies for the pandemic response.

I. INTRODUCTION

1. **The Asian Development Bank approved a loan under the COVID-19 Active Response and Expenditure Support (CARES) Program in July 2020.**¹ The \$250 million loan from ADB's concessional ordinary capital resources and a linked package of technical assistance (TA) support the Government of Cambodia's response to the coronavirus disease (COVID-19) pandemic. The program structure is aligned with the government's COVID-19 Master Plan and includes a design and monitoring framework (DMF), gender monitoring matrix, and country engagement framework (CEF). The DMF is presented in Annex 1.

2. **The DMF is the main instrument for monitoring and evaluating the program.** The program's intended outcome is: COVID-19 outbreak effectively managed and its immediate adverse social and economic effects reduced. To achieve this, the program has three separate outputs covering the health response, social protection, and economic stimulus. The DMF includes 11 targets and performance indicators for assessing the achievement of the program outputs and the outcome.

3. **The country engagement framework is intended to facilitate policy dialogue.** The government is responsible for reporting on progress with implementation. The Ministry of Economy and Finance (MEF) is the executing agency for the CARES Program and has overall responsibility for its implementation. The CEF comprises a high-level policy committee co-chaired by MEF and ADB and three subcommittees to facilitate regular and well-structured engagement with the private sector, civil society, and stakeholders with an interest in big data (Annex 4).

4. **Well-targeted controls have prevented a major outbreak of COVID-19 in Cambodia.** Cambodia recorded its first COVID case in late January 2020.² Since then, there have been three small spikes in recorded infections. In March and August rising numbers of imported cases were recorded but careful border controls helped to prevent local transmission. During November and December there was a small increase in locally acquired infections. As of 5 February 2021, Cambodia had recorded a total of 470 cases, of which 452 have recovered.³ Most infections were acquired overseas and detected at the border. There have been no fatalities and there is no evidence of community transmission of COVID-19 within Cambodia.

5. **Supportive policies have helped to maintain macroeconomic stability.** At the beginning of the pandemic, Cambodia was one of several countries seen to be at risk of macroeconomic instability because of its large current account deficit and reliance on tourism.⁴ However, following an initial dip in official foreign reserves in March, Cambodia has maintained a stable balance of payments position. The government has communicated its commitment to maintaining stability and to making prudent use of sovereign borrowing. The government also took a range of measures to maintain banking sector liquidity and issued guidance to banks and microfinance institutions on loan restructuring. Financial sector stability has been maintained and there has not been a spike in nonperforming loans. Official reserves increased moderately during 2020 and continue to provide ample import cover.⁵

¹ ADB. 2020. *Report and Recommendation of the President: Proposed Countercyclical Support Facility Loan to the Kingdom of Cambodia for the COVID-19 Active Response and Expenditure Support Program*. Manila.

² <https://www.channelnewsasia.com/news/asia/wuhan-virus-cambodia-confirms-first-case-china-health-minister-12358724>.

³ Government of Cambodia. 2021. *Ministry of Health COVID-19 Update*. Phnom Penh

⁴ Capital Economics. 2020. *Frontier Markets Monthly Wrap, February 2020*. Singapore

⁵ This is partly due to large asset sales (i.e., privately held gold), which generated foreign currency receipts equivalent to 10.9% of GDP during Q2 and Q3 and helped offset the large decline in receipts from international visitors.

6. **The pandemic has led to a large negative demand shock.** A summary table of macroeconomic indicators is presented in Annex 3. Projections for GDP growth in 2020 range from -1.9% to -4.5%.⁶ Figure 1 breaks down the growth performance of the main economic sectors. The recession has been driven by contractions in the traditional sectors of tourism and garments, textiles, and footwear (GTF) and a slowdown in construction activity. Impacts on the GTF sector peaked in the second quarter of 2020 as buyers in Europe and the United States cancelled orders. By June, 450 of Cambodia's 1,100 GTF factories had suspended operations. The sector began to recover in the third quarter, but, as of late November, more than 110 factories remained closed. International tourism has been suspended since the second quarter (Q2) of 2020, and over 3,000 tourism-related establishments have suspended operations or closed. Domestic tourism has increased but it cannot fully offset the loss of demand from international visitors. The downturn in neighbouring economies has also triggered the return of migrant workers and by November 2020, 119,725 workers had returned from Thailand.⁷ The economy is expected to return to growth in 2021. However, as Figure 2 shows, Cambodia's economy will remain far below its pre-COVID-19 trend.

Figure 1: Supply-Side Contributions to Growth
(% change, year-on-year)

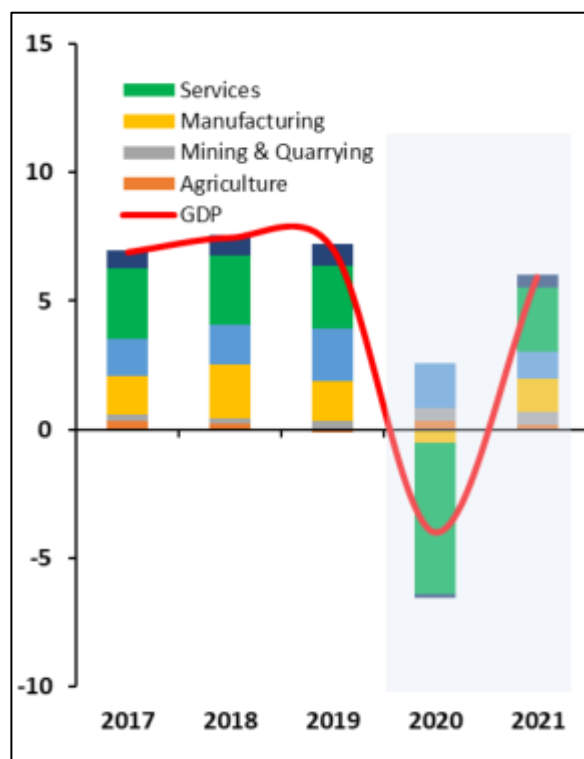
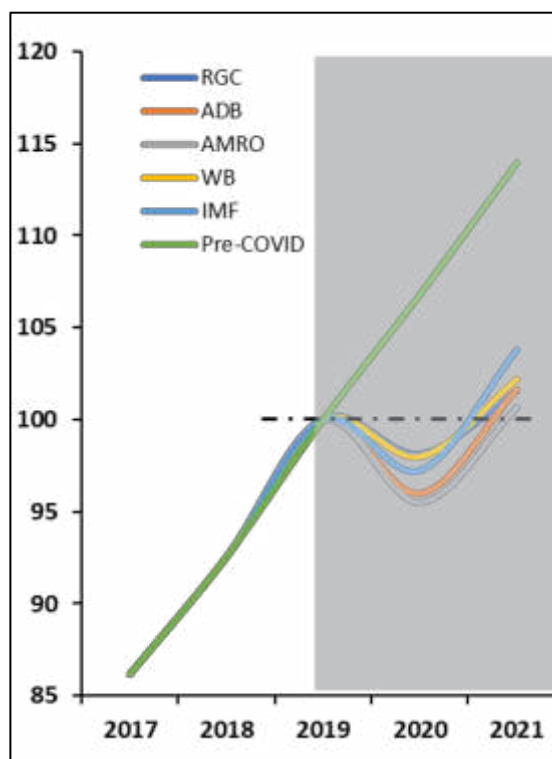


Figure 2: Real GDP Projections by Forecaster
(2019=100)



ADB = Asian Development Bank, AMRO = ASEAN Macroeconomic Research Office, IMF = International Monetary Fund, RGC = Royal Government of Cambodia, WB = World Bank.

Source: Figure 1: ADB staff estimates; Figure 2: Asian Development Bank. 2020. *Asian Development Outlook Update*. Manila; ASEAN Macroeconomic Research Office. 2020. *Cambodia Country Data* (Available at: <https://www.amro-asia.org/member-economies/cambodia/>) ; IMF. 2020. *World Economic Outlook, October*. Washington DC; Royal Government of Cambodia; World Bank. 2020. *Cambodia Economic Update*. Phnom Penh.

⁶ Official statistics are not yet available for 2020. Forecasts for 2020 GDP growth range from -1.9% (Government of Cambodia) to -4.5% (ASEAN Macroeconomic Research Office). ADB's most recent forecast was -4.0%.

⁷ IOM. 2020. *Situation Report 21: October 28, 2020*. Bangkok.

7. **The pandemic has had an impact on education and household welfare.** There is a risk that it could have a long-lasting negative impact on welfare and human capital. Surveys by a number of development agencies have found that household incomes fell by 30%–60% during the Q2 and Q3 2020 due to reduced wage incomes, lower revenues from property and micro-enterprises, and reduced remittance income (Annex 5). Households have responded to the drop in income by reducing their food and non-food consumption and by borrowing money. However, these coping strategies cannot be sustained indefinitely and are likely to increase poverty. Schools and universities were closed for much of 2020 to reduce the risk of transmission of COVID-19. Despite commendable efforts to facilitate remote learning, learning outcomes are likely to have been negatively impacted by the closures. A World Bank survey in May 2020 reported that 37% of respondents said their children had not participated in any schooling or learning during the previous week.⁸ A range of factors have contributed to low uptake of e-learning and tele-education, including limited access to televisions and internet-enabled devices.

8. **The government has mounted a comprehensive response to the pandemic.** The government's Master Plan for COVID-19 Response included an initial package of measures totalling \$815.7 million (3.1% of GDP) to strengthen the health system, protect poor and vulnerable groups, and stimulate the economy. By early December 2020, planned spending for the COVID-19 response had increased to \$1.36 billion (Table 1). By 12 December 2020, the government had disbursed \$769.0 million of the planned expenditures. This included \$28.0 million for scaling up the health response, \$306.0 million for social assistance, and \$435.0 million for economic recovery.

Table 1: Planned Expenditures and Actual Disbursements for COVID-19 Response

Program	Amount (\$ Million)			
	Preliminary Estimates	Additional Funding	Revised Estimate	Disbursement at 12 December 2020
1. Scaling Up Health Response	60.0	TBC	60.0	28.0
Prevention and detection	4.7	TBC	4.7	TBC
Clinical management and treatment	45.4	TBC	45.4	TBC
Coordination and supporting system	9.8	TBC	9.8	TBC
2. Social Assistance	300.0	6.0	306.0	306.0
Cash subsidy scheme for poor and vulnerable households	300.0	6.0	306.0	306.0
3. Economic Recovery ^a	455.8	534.4	990.2	435.0
Wage subsidy for garment industry and tourism workers	44.5	0.0	44.5	23.0
Loans to support small and medium-sized enterprises	150.0	500.0	650.0	200.0
Skills training and employment services	63.7	TBC	63.7	49.0
Tax relief and exemption from National Social Security Fund (NSSF) contributions	97.6	34.4	132.0	132.0
Cash for work program	100.0	0.0	100.0	31.0
TOTAL	815.8	540.4	1,356.2	769.0

TBC = to be confirmed.

Source: Royal Government of Cambodia; ADB staff estimates.

⁸ World Bank. 2020. *The Socioeconomic Impacts of COVID-19 on Households in Cambodia – Results from the High-Frequency Phone Survey of Households, Round 1 (11-26 May 2020)*. Washington DC.

II. UPDATE ON PROGRAM IMPLEMENTATION

9. **The Government of Cambodia is on track to achieve the overarching objective of its COVID-19 Master Plan but risks remain high.** Across the three CARES Program areas of health, social assistance, and economic stimulus, the government has generally been able to achieve or surpass the program's performance indicators. However, the risk of a local outbreak will remain high until enough people have been vaccinated to confer population-level immunity. There is also a risk that current social assistance programs are not providing sufficient support or that they are missing large numbers of poor and vulnerable people just above the poverty line, especially in urban areas and the informal sector. Finally, there is a risk that the shock to businesses and workers in 2020 will have a long-term impact and that the recovery may be more protracted than anticipated.

10. **The CEF subcommittees provide a mechanism for structured consultation with key stakeholders.** The first meetings of the three subcommittees were held during November and December 2020. At these meetings, ADB and the government updated program stakeholders on the emerging impacts of the pandemic and progress with program implementation. Information on the pandemic's impacts was drawn from analysis done by ADB and the government and by synthesizing key findings from the many surveys and impact assessments carried out by development agencies in Cambodia since March 2020. A summary of these surveys is provided in Annex 5. Summary notes from the subcommittee meetings are presented in Annex 4 and key points from the consultations are discussed in more detail below.

11. **The far-reaching impacts of the pandemic mean that it is necessary to look beyond the program's output-level performance indicators.** Data on the program's performance indicators have been collected for the period June–September 2020 and are presented in Annex 2.⁹ A summary of the status of performance indicators in each program area is presented below, together with a broader discussion of issues within each program area that could have an impact on the achievement of the program's overall outcome and high-level objective.

A. Health Indicators

12. **Cambodia is on track to achieve the design and monitoring indicators related to health.** Table 2 provides an overview of progress. The health operational readiness index is calculated by averaging self-assessed scores on 18 dimensions of health capacity. Cambodia has improved across most of the 18 dimensions but the scale of this improvement is yet to be quantified.

Table 2: Progress Toward Achievement of DMF Health Targets

No.	Design and Monitoring Framework Indicator	On Track	At Risk	Off Track
a	By December 2021, Cambodia's preparedness capacity, assessed by the operational readiness index, had increased by at least 10% to 52% or more. 2018 baseline: 42%.			

⁹ Where relevant, more recent data have been included.

No.	Design and Monitoring Framework Indicator	On Track	At Risk	Off Track
1.1	By December 2020, testing policies target migrant workers and test results for all samples are reported to health facilities within 48 hours , with test data disaggregated by sex. January 2020 baseline: 0 testing policies targeting migrants and over 48 hours for sample reporting time.			
1.2	By December 2020, in addition to COVID-19 tests, 2,000 influenza-like illness and severe acute respiratory syndrome samples are tested for COVID-19 targeting high-risk groups such as garment workers (of whom 80% are women) and health care workers (of whom 52% are women). November 2019 baseline: not applicable.			
1.3	Between February 2020 and December 2020, 100% of COVID-19 patients admitted for inpatient treatment incur no out-of-pocket expenses , with data disaggregated by sex. January 2020 baseline: not applicable.			

13. Identification of high-risk groups. Indicators 1.1 and 1.2 require testing for COVID-19 and other influenza-like illnesses to be targeted at high-risk groups, including migrant workers. The Ministry of Health (MoH) has identified several such groups, including:

- (i) rapid response teams for contact tracing at national and subnational levels;
- (ii) sample collectors, COVID-19 laboratory technicians, medical doctors, and nurses treating COVID-19 patients, and other staff with possible contact with COVID-19 patients, including cleaners and security guards; and
- (iii) migrant workers, and travellers through international airports and land borders, and using water transportation.

14. Indicators 1.1–1.3. For indicator 1.1, MoH verified that, by late November, the average time for reporting test results back to designated locations for quarantine and treatment was less than 48 hours. Indicator 1.2 was on track to be achieved by the end of December 2020. MoH has traced influenza-like illnesses dating back to December 2019 and has tested samples for COVID-19. However, testing data are not currently being recorded in a gender-disaggregated form and this needs to be addressed to enable the achievement of the gender targets for indicators 1.1 and 1.2 to be monitored. During July–September, 81% of hospitalized patients incurred no out-of-pocket expenses. Initial reports suggest that the remaining 19% of patients incurred some out-of-pocket expenses. The nature of these costs is not well understood and follow-up is needed to confirm ensure achievement of indicator 1.3.

15. Gender-responsive communication. The gender monitoring matrix requires that materials produced and disseminated to health care workers include at least five gender-responsive messages on COVID-19 prevention.¹⁰ MoH has produced a range of material related to COVID-19, including 52 TV spots, 14 radio spots, seven songs, 57 different posters, and eight leaflets and booklets. The communication materials and overall approach to communication are gender-sensitive and include gender-responsive messaging.

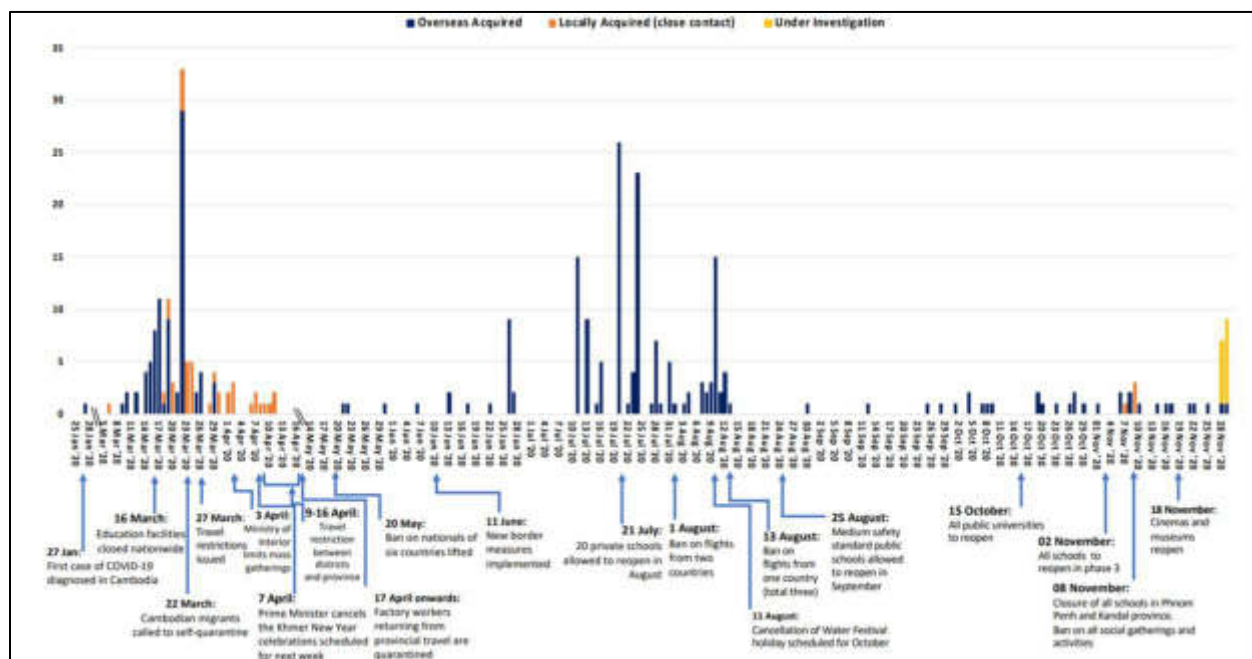
¹⁰ Gender-responsive messaging is defined as taking account of the differences in characteristics and life experiences that women and men. Measures have been taken to actively address these differences in materials produced.

B. Health Outcomes

16. **Cambodia has prevented a mass outbreak of COVID-19 but risks remain high.** During January–November 2020, MoH carried out 198,892 COVID-19 tests. Figure 3 shows three distinct spikes in reported cases. The first was in March and the second in July–August. In the first spike, the cases were mostly returning citizens and others entering the country. The second spike came entirely from people arriving in the country. The third spike was characterized by clusters of locally acquired infections during November and December.

17. **The effort to manage COVID-19 has relied heavily on the public health system.** District health centres and village health posts that treat patients in rural areas are the foundation of this system. The government has used a whole-of-government and whole-of-society approach, along with vigilant surveillance, laboratory, and rapid response teams for contact tracing. Good collaboration between MoH and Cambodia's development partners has contributed to this successful response. Cambodia's surveillance program includes an indicator-based system (which collects aggregated information on seven disease syndromes from all public health facilities in the country) and an event-based system (which includes daily media monitoring for reported cases and a hotline for the public to call to report cases). Across the country, the World Health Organization (WHO) has helped train almost 3,000 rapid response teams on COVID-19 case definition, surveillance mechanisms, and contact tracing and management. MoH is implementing regional workshops to develop and/or refine provincial preparedness action plans and identify key priorities for strengthening local preparedness.

Figure 3: Confirmed Cases of COVID-19 By Date of First Positive Test and Acquisition Status, 28 November 2020



Source: WHO Representative Office, Cambodia, COVID-19 Pandemic Update in Cambodia, 16 November 2020.

18. **Health infrastructure remains critical to managing the pandemic.** In late January 2020, the MoH allocated 10 beds in each of the 25 provincial and municipal hospitals, as well as 10 beds in the Khmer-Soviet Friendship Hospital for COVID-19 patients. Following this, the

hospitals' isolation facilities were renovated to increase the number of beds. In line with the government's COVID-19 Development Response Plan, military and police hospitals will be used if there is a large-scale outbreak. Establishment of new laboratories has helped quintuple testing capacity and, by late September, five new sites were set up across the country to test for influenza-like illness.

19. **Testing for COVID-19 has increased dramatically.** The average number of tests increased from fewer than 600 per day at the start of the pandemic to about 2,800 per day during July–September 2020 (Table 4). The tests are processed by the Pasteur Institute of Cambodia and the National Laboratory of the National Institute of Public Health.¹¹ The accuracy of tests has been consistent. In January 2020, tests were done without any external quality assessment (EQA). Later MoH worked with WHO to introduce EQA procedures. The WHO Regional Office for the Western Pacific has confirmed that the COVID-19 results in the samples sent for EQA were accurate.

Table 4: COVID-19 Tests Carried Out in the Previous Seven Days.

Date (week ending)	2 August 2020	7 September 2020	3 November 2020	30 November 2020
No. of tests	6,741	5,702	10,338	9,876

Source: WHO Cambodia Coronavirus Disease 2019 (COVID-19) Situation Reports.

C. Social Assistance Indicators

20. **The government has already surpassed the DMF output-level indicators for the roll-out of social assistance.** The primary beneficiaries of the government's social assistance scheme are households registered in the IDPoor database.¹² Table 5 summarizes progress and detailed information can be found in Annex 2. Given the scale of the pandemic and emerging evidence from household surveys, it is possible that there are significant numbers of poor and vulnerable people who are not currently registered in the IDPoor database. This is why the social assistance outcome is shown as being “at risk”.

Table 5: DMF Social Assistance Progress Since Baseline was Established

No.	Design and Monitoring Framework Indicator	On Track	At Risk	Off Track
b.	By December 2020, monthly cash grants received by at least 80% of the poor and vulnerable people through the IDPoor database (with at least 50% women beneficiaries). January 2020 baseline: 2.4 million individuals registered in IDPoor database.			
2.1	By December 2020, at least 210,000 new individuals are registered in the IDPoor database and eligible for cash subsidy payments (of which at least 50% are women). January 2020 baseline: 2.4 million individuals registered and included in IDPoor database.			

¹¹ Figures provided by MoH.

¹² IDPoor is known in Khmer as Kamvithy Atak Sanhankam Krousa Krei Kror. Households in the database are classified into two poverty categories: poor level 1 (very poor), known in Khmer as “Kror Kamret Ti Mouy (Krei Kror Bamphot)”, or poor level 2 (poor), known in Khmer as “Kror Kamrith Ti Pi (Krei Kror)”.

2.2	By December 2020, payments are differentiated by household composition and at least 182,000 children (under 5 years) and 270,000 elderly people (over 60 years) currently registered on IDPoor received payments from the cash subsidy scheme (with at least 50% female beneficiaries). May 2020 baseline: 181,269 under 5s and 267,056 over 60s registered.		
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21. **Indicators 2.1–2.2.** By 24 November 2020 an additional 202,662 households had been registered in the IDPoor database and had started to receive financial assistance. The total number of individuals in these households far exceeds the target for indicator 2.1 of 210,000 and more than 50% of the new beneficiaries are women. As required by indicator 2.2, payments have been differentiated by household composition (Table 6) and data provided by the National Social Protection Council (NSPC) and the Ministry of Planning (MoP) confirmed that the program's targets for the number of children and elderly benefiting from cash payments had already been surpassed by November 2020.¹³

22. **COVID-19 threatens to undermine Cambodia's strong progress in reducing poverty.** Poverty fell dramatically between 2003 and 2019.¹⁴ Initial assessments using a range of methods suggested that the pandemic would result in major job and income losses, affecting workers across the economy and increasing poverty. For example, analysis by the United Nations Development Programme (UNDP) found that, without policy interventions, poverty would almost double during 2020, rising from an estimated pre-COVID level of 9.6% to 17.6% by the end of the year.¹⁵

Figure 4: In the last 30 days, how has your household income changed?

Share of respondents (%)

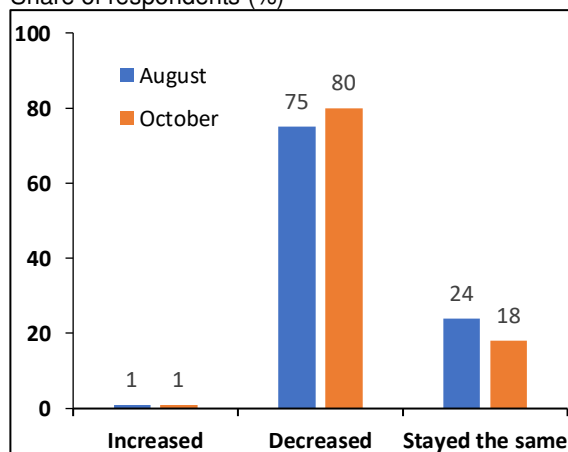
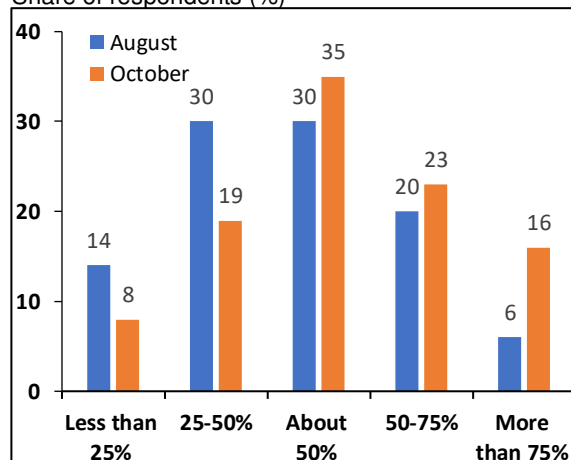


Figure 5: What is the percentage increase or decrease in your household income in the last 30 days?

Share of respondents (%)



Source: UNICEF. 2020. *United Nations COVID-19 Socio-Economic Impact Assessment in Cambodia*. Phnom Penh

¹³ Data presented came from both the MoP and NSPC. The data were for different dates and for different totals. The difference, however, was marginal and can be explained by different time frames and/or input error. The differences did not affect the analysis.

¹⁴ Strong growth has supported a steady reduction in the poverty headcount, with the proportion of the population with incomes below the national poverty line falling from 50.2% in 2003 to 13.5% in 2017 and an estimated 9.5% in 2019. Reductions in income poverty have been matched by improvements in a broad range of human development indicators, including rising school attendance, increased access to electricity, clean water and sanitation, and reductions in infant and maternal mortality.

¹⁵ UNDP. 2020. *COVID-19 Economic and Social Impact Assessment in Cambodia – CGE and GTAP Simulation Exercises*. Phnom Penh.

23. **The government acted quickly to provide social assistance.** Recognizing the threat posed by the pandemic, the government has maintained existing social protection programs and rolled out new measures, including unconditional cash transfers for households in the IDPoor database and partial wage subsidies for furloughed workers in the tourism, and GTF sectors. By 24 October, the government had provided support to approximately 661,684 households, containing 2,631,187 individuals, and spent over \$105 million on social protection.¹⁶

The IDPoor database enabled a rapid roll-out of cash transfers. IDPoor was established in 2011 and was previously used for targeting in-kind assistance such as free health care and other social services. Households in the database are classified as IDPoor 1 if they are “extremely poor” and IDPoor 2 if they are “moderately poor”.

Table 6: Entitlements for Monthly Cash Payments Under the Transfer Program for Poor and Vulnerable Households During COVID-19

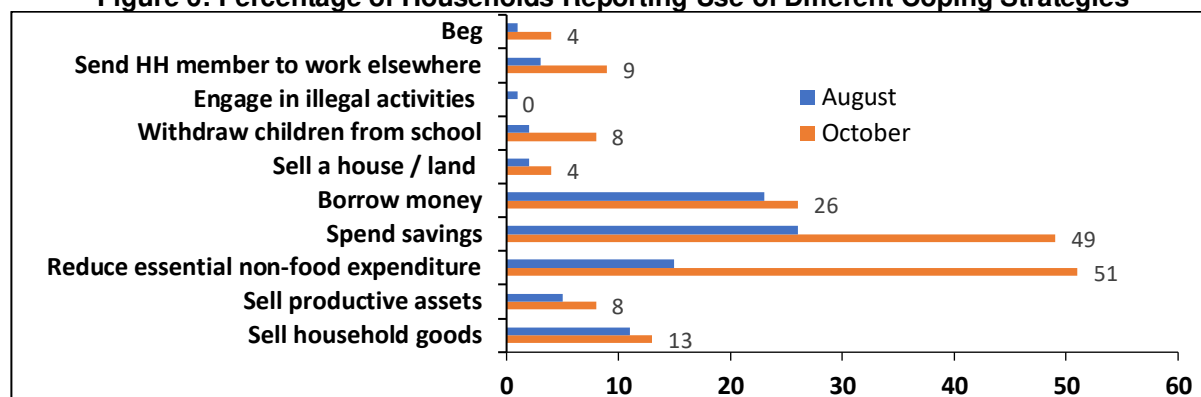
Item	Phnom Penh		Other Urban		Other Rural	
	IDPoor 1	IDPoor 2	IDPoor 1	IDPoor 2	IDPoor 1	IDPoor 2
Household	\$30	\$30	\$30	\$30	\$20	\$20
Each member	\$13	\$9	\$10	\$7	\$6	\$4
Vulnerable member						
Child aged 0–5	\$10	\$7	\$10	\$7	\$6	\$4
Disability	\$10	\$7	\$10	\$7	\$6	\$4
Adult aged 60+	\$10	\$7	\$10	\$7	\$6	\$4
HIV/AIDS	\$10	\$7	\$10	\$7	\$6	\$4

Note: Payments to households depend on the households’ classification as IDPoor 1 or 2, households’ location, and the profile of household members. On average, IDPoor1 households (very poor) are estimated to receive \$67 per month, while IDPoor2 (poor) are estimated to receive \$52.

Source: World Bank, European Union and Australian Aid, High Frequency Phone Survey of Households, Round 2 (17 August–7 September 2020).

24. **The cash transfer program is commendable, but gaps may remain.** Despite the rollout of social assistance, household surveys show increased use of coping strategies that correlate with extreme distress and that may have long lasting impacts on human capital formation and household productivity (Figure 6). There are concerns that (i) there may be large numbers of poor and vulnerable households that are not currently registered in the IDPoor database, (ii) the volume of support being provided to households through the current program may not be sufficient, (iii) the benefits of the cash transfers may be reduced by gaps and inefficiencies in implementation, and (iv) households’ ability to use financial assistance to enhance their capabilities may be limited by pre-existing debts and obligations.

¹⁶ This includes 4,314 households in Phnom Penh, 28,147 in other cities and 629,221 in rural areas.

Figure 6: Percentage of Households Reporting Use of Different Coping Strategies

HH = household

Source: UNICEF. 2020. *United Nations COVID-19 Socio-economic Impact Assessment in Cambodia*. Phnom Penh

25. **Further analysis is needed to guide improvements to the social assistance programs.** Before the pandemic, the IDPoor database was strongly skewed towards rural areas, with only 5.8% of IDPoor 1 and 3.4% of IDPoor 2 households located in urban areas. With the rapid roll-out of the cash transfer program and “IDPoor On Demand,” it is not realistic to expect a uniform standard of implementation across the whole country. It is therefore possible that poor households have been missed in some areas. Spatial and temporal analysis of registration patterns could help shed light on this, and may yield additional insights when integrated with other high-frequency spatially disaggregated data on economic activity.¹⁷ Careful survey-based analysis of the actual consumption patterns of households receiving cash transfers could help to determine whether the current levels of transfers are sufficient and could be used to inform the eventual phasing-out, tapering off, or restructuring of the transfers. It is also important to assess the efficiency of current delivery mechanisms and to identify and address any specific factors that are impeding the flow of resources to households or reducing overall efficiency. For example, a World Bank household survey found, that for eligible households who had not registered to receive cash transfers, the main reasons for this were lack of awareness of the program and misunderstanding of the eligibility requirements.

¹⁷ ADB. 2020. *Mapping Poverty through Data Integration and Artificial Intelligence: A Special Supplement of the Key Indicators for Asia and the Pacific*. Manila

Box 1: Cambodia's Draft National Deployment and Vaccination Plan

While Cambodia prevented a major local outbreak of COVID-19 in 2020, the social and economic costs of control measures have been significant and the risk of an outbreak is ever present. Mass vaccination against COVID-19 offers a clear path for reducing health risks and enabling full reopening of the economy. Cambodia has joined COVAX, a global initiative that aims to work with vaccine manufacturers to ensure equitable access to safe and effective vaccines. COVAX is a collaboration between WHO; Gavi, the Vaccine Alliance; and the Coalition for Epidemic Preparedness Innovations (CEPI). As of December 2020, COVAX had agreements in place to access nearly 2 billion doses of COVID-19 vaccine. These doses are for a range of vaccines and COVAX currently has the world's largest and most diverse COVID-19 vaccine portfolio, mitigating the risk that a specific vaccine does not pass medical trials.

Proper planning is crucial for an effective rollout of vaccinations. The Ministry of Health's National Immunization Program has drafted a National Deployment and Vaccination Plan. This outlines the actions to be taken to assure the safe delivery of vaccine and ancillary items to protect vulnerable and at-risk populations during the COVID-19 pandemic.

The earliest that Cambodia can expect a vaccine to become available for distribution is around February 2021. Through COVAX, Cambodia has been guaranteed free vaccines for around 20% of its population, enough for about 3 million of the country's 16.6 million people. The government has raised over \$50 million in donations from the private sector. ADB has confirmed the availability of up to \$95 million for vaccines under its \$9 billion Asia Pacific Vaccine Access Facility (APVAX) facility. The Government of Australia has also committed A\$35.7 million for vaccine procurement, delivery, and associated technical advice.

26. **Analysis of household debt can help to ensure an integrated response.** There have been reports in the media of households using the income from cash transfers to service debts to microfinance lenders and a World Bank telephone survey found that around 15% of IDPoor households were using the income from cash transfers to repay debts (Annex 5).¹⁸ The National Bank of Cambodia (NBC) has issued guidance on voluntary loan restructuring to banks and microfinance institutions (MFIs) to enable them to restructure the loans of individuals and businesses that have been impacted by the pandemic (para. 35). However, there has been no systematic analysis of the indebtedness of households within the IDPoor database and the extent to which these households have used the restructuring program. MFIs and banks generally report their lending to the Credit Bureau of Cambodia, and systematic analysis may be possible by matching data from the IDPoor and Credit Bureau databases. This would help to quantify the extent and magnitude of use of the program and could inform additional policy actions, such as using short message service (SMS) messaging to inform IDPoor households about the program.

27. **Household surveys indicate that the actual impact of the pandemic has been significant.** Well-designed surveys are the best tool for detailed measurement of household welfare. Several development partners have initiated household surveys to track the impacts of the pandemic on household welfare (Annex 5). A national telephone survey by the Asian Development Bank Institute found that nearly 60% of households reported losing more than 25% of their income, while almost one quarter of households had seen their incomes fall by more than

¹⁸ <https://vodenglish.news/facing-hunger-battambang-villagers-use-govt-handouts-to-repay-loans/>.

50% (Figure 4).¹⁹ A similar picture emerges from surveys by other partners, including the World Bank and United Nations (UN) agencies.

28. National surveys have also highlighted the challenges faced by specific groups, such as returning migrant workers. A survey by the International Office of Migration found that nearly 30% of households with returning migrant workers had no income at all, nearly 60% had no source of earnings in Cambodia, and over half had debts.²⁰ Despite this, it is estimated that only one in five returning migrant workers has benefited from the government's IDPoor program and only 65% of migrant workers who have registered with IDPoor have received cash support. A separate survey by UNDP found that informal sector workers in urban areas have seen large reductions in their incomes but are generally not receiving any support from the government (Annex 5).

29. There is also a need for more in-depth analysis of the pandemic's impacts on women. Cambodian women are disproportionately impacted by COVID-19.²¹ They account for 85% of all garment sector workers and a considerable proportion of workers in the tourist sector.²² School closures have added to their unpaid caring responsibilities and may have reduced their participation in the labor force. Women are also vulnerable to the increases in domestic violence that may occur during economic crises, although a UNICEF survey did not find this to be the case. While many of these issues are recognized by policy makers, there are still significant gaps in evidence and understanding. Additional research is required to fully understand the pandemic's impact on women and guide the formulation of policies to address gender inequality.

30. Civil society stakeholders have voiced support for continued strengthening of social programs. The civil society representatives on the CARES civil society organizations (CSOs) subcommittee highlighted the potential for improvements to the IDPoor cash transfer system. They noted that more innovative and inclusive approaches were needed to reach the poorest of the poor, including using community members to ensure that information about assistance reaches the most vulnerable groups.

D. Economic Stimulus Indicators

31. Some DMF targets for the COVID response have already been surpassed but further support is needed to ensure a robust recovery. The status of the DMF performance indicators is summarized in Table 7 and discussed in more detail below and in Annex 2. All output targets have been achieved, with actual numbers of firms and workers receiving support far exceeding the DMF targets. The DMF outcome indicator is on track to be achieved, but further support may be needed to ensure that the economy returns to its pre-COVID growth path.

¹⁹ <https://www.adb.org/adbi/news/infographics/covid-19-impacts-asean-households-survey-findings>

²⁰ IOM and UNFPA. 2020. *Rapid Assessment of Social and Health Impact of COVID-19 on Returning Migrant Workers in Cambodia*. Phnom Penh.

²¹ See: <https://www.swedenabroad.se/en/embassies/cambodia-phnom-penh/current/news/gender-equality-and-COVID-19/>. See also: <https://reliefweb.int/report/cambodia/impact-COVID-19-rural-women-and-enterprises-rapid-socio-economic-assessment-cambodia>.; and https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/briefingnote/wcms_752836.pdf.

²² https://www.care.org.au/wp-content/uploads/2017/04/SHCS_Brief-Women-Cambodia-Garment-Industry-March-2017_CA.pdf.

Table 7: DMF Economic Stimulus Progress Since Baselines Were Established

No.	Design and Monitoring Framework Indicator	On Track	At Risk	Off Track
C	By June 2021, at least 70% of small and medium-sized enterprises (SMEs) that received working capital support are still in business , of which 26% are owned by women. January 2020 baseline: 0 SMEs receiving support under government scheme.			
3.1	By June 2021, at least 200 impacted firms in the GTF and tourism industries receive a package of tax relief and suspended NSSF contributions for 20,000 workers, of which at least 65% are women beneficiaries. January 2020 baseline: 0 firms receiving tax relief.			
3.2	By December 2020, of the government's \$44.5 million wage subsidy support program to the hardest hit sectors, at least 112,500 of the estimated 150,000 beneficiaries from the GTF sector will be female workers . January 2020 baseline: 0 workers received wage subsidies.			
3.3	By June 2021, women represent at least 20% of total borrowers of working capital loans from the SME Bank . January 2020 baseline: 0 women registered, SME Bank only just established.			

GTF = garments, textiles, and footwear, NSSF = National Social Security Fund.

32. **Indicators 3.1-3.3.** Indicator 3.1 required that at least 200 impacted firms in the GTF and tourism sectors receive a package of tax relief and suspended NSSF contributions for 20,000 workers.²³ As of 4 November 2020, 745 firms had received tax relief, and NSSF contributions had been suspended for 364,823 workers. For indicator 3.2, a total of 350,817 workers have received wage support, exceeding the target by 134%. For indicator 3.3, 34% of the borrowers from the SME bank have been women, exceeding the target of 20%.²⁴ The gender targets for indicators 3.1-3.2 have also been achieved.

E. Economic Stimulus Outcomes

33. **The government adopted seven rounds of stimulus measures during 2020 and it has extended key measures into 2021.** The main policy measures are presented in Annex 6. An initial round of support measures was introduced by the government in February 2020, followed by two rounds in April, and one each in May, July, September, and December. The main objectives of the economic policy interventions during 2020 were: (i) adjusting planned public spending and the budget financing strategy to reflect reduced revenues and new priorities, (ii) ensuring financial sector stability, (iii) stimulating new private sector lending, and (iv) supporting the survival of businesses in the GTF and tourism sectors. While important support measures have been extended into 2021, the government is also giving greater emphasis to accelerating structural reforms to raise potential growth and improve overall competitiveness, including

²³ The National Social Security Fund requires every business with 8 or more employees to pay a contribution of 0.8% of a workers' monthly wage to the NSSF that covers occupational risk and health care schemes.

²⁴ Of the 753 SMEs that received loans through the SME Bank during the reporting period, 50% were manufacturers of local consumable goods, waste recycling and goods for the tourist sector, 27% were food manufacturing and food processing businesses and 13% were manufacturers of finished products, spare parts or parts for other manufacturers.

launching an online business registry and carrying out a campaign to encourage formalization of SMEs.²⁵

34. The government has issued guidance to banks and microfinance institutions on restructuring loans. In March 2020, the National Bank of Cambodia issued guidance to banks and MFIs on voluntary restructuring of loans to borrowers who have been impacted by the pandemic. Loan restructuring can help to relieve pressure on firms and households and ensure that a temporary shock does not trigger a wave of loan defaults. The provision for restructuring initially allowed suspension of loan interest payments, loan repayments, and other charges up to December 2020. This was subsequently extended to the end of June 2021. By October 2020, more than 270,000 MFI borrowers had requested loan restructuring from the 103 members of Cambodia Microfinance Association (CMA) and over 260,000 applicants with a total value of \$1.27 billion had had their loans restructured.²⁶ Loan restructuring by banks has been substantial, exceeding 10% of all lending. Nonperforming loan ratios for banks and MFIs increased from just above 1% at the start of the year to 2.5% by November. While overall sector stability remains strong, bank and MFI profitability is likely to decline significantly and some institutions may be disproportionately exposed to impacts. An economic recovery during 2021 should enable the phasing out of the loan restructuring program but businesses in some sectors, including tourism, may see a slower recovery so the phasing out of the restructuring program will need to be monitored carefully. There have been frequent media reports of high indebtedness and debt distress among poor households.²⁷ However, the actual evidence base on household debt is quite limited and further research is needed to discover whether there are issues that warrant policy intervention.

35. The government has made good progress with new policies to expand lending to businesses. By July 2020, the government had disbursed \$50 million to the Agricultural and Rural Development Bank (ARDB) to finance low-interest loans to support SMEs in agri-processing, agri-industry and agriculture. It has also disbursed \$50 million for cofinancing and a risk sharing mechanism through the SME Bank of Cambodia. The SME Bank is a joint venture with 23 commercial banks, two specialized banks and seven MFIs. The bank's initial capital was fully subscribed by mid-October and the bank has supported 753 SMEs. While SMEs are financially underserved, it is not immediately clear whether the SME Bank will be sufficient to unlock credit for SMEs; other measures may be needed. Other approaches to credit enhancement could also make a significant difference. The government has allocated an additional \$200 million to capitalize the Cambodia Credit Guarantee Corporation (CCGC), a new credit guarantee scheme that was designed with ADB support. CCGC will be rolled out in 2021 (further details on the design of CCGC are provided in Annex 7).

36. Tax relief for the GTF and tourism sectors has been extended into 2021. The seventh round of policy measures in December 2020 extended many key support measures to March 2021. These included the partial wage subsidies for workers in GTF and tourism businesses that have suspended operations, suspension of NSSF contributions, suspension of value-added tax (VAT) payment and other monthly taxes for designated tourism businesses, and deferral of 2020 income tax payments for tourism businesses. As can be seen in Table 8, there has been a steady increase in the number of furloughed workers receiving wage subsidies. The expenditure per beneficiary also increased between July and December 2020.

²⁵ <https://www.businessregistration.moc.gov.kh/>.

²⁶ <https://www.phnompenhpost.com/business/credit-restructuring-applications-down>.

²⁷ For example see (i) <https://www.voacambodia.com/a/financial-institutions-civil-society-spar-over-indebtedness-reports-5505235.html>; (ii) <https://www.reuters.com/article/us-cambodia-finance-loans-idUSKCN26C02S>; and (iii) <https://www.khmertimeskh.com/634709/acledas-in-channy-discusses-over-indebtedness-in-cambodia/>.

Box 2: Big Data and Evidence-Based Policy

The timely collection and analysis of data are crucial to understanding the impacts of COVID-19, monitoring program implementation and developing evidence-based policies. There are ongoing efforts to strengthen national systems for data and statistics under the leadership of the Ministry of Economy and Finance and Ministry of Planning, with support from the UN Population Fund and other development partners.

The National Strategy for the Development of Statistics (NSDS), 2019-2023 is intended to allow Cambodia's National Institute for Statistics, Ministry of Economy and Finance, and other line ministries to evolve from producing data to managing inputs from the broader data ecosystem, and ensuring data quality, comparability and harmonization. This is a long-term reform agenda, and in the short term, there are several initiatives to gather and analyse data to support the pandemic response, including donor-sponsored surveys, and government-led efforts to leverage administrative data.

There is good potential for use of big data: large data sets that are generated continuously, or at high frequencies. These may lack the structure seen in traditional data sets, and are not generally suitable for traditional statistical analysis. There is increasing recognition of the potential to generate policy-relevant insights by combining big data sets and applying new analytical techniques such as machine learning.

ADB's forthcoming regional assessment of policies for post-COVID-19 recovery will include a volume on the use of big data that assesses the potential benefits of big data analysis and the public policy interventions needed to realize these in Cambodia. The government is fully aware of the potential for digitization and use of big data and is already working to implement a digital transformation program. ADB has conducted an initial screening of potential applications of big data analysis for the near-term pandemic response which identified 15 potential big data applications across the three program areas.

Potential areas for near-term big data analysis were presented at the first meeting of the CARES program's Big Data Subcommittee on 2 December 2020. The meeting was attended by over 100 stakeholders including representatives of government agencies, private sector data owners, development partners, and civil society. There was a clear consensus during the meeting about the long-term importance of big data and digitization, and the near-term opportunity to use big data to strengthen the pandemic response. A summary of the meeting is presented in Annex 4.

37. The garments, textiles, and footwear sector has begun to recover but most tourism businesses do not expect a significant recovery until the end of 2021. The demand shock and disruption to GTF businesses was most severe during Q2 2020. By June 2020, 450 of Cambodia's 1,100 GTF factories had suspended operations but the sector began to recover in the second half of the year, and by late November around 75% of closed factories had reopened. The government has been reviewing and updating its strategic road map for the sector to take account of new issues arising from the pandemic and the overall outlook for the sector appears positive in 2021. By contrast, there has been very little improvement in the outlook for businesses in the tourism sector. While some businesses have been able to pivot towards the domestic market, the overall level of demand remains much reduced, with international visitor arrivals in Q3 2020 down by 95.6% year on year. The emergence of more contagious strains of the coronavirus in the United Kingdom and South Africa has highlighted the importance of maintaining careful border controls and accelerating the rollout of vaccinations. During the CARES program subcommittee meetings, businesses in the tourism sector projected that demand would remain very low for most, if not all, of 2021. Charting a course for tourism recovery will require careful planning and the sector is likely to need additional support during 2021.

Table 8: Cumulative Wage Subsidies to Garment, Textile, Footwear Sector (\$)

2020						
Item	July	August	September	October	November	9 December
No. ^a	291,456	312,623	334,907	347,552	350,817	353,230
Amount	14,481,628	17,100,877	19,402,682	20,976,348	22,335,203	23,115,731

^a The numbers refers to the actual number of workers who received wage subsidies from the government. It does not reflect the actual number of suspended workers.

Source: Ministry of Labour and Vocational Training

38. Non-traditional exports grew rapidly during 2020 and new areas of economic activity can contribute to the post-COVID-19 recovery. There was strong growth in exports of higher value manufactured items during 2020, including bicycles, which increased by 28.9% year on year during the first three quarters, and electronics and wiring, which rose by 48.0%. Agricultural exports also increased on the back of good yields and a continued shift to higher value products, including fresh produce. Despite irregular rainfall and localized flooding, production of rice and other grains was above average during 2020 and the recent increase in local rice milling continued. Exports of fresh fruits grew rapidly, albeit from a low base, and phyto-sanitary procedures were confirmed for new products.²⁸

39. The government has made progress in expanding preferential access to key export markets. Two notable free trade agreements were completed in 2020: the Regional Comprehensive Economic Partnership and a bilateral trade agreement with the People's Republic of China (PRC). Several rounds of negotiations on a bilateral free trade agreement with the Republic of Korea have been completed, and Cambodia has also been granted access to the United Kingdom's market under the generalized system of preferences. Improved market access supports the government's broader goal of sustaining growth and diversifying domestic production but it will take time for businesses to fully respond to the opportunities created by these agreements.

40. Fiscal stimulus will continue during 2021. The 2021 budget maintains stimulus and support measures while continuing to ensure overall fiscal sustainability and a target fiscal deficit of about 6% of GDP. Planned spending is valued at \$7.62 billion, which includes \$1.75 billion for social welfare, \$1.60 billion for economic development, and \$384.4 million for health. Domestic revenues are projected at \$5.28 billion, with the balance of expenditures to be financed through borrowing.

41. A strong recovery will require a combination of sector-specific and cross-cutting reforms. The government is moving ahead with an ambitious reform agenda that will include implementation of the second phase of the Industrial Development Policy, 2015–2025, finalization of a new strategy for digital transformation, implementation of the Cambodia Trade Integration Strategy, and sustained upgrading of skills, infrastructure and logistics capabilities. It will be important to complement these cross-cutting investments with relevant sector-level interventions. This includes strategies for the revival and growth of tourism, agri-processing, and higher-value manufacturing. Business representatives in the CARES program private sector subcommittee

²⁸ For example, see: <https://www.khmertimeskh.com/50789610/first-batch-of-cambodian-mangoes-on-their-way-to-china/>.

voiced support for the government's structural reform plans but also noted an immediate need for further support to facilitate access to finance, mitigate double taxation, and improve communication with the private sector.

III. CONCLUSION AND RECOMMENDATIONS

A. Overall Progress

42. **The government has mounted a strong response to the pandemic, but challenges remain.** Implementation of the CARES program is progressing well and most of the DMF targets are on-track or have already been achieved. The CEF subcommittees have been constituted and held their first meetings during November and December 2020. While the government has increased its overall support package and key measures have been extended into the first quarter of 2021, the scale of the pandemic's impacts means that additional actions may be needed to achieve the program outcomes and the overall program objective of a strong recovery. In some cases, additional data are also needed to ensure that program targets are being met; this is especially true for the program's gender-related targets. Better and more timely data can also help to improve the quality and impact of government policies to mitigate the pandemic's impacts and stimulate recovery. This includes use of traditional data collection approaches such as household surveys, and more innovative big data analysis.

B. Programming of ADB Advisory Support

43. **ADB has been providing advisory support for program implementation and economic recovery.** In the first phase of the crisis, ADB moved quickly to mobilize a senior economic adviser to provide inputs into policy formulation. Recognizing the need for additional measures to support access to finance, ADB mobilized technical assistance to support the conceptualization and design of the Credit Guarantee Corporation of Cambodia. Following approval of the CARES program, Cambodia has also received TA through ADB's Policy Advice for COVID-19 Economic Recovery in Southeast Asia Technical Assistance Project (PACER TA). In addition to regional policy dialogues, the TA has been used to mobilize three individual consultants to support program implementation in Cambodia.²⁹ A specialized consulting firm has also been engaged to prepare an initial assessment and recommendations for post COVID-19 economic recovery in Cambodia, Indonesia, Myanmar, the Philippines, and Thailand.

44. **ADB's initial assessment of policies for post-COVID-19 recovery provides a platform for more detailed advisory work.** The assessment is being prepared with inputs from a specialized consulting firm and covers four key themes: (i) revival of productive sectors, (ii) stimulating green recovery, (ii) fiscal recovery and domestic revenue mobilization, and (iv) increased use of big data analysis. The assessment reports will be finalized during Q1 2021, and a special policy brief summarizing the key considerations for Cambodia will be prepared. Each of the areas being considered is relevant for Cambodia and resources are available under the PACER TA to support more in-depth follow up work on specific areas of interest.

45. **Several line ministries have requested technical assistance to strengthen program implementation and help the economy prepare for recovery.** In order to prioritize the

²⁹ The individual consultants mobilized to work on Cambodia comprise an international specialist on economic policy and monitoring and evaluation, a national specialist on private sector development and program implementation, and a national gender specialist.

requests, staff from ADB and MEF have held meetings with representatives of the line ministries to clarify the support that has been requested. Although these consultations are ongoing, some preliminary recommendations on prioritization are presented in Table 9. Health is an important program area and ADB is ready to continue providing support for regional health security through its ongoing projects. Financing for vaccine procurement and delivery is available through ADB's Asia Pacific Vaccine Access Facility (APVAX). Any ADB technical assistance to support vaccine rollout will complement the support being provided by specialized technical agencies, including WHO and the United Nations Children's Fund (UNICEF).³⁰

Table 9: Indicative Priorities for Advisory Support

Program Area	Sector or Theme	Description
Social assistance	Poverty analysis	Household surveys and big data analysis to quantify unmet needs for social assistance.
	Process review	Support for a review and strengthening of business processes for social assistance
	System development	Analysis and policy advice on the transition from emergency assistance to long-term programs
Economic recovery	Financial inclusion	Analysis and policy development to support financial inclusion of households and micro, small and medium-sized enterprises (MSMEs)
	Tourism	Analysis and policy development to support near-term recovery and positioning for longer-term growth
	Manufacturing	Firm-level surveys and subsector assessments to identify policies to stimulate an expansion of high-value manufacturing and increased backward linkages
	Agri-exports	Leveraging ADB's new Agricultural Value Chain (AVC) Competitiveness and Safety Enhancement Project to support policy development and export growth
	Fiscal policy	Analysis and advisory inputs to inform the government's post-COVID-19 fiscal strategy

C. Recommendations

46. This report presents high-level recommendations to the government for strengthening program implementation across six dimensions:

1. Vaccine procurement and delivery

- a. Finalize the national vaccination plan with full costings and clear arrangements for implementation (i.e., procurement, logistics, delivery).
- b. Strengthen mechanisms for monitoring, risk management, and communications to support the vaccine rollout.

2. Coordination, data collection and information flow to the public

- a. Strengthen the arrangements for program reporting and coordination with line ministries by establishing focal points to ensure timely reporting on program results.
- b. Ensure continued communication of pandemic-related information to households, including dissemination of information on vaccinations, business support, and social assistance.

³⁰ ADB. 2020. *ADB's Support to Enhance COVID-19 Vaccine Access*. Manila.

3. Ensuring gender equality

- a. Ensure collection and reporting of gender disaggregated data as required in the DMF.
- b. Implement a comprehensive gender impact assessment to inform formulation of gender-responsive policies.

4. Strengthening social protection

- a. Work with development partners to extend ongoing telephone surveys into 2021 to provide timely evidence on household welfare.
- b. Implement new data collection to assess the extent of unmet needs for social assistance, including assessment of impacts on nutrition and human capital development.
- c. Apply big data analytics and business process analysis to strengthen implementation of existing programs.
- d. Develop strategies for transitioning from emergency relief to longer-term protection.

5. Revitalizing productive sectors

- a. Finalize the economic recovery strategy with appropriate sequencing and prioritization of short-, medium-, and long-term interventions to ensure a balanced and inclusive recovery.
- b. Analyze policies to accelerate the growth of higher-value manufacturing and value-added agri-processing within the context of the government's overall recovery plan.
- c. Accelerate the finalization and implementation of the National Digital Transformation Strategy as a key enabler of growth and productivity improvement.

6. Strengthening fiscal policy

- a. Conduct analysis to inform the ongoing provision of tax relief to impacted businesses.
- b. Design and implement strategies for strengthening post-COVID-19 revenue mobilization.

Annex 1: Design and Monitoring Framework

Country's Overarching Development Objective Transmission of COVID-19 controlled and its adverse health, economic and social impacts on the population mitigated (Master Plan for COVID-19 Response). ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Effect of the Program COVID-19 outbreak effectively managed and its immediate adverse social and economic effects reduced ^b	a. By December 2021, Cambodia's preparedness capacity, assessed by the operational readiness index, ^c increased by at least 10% to 52% or more (2018 baseline: 42%) b. By December 2020, monthly cash grants received by at least 80% of the poor and vulnerable people through the IDPoor database (with at least 50% women beneficiaries) (January 2020 baseline: 2.4 million individuals registered on IDPoor database) c. By June 2021, at least 70% of SMEs that received working capital support are still in business, of which 26% are owned by women (January 2020 baseline: 0 SMEs receiving support under government scheme)	a. State Parties self-assessment annual reporting tool, ^d MoH b. MoP annual IDPoor report and development partner report, e.g., Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) annual report on IDPoor c. General Department of Taxation (GDT) quarterly reports; tax filings	Outbreak escalation with subsequent waves of infections, including increases in undetected cases in the country. Global and national economic conditions worsen beyond projections, further reducing demand in key sectors.

Reform Areas	Key Policy Actions		Gaps in technical capacity limit the ability of government agencies to implement the COVID-19 pandemic response effectively
<p>1. Health measures to combat the spread of COVID-19 supported</p> <p>2. Resources dedicated to social assistance disbursed and relief for affected people implemented</p>	<p>1.1 By December 2020, testing policies target migrant workers and test results for all samples are reported to health facilities within 48 hours, with test data disaggregated by sex (January 2020 baseline: 0 testing policies targeting migrants and over 48 hours for sample reporting time)</p> <p>1.2 By December 2020, in addition to COVID- 19 tests, 2,000 influenza-like illnesses and severe acute respiratory syndrome samples are tested for COVID-19 targeting high-risk groups such as garment workers (of whom 80% are women) and healthcare workers (of whom 52% are women) (November 2019 baseline: not applicable)^e</p> <p>1.3 Between February 2020 and December 2020, 100% of COVID-19 patients admitted for inpatient treatment incur no out-of-pocket expenses, with data disaggregated by sex (January 2020 baseline: not applicable)</p> <p>2.1 By December 2020, at least 210,000 new individuals are registered in the IDPoor database and eligible for cash subsidy payments (of which at least 50% are women) (January 2020 baseline: 2.4 million individuals registered and included in IDPoor database)</p>	<p>1.1 Quarterly MoH surveillance reports</p> <p>1.2 Quarterly MoH reports</p> <p>1.3 Annual MoH reports</p> <p>2.1 MoP annual report, annual IDPoor report</p>	
	<p>2.2 By December 2020, payments are differentiated by household composition and at least 182,000 children (under 5 years) and 270,000 elderly people (over 60 years) currently registered on IDPoor received payments from the cash subsidy scheme (with at least 50% female beneficiaries) (May 2020 baseline: 181,269 under 5s and 267,056 over 60s registered)</p>	<p>2.2 MoP annual report, annual IDPoor report</p>	

3. Economic stimulus package for adversely impacted sectors delivered	<p>3.1 By June 2021, at least 200 impacted firms in the GTF and tourism industries receive a package of tax relief and suspended NSSF contributions for 20,000 workers of which at least 65% are women beneficiaries. (January 2020 baseline: 0 firms receiving tax relief)</p> <p>3.2 By December 2020, of the government's \$44.5 million wage subsidy support program to the hardest hit sectors, at least 112,500 of the estimated 150,000 beneficiaries from the GTF sector will be female workers. (January 2020 baseline: 0 workers received wage subsidies)</p> <p>3.3 By June 2021, women represent at least 20% of total borrowers of working capital loans from the SME Bank. (January 2020 baseline: 0 women registered, SME Bank only just established)</p>	<p>3.1 MEF reports, quarterly GDT report</p> <p>3.2 Ministry of Labour and Vocational Training annual report</p> <p>3.3 NBC annual reports on borrower numbers</p>	
Budget Support ADB: \$250 million (loan)			

COVID-19 = coronavirus disease, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, GTF = garments, textiles and footwear, IDPoor = Identification of Poor Households Programme, MEF = Ministry of Economy and Finance, MoH = Ministry of Health, MoP = Ministry of Planning, NSSF = National Social Security Fund, SMEs = small and medium-sized enterprises.

^a Government of Cambodia. 2020. *Master Plan for COVID-19 Response*. Phnom Penh.

^b Given uncertainties about how the pandemic and its economic effects may unfold, government responses need to be flexible to address the evolving situation. Because new data collection and reporting systems to monitor the crisis are being developed and are evolving, it is not yet possible to set more specific program targets than those presented in the design monitoring framework. Additional indicators to measure the effects of the program may be identified at a later stage and used to report on the program's effectiveness as comprehensively as possible in the program completion report.

^c The index is calculated by taking the average percentage score of 18 capacity areas. [Health security capacities in the context of COVID-19 outbreak: an analysis of International Health Regulations annual report data from 182 countries.](#)

^d WHO will assist in collecting information using the Electronic State Parties Self-Assessment Annual Reporting Tool.

^e Government has traced back to December 2019 to test samples.

^f Applicable to Cambodian citizens only.

Source: Asian Development Bank. 2020. *Report and Recommendation of the President to the Board of Directors: Proposed Countercyclical Support Facility Loan to the Kingdom of Cambodia for the COVID-19 Active Response and Expenditure Support Program*. Manila.

Annex 2: Design and Monitoring Framework Progress Report

No.	Results	Baseline	Data Source	Progress	Reporting and Date
Effect of the Program COVID-19 outbreak effectively managed and its immediate adverse social and economic effects reduced					
a	Cambodia's preparedness capacity, assessed by the operational readiness index, increased above 52%	2018 baseline: 42%	Operational readiness index ^a	TBC	MoH WHO
b	Monthly cash grants received by at least 80% of the poor and vulnerable people through the IDPoor database (with at least 50% women beneficiaries)	January 2020 baseline: 2.4 million individuals registered on IDPoor database	Estimated number of poor and vulnerable	Male: 1,277,002	NSPC
				Female: 1,455,486	24 November 2020
			Number of beneficiaries	Male: 1,265,523	
				Female: 1,442,372	
			Total 2,707,897		
c	By June 2021, at least 70% of SMEs that received working capital support are still in business of which 26% are owned by women	January 2020 baseline: 0 SMEs receiving support under government scheme	Number of SMEs receiving working capital loans	279	MEF SME Bank
			Number of SME loan recipients still trading	753	24 November 2020
			Number of female-owned SME loan recipients still trading	256	
Output: 1. Health measures to combat the spread of COVID-19 supported					
1.1	Testing policies target migrant workers and test results for all samples are reported to health facilities within 48 hours, with test data disaggregated by sex	January 2020 baseline: 0 testing policies targeting migrants and over 48 hours for sample reporting time	Testing policies that target and/or include migrant workers	Produced	MoH
			Average time needed to report test results	48 hours ^b	July-September 2020
			Sex-disaggregated test data (m/f)	48,285 ^c	
1.2	In addition to COVID-19 tests, 2,000 influenza-like illnesses and severe acute respiratory syndrome samples are tested for COVID-19 targeting high-risk groups such as garment workers and healthcare workers	November 2019 baseline: not applicable (Government has traced back to December 2019 to test samples)	Policy identifying high- risk groups	Done	MoH
			Number of influenza and SARS samples tested for COVID-19 (m/f)	Female 867	July-September 2020
				Male 961	
			Number of samples tested from high-risk individuals (m/f)	48,285 ^d	
1.3	100% of COVID-19 patients admitted for inpatient treatment incur		Number of Covid-19 in-patients admitted for	Female 122	MoH MEF

No.	Results	Baseline	Data Source	Progress	Reporting and Date
	no out-of-pocket expenses, with data disaggregated by sex	January 2020 baseline: not applicable	inpatient treatment disaggregated by sex (m/f)	Male 15	July-September 2020
			Number of Covid-19 in-patients admitted for inpatient treatment with no out-of-pocket expenses (m/f)	Female 99	
				Male 6	
Output 2: Resources dedicated to social assistance disbursed and relief for affected people implemented					
2.1	By December 2020, at least 210,000 new individuals are registered in the IDPoor database and eligible for cash subsidy payments, with at least 50% female	January 2020 baseline: 2.4 million individuals registered and included in IDPoor database	Number of households registered in IDPoor and eligible for cash transfers	202,662	MoSAVY 24 November
			Number of new women registered in IDPoor and eligible for cash transfers	276,825	
2.2	Payments differentiated by household composition and at least 182,000 children and 270,000 elderly people receive payments from the cash subsidy scheme, with at least 50% female	May 2020 baseline: 181,269 under 5s and 267,056 over 60s registered	Household payment data	681,282	MOSAVY 24 Nov
			Number of children in households receiving cash payments.	238,915	
			Number of elderly in households receiving cash payments.	319,868	
			Number of female children in households receiving cash payments.	116,398	
			Number of female elderly in households receiving cash payments	219,324	
2.3	The government's cash transfer program for pregnant women and children under the age of two is implemented without interruption to at least 6,600 women/month.	March 2020 baseline: 68,000 women receiving maternal cash transfers payments	IDPoor women receiving cash transfer payments	38,345	MOSVY 24Nov
Output 3: Economic stimulus package for adversely impacted sectors delivered					
3.1	At least 200 impacted firms in the GTF and tourism industries receive a package of tax relief and suspended NSSF contributions for 20,000 workers of which at least 65% are women	January 2020 baseline: 0 firms receiving tax relief	Number of GTF firms receiving tax relief	520	Ministry of Labour and Vocational Training (MLVT) 30 Nov
			Number of tourism firms receiving tax relief	225	
			Number of workers whose GTF NSSF contributions are suspended	341,131	
			Number of workers in tourism whose NSSF contributions are suspended	23,692	

No.	Results	Baseline	Data Source	Progress	Reporting and Date
			Number of female workers in GTF NSSF contributions are suspended	282,448	
			Number of female workers for tourism NSSF contributions are suspended	10,478	
3.2	Of the government's \$44.5 million wage subsidy support program to the hardest hit sectors, at least 112,500 of the estimated 150,000 beneficiaries from the GTF sector will be female workers	January 2020 baseline: 0 workers received wage subsidies	Number of beneficiaries of wage subsidy program	350,817	MLVT 30 November 2020
			Number of female beneficiaries of wage subsidy program	281,447	
3.3	Women represent at least 20% of total borrowers of working capital loans from the SME Bank.	January 2020 baseline: 0 women registered, SME Bank only just established	Number of SME Bankclients and borrowers	753	MEF SME Bank
			Number of female-owned SME Bank clients and borrowers	256	24 November 2020

GTF = garments, textiles, and footwear, MEF = Ministry of Economy and Finance, MLVT = Ministry of Labor and Vocational Training, MoH = Ministry of Health, MoP = Ministry of Planning, MLVT = Ministry of Labour and Vocational Training, MoSVY = Ministry of Social Affairs Veterans and Youth Rehabilitation, NSPC = National Social Protection Council, NSSF = National Social Security Fund, SARS = severe acute respiratory syndrome, SME = small and medium enterprise, TBC = to be confirmed.

^a The index is calculated by taking the average percentage score of 18 capacity areas. For further information see: Kandal, N, et al. 2020. *Health security capacities in the context of COVID-19 outbreak: an analysis of International Health Regulations annual report data from 182 countries*. The Lancet. [https://doi.org/10.1016/S0140-6736\(20\)30553-5](https://doi.org/10.1016/S0140-6736(20)30553-5)

^b Average time to report for all test results is 48 hours to report back to Center for Quarantine at the border (level 2), the Center for Quarantine at the provinces (level 2), Center for Quarantine at the district (level 2), and the Hospital for COVID-19 patients.

^c At the time of writing, Cambodia's Centre for Disease Control was not able to provide gender disaggregated data on testing. However, COVID-19 positive cases are disaggregated by sex.

^d MoH could not provide gender disaggregated data for the months of June to September. However, as of 10 November 2020, MoH had identified and tested 141,447 high-risk persons of whom 20,693 were women.

Annex 3: Macroeconomic Data

National Data	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020 (estimate)	2021 (projection)
GDP growth	7.1	...	...	...	...	-3.8	4.5
Exports of goods (% of GDP)	55.4	...	...	...	...	54.8	52.2
Exports of services (% of GDP)	22.5	...	...	...	...	6.5	16.3
Imports of goods (% of GDP)	82.3	...	...	...	...	78.3	78.9
Imports of services (% of GDP)	12.1	...	...	...	...	7.2	11.7
Balance of trade (% of GDP)	-26.8	...	...	...	...	-23.6	-26.7
Current account balance (% of GDP)	-15.0	...	...	...	...	-11.2	-17.2
Balance of payments (\$ million)	2,667.0	64.0	94.8	229.8	...	...	...
Foreign direct investment inflow, net (\$ million)	3,561.0	931.0	788.0	706.4	...	...	...
Public external debt (% of GDP)	28.1	...	...	...	...	31.9	34.6
General government budget (% of GDP)	26.8	...	...	...	...	19.7	18.7
Budget deficit (% of GDP)	3.0	...	...	...	...	-5.5	-6.0
Foreign exchange reserves (\$ billion)	18.8	18.4	19.5	20.5	...	21.0	...
Inflation rate (period-average)	1.9	2.2	2.4	2.6	...	2.9	2.5

... not available, GDP = gross domestic product.

Note: The figures for 2020 and 2021 are based on ADB staff estimates and are subject to revision.

Source: National Institute of Statistics; National Bank of Cambodia; Ministry of Economy and Finance; Asian Development Outlook Database (MMF).

Annex 4: Key Messages from the CARES Program Subcommittee Meetings¹

A. Policy Committee Meeting, 20 January 2021

The Policy Committee was convened to review progress with program implementation and to discuss the key findings and recommendations from the first CARES Program Monitoring Report. The meeting was co-chaired by H.E Vongsey Vissoth, Minister Attached to the Prime Minister and Permanent Secretary of State, Ministry of Economy and Finance, and Mr. Ahmed M. Saeed, ADB Vice President for Operations in East Asia, Southeast Asia, and the Pacific (VP). The meeting was attended by senior representatives of the Ministry of Economy and Finance, National Bank of Cambodia and government ministries involved in program implementation, ADB staff, and the Cambodia representative of the Japan International Cooperation Agency (JICA).

Progress with Program Implementation

- H.E. Vissoth thanked ADB and JICA for their support. He noted that the pandemic had had a significant impact on Cambodia's economy, but that the government had been quite successful in managing health risks and mitigating social and economic impacts.
- VP Saeed noted that Cambodia had managed the crisis well. He acknowledged JICA's cofinancing for the CARES Program and reaffirmed ADB's commitment to helping Cambodia to manage the crisis and prepare for recovery.
- ADB staff presented an update on the regional economic outlook and key points from the CARES Quarterly Monitoring Report, including progress with achievement of program targets during July–September 2020.
- Senior officials from the Ministry of Health (MoH), Ministry of Planning (MoP) and Ministry of Labor and Vocational Training (MLVT) gave updates on the aspects of program implementation that fall within their mandates:
 - MoH noted that, with ADB's support, good progress had been made in managing the pandemic. MoH had begun planning for the rollout of COVID-19 vaccines with support from the World Health Organization and other specialized UN agencies such as UNICEF. However, until the rollout of vaccines had been completed, managing infection risks would remain a key challenge.
 - MoP noted that it was responsible for providing accurate data on households in the IDPoor database. MoP had improved its data collection system by using the new IDPoor On-Demand system. By January 2021, MOP had registered more than 197,000 households and removed about 14,950 households who had significantly improved their livelihoods.
 - MLVT noted that government and development partner support had helped ensure the survival of businesses in the garment sector. By the end of 2020 the manufacturing sector was showing signs of recovery, with 112 factories opening compared to a total of 129 factories that closed during the year.
- ADB staff presented the key recommendations for strengthening program implementation. This included (i) ensuring smooth and transparent flow of information

¹ The Policy Committee Meeting was held in-person at the Ministry of Economy and Finance, with ADB's non-resident staff joining via video-conference. The Private Sector and CSO Sub-Committee Meetings were held-person at the Ministry of Economy and Finance. The Big Data Sub-Committee Meeting was held via video-conference.

to the public, (ii) putting in place measures to ensure gender equality in the pandemic response, and (iii) strengthening social protection support.

- H.E. Vissoth responded to these recommendations, re-affirming the Royal Government's commitment to transparent communications and acknowledging the importance of continuing to strengthen health surveillance capacity in border areas while preparing for vaccine rollout. With respect to social protection, H.E. Vissoth strongly endorsed the recommendation for additional data collection and analysis to inform further refinement and strengthening of government programs and highlighted the key principles of evidence-based, affordable, efficient, and sustainable policy reforms.

Post-pandemic recovery

- H.E. Vissoth provided an overview of Cambodia's path to recovery. Key aspects of the government's recovery strategy included (i) maintaining fiscal stimulus to support aggregate demand and finance long-term investments to lift productivity, (ii) implementing structural reforms to improve competitiveness and reduce the cost of doing business, (iii) implementing sector policies to stimulate sectors with high growth potential, and (iv) allowing and facilitating the reallocation of productive resources from declining sectors to new and growing sectors.
- H.E. Vissoth provided a brief overview of the outlook for key sectors and indicative priorities for ADB advisory support. He noted that the prospects for tourism to recover and drive growth were increasingly uncertain in the medium term. In contrast, the manufacturing sector performed well in 2020 and was likely to have strong growth potential as regional value chains continue to evolve. Development of agri-processing was a sector of interest that is well-matched to Cambodia's current factor endowments and had good potential to leverage new free trade agreements. Finally, H.E. Vissoth noted the critical importance of digital technologies in driving productivity improvements and determining future competitiveness.

Closing Remarks

- VP Saeed thanked participants and noted the quality of the discussions during the meeting. He reconfirmed ADB's commitment to work with the government and noted the importance of prioritizing health measures, the disproportionate impact that the pandemic is having on the poor, the importance of ensuring a gender-inclusive response, and the need for a focused strategy to return to growth.
- H.E. Vissoth closed the meeting by thanking ADB and JICA for their support in the fight against COVID-19 and said he appreciated the strong collaboration on program implementation.

B. Private Sector Sub-Committee Meeting, 25 November 2020

A meeting of the Private Sector Subcommittee was held in 25 November 2020 and was co-chaired by the Ministry of Economy and Finance Secretary of State H.E. Hem Vandy, and the ADB Cambodia Country Director Ms. Sunniya Durrani-Jamal. The meeting was attended by 53 people representing private firms, business associations, and relevant line ministries of the Royal Government of Cambodia. The discussion focused on the impacts of COVID-19 and policy responses from the government and its partners.

Key Impacts of COVID 19 on the Private Sector

- The pandemic has severely impacted tourism businesses across the board, and those in major tourism centres such as Siem Reap have suffered the most. Many tourism businesses have requested support from the SME Bank but sector representatives reported that few businesses had received loans. International tourism was not expected to begin recovering until late 2021 (assuming a vaccine becomes available). In the meantime, domestic demand was not sufficient to support most businesses. Tourism industry representatives noted that many businesses would need additional support during 2021, with access to working capital a particular concern.
- Logistics was also reported to be hard hit by the pandemic, with 50%–70% of businesses in the sector negatively impacted. The issue of double taxation was noted for businesses that import parts for assembly in Cambodia.
- Banks recognized that the financial sector had received support, including tax relief through reductions in withholding taxes. Bank lending growth had continued with credit mainly focused on financing of productive investments rather than consumption. Banks also noted the need to continue improving digital infrastructure to ensure efficiency and resilience.
- It was noted that some policies were not always well communicated to the private sector. One example was the processes for the SME Bank to provide loans to businesses, as some industry associations were not aware that the SME bank had already disbursed all of its initial funding envelope of \$150 million.
- An “Export Credit Bank” was proposed by some private sector representatives to address perceived gaps in financing and greater use of factoring.
- Chambers of commerce also stressed the importance of continuing with long-term reforms to improve the business environment, support the green economy and invest in education and skills development.

Key Measures and Responses

- The government confirmed its commitment to supporting the private sector during the pandemic and post-pandemic periods, including helping with financing, interest rate subsidies and wage cost-sharing for priority sectors. However, it recognised that not all enterprises would necessarily benefit directly and that it would not be able to save all businesses.
- The government restated its commitment and engaged in the adoption and application of digitization to improve data sharing and information flows.

C. Civil Society Subcommittee Meeting, 26 November 2020

A meeting of the Subcommittee for Civil Society met on 26 November 2020 and was co-chaired by the Ministry of Economy and Finance Secretary of State H.E. Hem Vandy, and the ADB Cambodia Country Director Ms. Sunniya Durrani-Jamal. The meeting included 40 participants from civil society organizations (CSOs) and the government.¹ The discussion focused on the impacts of COVID-19 and policy responses measures taken by the government and its partners

¹ CSOs were selected to ensure a balance between local and international organizations and ensure representation of different groups and stakeholders.

Key Impacts of COVID 19 and Related Aspects

- CSOs congratulated the government and ADB for taking initiatives to support health, social assistance and economic sectors during the pandemic. However, they highlighted that some groups that had been impacted by the pandemic had not been able to access support. This included people without proper legal documents, returning migrants, and informal workers.
- It was noted that there had been some gaps in communication and awareness-raising on preventative measures and assistance programs. Improving information flow and maintaining transparency would help address these gaps.
- Some stakeholders noted that alternative, innovative, and inclusive approaches were needed to reach the poorest of the poor, and that this might also require a richer understanding of poverty dynamics.
- It was also noted that sharing information on the impacts of COVID-19 was useful for stakeholders, and that this should also include additional targeted communication to different segments of the population, including adults in rural and urban areas and students at primary and secondary school.
- CSO representatives noted that community members and local volunteers can play an important role in disseminating information. Some CSOs expressed interest in collaborating on piloting of mechanisms to leverage the capacity of existing field-based volunteers to amplify official communications on the pandemic response and social assistance programs.

Key Measures and Responses

- During the meeting, government officials highlighted several points relating to the government's response:
 - Social protection was a priority and the government was committed to increasing investment in this area.
 - The government was committed to ensuring that no one was left behind in accessing social protection programs and would consider expanding existing schemes or developing new schemes if needed.
 - The Ministry of Planning (MoP) was working to make the IDPoor system and database more inclusive and effective by registering more people and removing inactive names, among other actions.
 - About 200,000 households were added to the IDPoor database during 2020. Key staff in the commune councils were being trained to support IDPoor.
 - MoP was trying to include entertainment workers in the IDPoor database but was facing some challenges as some workers do not have the required documents or a permanent address.
 - The government had been able to allocate resources effectively to support key sectors. The key question remained how to move forward with the strategy for economic recovery.

D. Big Data Sub-Committee, 2 December, 2020, via video-conference

The Subcommittee for Big Data met on 2 December 2020 and was co-chaired by the Ministry of Economy and Finance Secretary of State H.E. Hem Vanndy, and the ADB Cambodia Country Director Ms. Sunniya Durrani-Jamal. Over 100 participants from key

development partners, private firms, and relevant line ministries attended the virtual meeting. The meeting agenda included four short presentations:

- i. An introduction to big data concepts by AlphaBeta, a specialized consulting firm that has been engaged by ADB to provide advisory support on post-COVID-19 economic recovery in Southeast Asia.
- ii. A presentation on the Data Exchange Initiative (CAMDX) by senior officials of the Ministry of Economy and Finance.
- iii. A demonstration of an online dashboard of high frequency economic indicators that had been developed by United Nations Development Programme.
- iv. A summary of key questions and problems where big data analysis could be applied under the three thematic areas of the CARES program by ADB.

Key Initiatives, Opportunities and Challenges

- Mekong Big Data noted that regulatory frameworks for big-data analysis in Cambodia were still at an early stage of development. For example, there was currently little or no regulation guiding decisions to store data in the cloud or on locally hosted servers.
- The Young Entrepreneurs Association of Cambodia (YEAC) indicated that Cambodia's strategic plan on big data was unclear. It noted that infrastructure development would attract more investment in data technology. It suggested incentives for investments in data science and technologies.
- The Credit Bureau of Cambodia said it had introduced credit scoring, using data from partner banks, leasing companies, and insurance companies. Banhji noted the opportunity for credit scoring of micro, small and medium-sized enterprise (MSME)-based data from its accounting platform and its willingness to share data from its MSME accounting platform (subject to data privacy requirements).
- WING noted many Cambodian government departments and companies already had a large amount of data. Wing had over 10 million users who were identified using their mobile numbers. If data could be shared securely, it would provide a great asset for accelerating development.
- UNDP noted the importance of making data publicly available, sharing data on a timely basis and building a new culture of data sharing and digitalization.
- The United Nations Population Fund updated the meeting on ongoing work with the Ministry of Economy and Finance and the National Institute of Statistics to reform the national statistical system and expressed interest in using big data to monitor progress toward the Sustainable Development Goals (SDGs).
- The Japan International Cooperation Agency shared an update on several surveys relating to the digital economy, payment systems and digital transformation and offered to share the survey results at subsequent meetings of the subcommittee.

Key Responses and Observations of the Government and ADB

- On behalf of the Royal Government of Cambodia, H.E. Vandy applauded stakeholders' openness to collaboration and data sharing. He noted the government is committed to working on big data and confirming the mechanisms for data exchange with the private sector will be an important step in this process.

- H.E Vandy noted that there are many initiatives, apps and platforms related to big data and that there was a strong need for a policy framework to coordinate and facilitate these initiatives. The government's role was to establish the overall policy framework and ensure that it was implemented well. Developing clear regulations on data oversight and data hosting was a priority.
- The ADB Country Director acknowledged the good start that the government had made with CAMDX. The government, development partners and the private sector were aligned in recognizing the potential value from big data and the openness to collaboration was very encouraging.

Annex 5: Socioeconomic Surveys by Key Development Partners and Agencies

Partner and/or Agency	Methodology	Sample Size	Date	Key findings
Business Surveys				
YEAC	Online survey using Google Forms	284 businesses	20–25 March 2020	<ul style="list-style-type: none"> • Main sectors covered in the survey: travel, tourism, and food and beverage (33% of sample); business, trade, logistics, and services (31% of sample). • Most firms were impacted in the early stages: 91% reported financial impact including reduced cash flow; 86% reported interruptions to logistics; 92% reported impact on employee productivity; and 70% reported impact on consumer confidence. • Impact was seen across businesses of all sizes (by revenue) and sectors. • Respondents were very pessimistic about revenue and profit outlook: 57.4% expected annual revenue and profit to decline by more than 50%. • Negative impact on expected revenue and profits was seen in all sectors, but most concentrated in travel, tourism, and food and beverage. • Many respondents reported concerns about meeting financial obligations, e.g., 65% reported they were unable to repay loans to financial institutions.
EuroCham	Survey	31 members of the chamber	April 2020	<ul style="list-style-type: none"> • Respondent profile: 25.8% were SMEs with fewer than 20 workers; 48.4% had 21–500 workers; and 25.8% had more than 500 workers (note that employment figures are global, numbers of employees in Cambodia may be lower). There was a wide range of sectors represented. • 80.6% of respondents were significantly affected by the pandemic. • 41.9% of respondents expected a loss of revenue exceeding 50%. • Most businesses were expecting prolonged recovery. • Approximately 60% of businesses reported that health and safety measures have had moderate or significant impact on operating costs. • There is significant demand for policy support including tax rebates.
UNIDO	Semi-quantitative analysis using both online and offline data collection through surveys	151 respondents spanning the full fisheries.	23 April–8 May 2020	<ul style="list-style-type: none"> • There were significant short-term disruptions to the fisheries sector with the biggest impacts falling on subsistence fishers. • There has been a 10%–20% reduction in the price of farmed fish alongside a spike in input prices due to border closures. • There were sudden sales reductions for fish processing businesses, leading to financial pressure and risks of worker lay-offs: <ul style="list-style-type: none"> ◦ 38% of processors reported issues with loan repayments; ◦ 35% reported challenges meeting staff wages and NSSF payments; and ◦ 30% reported a limited supply of raw materials. • Some consumers reported changes in their consuming behavior: shifting from wet markets to modern retail outlets.

Partner and/or Agency	Methodology	Sample Size	Date	Key findings
				<ul style="list-style-type: none"> • Most businesses planned to continue. Only 2.7% reported plans to discontinue business; 5.4% planned to suspend operations; and 2.7% said “too early to say.” • Top three post-COVID-19 priorities: <ul style="list-style-type: none"> ○ Strengthening supply chain and producer groups (79%); ○ Building crisis-resilient marketing and sales strategies (57%); and ○ Improving food safety (43%).
UNDP	Telephone survey with an aim of constructing a “true panel” in which the same businesses are surveyed in each round	514 firms surveyed in the first round. The number of firms surveyed in the second and third rounds is likely to be smaller due to attrition.	August, October, and December 2020	<ul style="list-style-type: none"> • 39% of respondents were based in Phnom Penh; the remainder were distributed across the country: 20% in Kampong Cham province, 14% in Siem Reap province, 14% in Kandal province. • The sample was highly skewed toward micro enterprises (96% of total). Most respondents were informal enterprises—only 25% were registered businesses, and only 33% reported making tax payments. • Most surveyed businesses (approximately 50%) had no debts. • Respondents were concentrated in the urban service sectors—only 15% were in manufacturing, and 5% were in construction. • Almost all (96%) businesses traded from a physical store; 40% offered a delivery service; and 6% used an online platform. • Almost all businesses had been impacted: 91% reported lower demand; 93% reported reduced profits. • Reductions in profits were large: 43% of businesses reported a reduction in profits of more than 50%. • Businesses also continued to see issues with input supplies, with 60% reporting higher prices, and 45% reporting delays in delivery. • Approximately 50% of businesses had taken some actions to adjust business operations and staffing. Notable actions: 19% had sold assets or used savings; 17% had temporarily closed their business; and 17% had negotiated rent reductions. On staffing, 15% had asked workers to take unpaid leave; 11% had laid-off permanent workers; and 8% had reduced temporary and part-time workers. • Additional borrowing had not been a major coping strategy for MSMEs—only 7% reported increased borrowing. • Most businesses (69%) had not adjusted their marketing strategy to respond to COVID-19. • Most MSME respondents (81% of total) were also not receiving direct support from government. The remaining 19% were either unaware of such programs (12%) or unsure if they have benefited (7%).
ADB	Computer-assisted telephone survey	Nationally representative samples of 1,000	End May to end July 2020	<ul style="list-style-type: none"> • There were significant impacts on household income in Cambodia: <ul style="list-style-type: none"> ○ 23% of households reported no change, ○ 19% reported reductions of 1%–25%,

Partner and/or Agency	Methodology	Sample Size	Date	Key findings
	using standardized survey tool across 8 Southeast Asian countries—Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand, and Viet Nam	households per country		<ul style="list-style-type: none"> ○ 35% reported reductions of 26%–50%, ○ 12% reported reductions of 51%–75%, and ○ 11% reported reductions of more than 75%. • Overall, the percentage of households with a declining income in Cambodia was similar to that in other Southeast Asian countries: 75% in Cambodia versus an average of 73% for all 8 countries surveyed. • Cambodia had the lowest share of households reporting reduced work effort: 25.2% of households for Cambodia versus the average of 44.4% all 8 countries surveyed. • 34% of households in Cambodia reported experiencing financial difficulty. • Approximately 40% of households in Cambodia reported reductions in spending. • Survey results suggested that the impact on schooling in Cambodia was no worse than in other countries, but further investigation is needed.
Household Surveys				
UNEP/UN Women	Survey and stakeholder interviews	Purposive sample of rural women in Takeo and Pursat provinces	April–June 2020	<ul style="list-style-type: none"> • Time spent by women on unpaid care and domestic work had increased but respondents also reported more “free time.” • The main concern of respondents was loss of income and livelihoods. • Other key issues included rising expenses, inability to repay loans, and water scarcity.
World Bank	Telephone survey targeting households that were included in the 2019 Living Standard Measurement Survey Plus (LSMS+). Aim to complete multiple rounds (5 in total) to track changes over time.	The survey targeted 1,349 households, of which 700 responded in round 1 and 612 in round 2.	First Round: 11–26 May 2020 Second Round: 17 August– 7 September 2020	<ul style="list-style-type: none"> • Sampling was consistent with the LSMS+ sample: most respondents were in rural areas (85% of total); most were not in IDPoor (82% of total); there was an even balance of male and female respondents; education levels were relatively low: 21% of respondents had no education; only 32% had education beyond primary level. • Most respondents had good knowledge of preventative measures for COVID-19 with no evidence of rural–urban differences or poor–rich household divides. • Respondents were implementing recommended practices—e.g., handwashing (88% of total) – with minimal differences in rural and urban areas but some differences across the income distribution. • The pandemic had impacted children’s learning: 37% of respondents reported that their children had not engaged in education or learning during the previous 7 days in round 1. The impact may be more severe for poor households. • By round 2, 75% of households with children aged 6–17 engaged in education activities in August, an increase of 12 percentage points from May 2020. • Since May 2020, there had been a shift towards more face-to-face learning from remote learning (mobile applications or educational TV programs). • About 12% of respondents were not working because of COVID-19. • However, since May 2020, 7 in 10 respondents were working.

Partner and/or Agency	Methodology	Sample Size	Date	Key findings
				<ul style="list-style-type: none"> • 8% of those working had changed jobs during the pandemic. Employment impacts were concentrated in the service sector with the main responses being: (i) stop working; (ii) shift to agriculture; (iii) shift to another service sector role. • There were large impacts on non-farm family businesses – 73% reported reductions in sales. • By August 2020, 61% of households that relied on non-farm family business reported a reduction in sales income in August, compared with 73% in May 2020. • Household income reductions were broad based—83% reported some reduction in total income—with declines across multiple sources—including farming, non-farm business, remittances, property income. Pensions and government assistance had been the most stable sources of income. The frequency of reductions were similar for both rural and urban households. • The main coping mechanisms were reducing food consumption (65%), reducing non-food consumption (61%), and various forms of borrowing and/or rescheduling debt repayments. • Since May 2020, there had been a significant reduction in households experiencing food shortages. • Although declines in household income had slowed since May, more than half of the respondents reported that household income had declined. • Food was available but households reported issues with purchasing power. • About 40% of respondents reported an increase in assistance from the government and NGOs. • 90% of IDPoor households had received some form of social assistance since June 2020. • A small fraction of IDPoor households remained uncovered: 10% of IDPoor households had yet to receive the relief cash transfers for poor and vulnerable households during COVID 19 which were launched on 24 June 2020. • Take-up was very high (97%) among those who registered for the relief transfer program.
IOM	Structured quantitative survey	Random sample of 242 returning migrants from 5 provinces—Banteay Meanchey, Battambang, Oddar Meanchey,	19–24 June 2020	<ul style="list-style-type: none"> • Migrant profile: most migrants had primary education (57% of total), were aged 23–34 (49% of total), were married (79% of total), had children (87% of total), and were employed as day laborers in Thailand (62% of total). • Most migrants were not recent: 27% left before 2018 and 47% left before 2019. • Approximately two-thirds of returning migrant worker (RMW) households had reduced incomes: 17% of households reported an income reduction of more than 60%. • The primary challenge for returning migrants was finding a job (95% of respondents); health and psycho-social wellbeing was commonly cited as main secondary challenge.

Partner and/or Agency	Methodology	Sample Size	Date	Key findings
IOM (in partnership with UNFPA, UNICEF, UN Women, and UNAIDS)	Qualitative, semi-structured interview and quantitative survey	Prey Veng, and Siem Reap Telephone survey of 1,054 randomly selected returning migrant workers in Banteay Meanchey, Battambang, Prey Veng, and Siem Reap provinces. Qualitative survey of 56 stakeholders and/or key informants	14–15 August 2020	<ul style="list-style-type: none"> • Most returning migrants (71%) planned to return to Thailand. • Only limited upskilling was taking place: only 1% of returning migrants had undertaken training, but 24% are interested in upgrading their skill set. • The main occupations of RMWs when in Thailand were construction worker (40.4%), factory or manufacturing worker (17.4%) and farm worker (15.6%). • The median total monthly income of RMW households was \$150. • But approximately one third of households of RMWs currently had no income at all. • 58% of RMWs had no income when in Cambodia—higher for women (66.4%) than men (48%). • 55.7% of RMWs had debts: 30.5% owed money to MFIs or banks; 9.8% to money lenders; and 20.9% to friends and relatives. • 23.5% of RMW households held IDPoor cards. • Approximately 20% of RMW households had received cash support, but only 65.2% of IDPoor cardholders reported receiving benefits. • Approximately 20% of RMW households reported insufficient food. • RMWs had received limited support, e.g., food (8.6%), health care (9.7%), and livelihood support (3.3%).
UNICEF (in partnership with WFP, UN Women, UNFPA, and UNAIDS)	Random selection of districts and villages included in 2019 Cambodia General Population Census proportional with the size of province population Monthly quantitative panel survey capturing key socio-economic variables, flexible to new modules/questions	Random selection of 1,600 households from 2019 Cambodia General Population Census Random selection of 400 IDPoor households	6 waves of data collection: The first was done face-to-face by the National Institute of Statistics (August 2020). The second round was conducted by telephone in October 2020. The subsequent 4 waves have been conducted in November 2020, December 2020, January 2021 and February 2021.	<ul style="list-style-type: none"> • 65% of urban households experienced changes in economic activities, compared with 53% of rural households. • Households headed by women and small households experienced a larger percentage of job losses. • 75% of the respondents had reductions in household income, of which 43% reported a decrease of 50% or more. • Impacts appeared more widespread in urban areas: 81% of urban households reported income reductions compared with 72% of rural households. • Income loss also appeared to be more acute in urban areas, with 51% of urban households reporting income reductions of 50% or more, compared with 38% of rural households. • 14% of households encountered issues with access to health services, medicine, food and other basic needs during wave 1, increasing to 28% during wave 2 and 19% in wave 3. Lack of money was the main factor limiting the access among IDPoor households, households with disabilities, households headed by women and people living in Phnom Penh. During wave 2, lack of money also became the main factor limiting access among non-IDPoor households. • Women were more likely to have an increase in chores if they came from poor households, urban households, larger households and households whose income had been reduced by 50% or more.

Partner and/or Agency	Methodology	Sample Size	Date	Key findings
	for changing context			<ul style="list-style-type: none"> 52% of households had engaged in some forms of coping strategy as they did not have enough food or money to buy food. This increased steeply to 78% during wave 2 and 77% in wave 3. Only 33% of children reached all criteria for minimum acceptable diet criteria, which combines the achievement of minimum meal frequency (72%) and minimum diet diversity (40%).
UNDP	Bi-monthly telephone surveys using random selection method and case studies	1,400 informal workers	August, October, and December 2020	<ul style="list-style-type: none"> There was an average of 50% reduction in weekly income across five categories: (i) street vendor, (ii) employed without contract, (iii) vehicle driver, (iv) laborer, and (v) agricultural labor. Pre-COVID-19 average income was \$99.2; the average income was now \$50.6. 90% of respondents did not receive any government support. Over 65% of informal workers in each category were currently unable to meet their daily needs. The problems were most acute for “heavy work laborers” (75%) and agricultural laborers (78%). 47% of households reported reducing their expenditures. Of those that had reduced spending, the most common areas for reduction were food consumption (87%), personal care items such as clothes and cosmetics (71%), and household items (54%). Borrowing was a commonly used strategy, with approximately one-third of respondents borrowing for the first time, and another one-third expanding their existing borrowing. The two most common reasons for informal workers to take on additional loans were (i) for agricultural and business activities (44% of respondents) and (ii) for daily food consumption (48% of respondents).

ADB I = Asian Development Bank Institute, EuroCham = European Chamber of Commerce in Cambodia, IOM = International Organization for Migration, LSMS + = Living Standard Measurement Survey Plus, MSME = micro, small, and medium enterprise, RMW = returning migrant worker, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, UNFPA = United Nations Population Fund, UNICEF = United Nations International Children's Fund, UNIDO = United Nations Industrial Development Organization, WFP = World Food Programme, YEAC = Young Entrepreneurs Association of Cambodia.

Annex 6: Key Government Measures in Response to COVID-19

A. Health Measures

- i. March 2020: The Ministry of Health (MoH) updated guidance on promoting physical distancing.
- ii. March 2020: The Ministry of Economy and Finance (MEF) General Directorate of Customs and Excise issued a requirement for MoH to manage export licensing of masks and disinfectants and regulate the import of COVID-19 test kits.
- iii. March 2020: MoH issued a 30-day entry ban for people from France, Germany, Italy, Spain, and USA, effective immediately.
- iv. April 2020: MoH issued an instruction to passengers and vehicle owners (buses and minibuses) carrying more than 10 passengers. Owners were instructed to regularly clean their vehicles and provide alcohol gel to passengers, who were encouraged to wear masks. Drivers were told they must temporarily stop driving if they have cold symptoms.
- v. April 2020: MoH instructed the public to minimize their use of certain services such as hairdressers, nail and beauty salons and other similar services. Where this was not possible the public was instructed to protect themselves by following MoH's recommended preventive measures, including wearing masks, washing hands, maintaining physical distance, and avoiding close communication.
- vi. April 2020: MoH issued letter No. 2256 to announce measures against imported counterfeit and sub-standard hand sanitizing products.
- vii. April 2020: The Ministry of Labour and Vocational Training (MLVT) issued a press release on the quarantine of employees returning to work after Khmer New Year and cooperated with stakeholders to prepare 10 health centres and 3 quarantine centres to provide health checks for employees who took leave during Khmer New Year and have returned to work.
- viii. May 2020: MoH issued letter No. 96 to the Minister of Culture and Fine Arts referencing the Prime Minister's decision that all museums were permitted to reopen for national and international guests from June 2020 onwards. The letter required the Ministry of Culture and Fine Arts to implement protective measures to prevent the spread of COVID-19, such as checking temperatures; ensuring hand sanitising, social distancing, and wearing masks; and rejecting any person who is unwell.
- ix. May 2020: MoH notified municipal and provincial administrations to strengthen and monitor the implementation of protective measures to prevent a potential second wave of COVID-19.
- x. June 2020: The Inter-Ministerial Committee to Combat COVID-19 issued an announcement stating the COVID-19 diagnostics fees at public hospitals for foreigners coming to Cambodia. Foreigners arriving in the country are required to have at least \$50,000 of insurance coverage and at least \$3,000 deposit in cash or by debit card to cover the cost of any required treatment for COVID-19.

- xi. July 2020: The Inter-Ministerial Committee to Combat COVID-19 notified the public that the government had issued a temporary ban on all flights from Malaysia and Indonesia with the aim of preventing the spread of COVID-19.
- xii. August 2020: The Inter-Ministerial Committee to Combat COVID-19 announced that the government had temporarily suspended flights from the Philippines.
- xiii. August 2020: MoH announced that the government would roll out a sponsorship mechanism to help foreign travellers who are investors, businesspeople, company staff, experts, skilled workers, technicians, and their family members.
- xiv. November 2020: MoH issued a notification on a revision of entry requirements for travels to Cambodia and implementation of health and quarantine measures.
- xv. December 2020: MoH issued a notification on the implementation of health and quarantine measures for travels to Cambodia from 12 December onwards.

B. Social Assistance Measures

- i. February 2020: The Prime Minister announced that factory employers were required to pay 40% of workers' wages, while the government would provide the other 20% of the \$190 minimum wage.
- ii. April 2020: The Prime Minister announced changes to the temporarily laid-off garment workers payment to a flat \$70 of which the government would pay \$40 while factory employers would pay \$30.
- iii. June 2020: The Ministry of Economy and Finance (MEF) issued decision No. 044 announcing the subsidy for the months of June and July 2020 for poor and vulnerable families during the fight against COVID-19. The subsidy would be disbursed on the fourth week of each month.
- iv. August 2020: The MEF issued an announcement on the second round of the cash relief program to support poor and vulnerable families starting from 25 August 2020. The COVID-19 cash transfer would be done through the Wing mobile payment platform.
- v. September 2020: The government announced the sixth round of stimulus measures to further manage the impacts on key economic sectors and to restore and promote Cambodia's economy following the COVID-19 pandemic. The measures confirmed that the cash relief program for poor and vulnerable families would continue for three more months, from October to December 2020.
- vi. December 2020: The government announced the seventh round of stimulus measures in order to restore and boost the economic growth in the post-coronavirus crisis period. The measures included continuation of the cash transfers for poor households from January to March 2021, with each worker whose job was suspended in the garment, textiles, footwear, and travel goods industry to continue to receive cash payment of \$70 per month.

C. Economic Support Measures

- i. February 2020: MEF issued letter No. 1313 and notification No. 002 to provide temporary tax breaks for tax-registered firms operating in the tourism and garment,

textiles, footwear, and travel goods industry manufacturing sectors who may be affected by the outbreak of COVID-19.

- ii. March 2020: The National Bank of Cambodia (NBC) issued a circular requiring all financial institutions to work constructively with affected borrowers and assist in the restructuring of loans granted to borrowers in four priority sectors: tourism, textile and garment manufacturing, construction, and transport.
- iii. April 2020: NBC guidelines to financial institutions:
 - a. Lowered the required reserves that banking and financial institutions must maintain at the NBC for both local (riel) and foreign currencies.
 - b. Reduced the interest rate in its liquidity providing collateralized operations (LPCOs), thus decreasing banks' funding costs in domestic currency.
 - c. Cut the interest rate on negotiable certificates of deposit (the collateral for LPCOs) to encourage banks to disburse loans.
 - d. Issued guidelines to financial institutions on loan restructuring for borrowers experiencing financial difficulties (but still performing) in priority sectors (tourism, garments, construction, transportation, and logistics).
- iv. April 2020: The government issued a press release outlining additional measures to support the private sector and employees impacted by the COVID-19 epidemic, including:
 - a. Tax exemption to all airline entities operating in Cambodia for a period of three months from March to May 2020.
 - b. Extension of tax relief to May 2020 for hotels, guesthouses, restaurants, and travel agents registered with the General Directorate of Taxation and with business activities in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot, Bavet and Poi Pet.
- v. April 2020: MLVT issued instruction No. 045/20 on the suspension of employment contracts and contribution payments for the National Social Security Fund (NSSF) for enterprises in the garment and tourism sectors who are seriously impacted by COVID-19.
- vi. May 2020: The government announced round 4 measures aimed at mitigating the impact of COVID-19 on the businesses and workers in Cambodia. Measures included:
 - a. Extension of tax exemptions for impacted businesses in the tourism and aviation sectors for two months to July 2020.
 - b. Improvement of lending terms for (i) the Agriculture Rural Development Bank (ARDB) \$50 million special fund and (ii) the small and medium-sized enterprises special financing scheme for \$100 million.
 - c. Establishment of a \$200 million credit guarantee fund to provide loan guarantees to ease the cash flow and working capital pressures of businesses in all sectors.
- vii. June 2020: MLVT issued notification No. 018/20 on the postponement of payment of back pay seniority indemnity.³³

³³ Back pay seniority indemnity is an additional payment that is paid by employers to employees with open ended contracts. The payments are made two times per year and the amounts paid are determined with reference to the employee's sector of employment and years of service. For further details see: <https://ibac.info/wp-content/uploads/2018/10/Payment-of-Seniority-Indemnity-by-HE.-Heng-Sour.pdf>.

- viii. Factories, companies, and businesses in all sectors are permitted to defer the back pay of seniority indemnity before 2019, and the payment of seniority indemnity until 2021.
- ix. July 2020: The government announced round 5 measures aimed at mitigating the impact of COVID-19 on businesses and workers in Cambodia. Measures included:
 - a. Extension of tax exemptions for hotels, guesthouses, restaurants and travel agents registered with the General Directorate of Taxation and operating in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot, Bavet or Poi Pet for two months to the end of September 2020.
 - b. Tax exemption provided to all airline entities operating in Cambodia to be extended for two more months to the end of September 2020.
- x. September 2020: The government announced round 6 measures aimed at mitigating the impact of COVID-19 on businesses and workers in Cambodia. Measures included:
 - a. Subsidies for GTF sector workers and monthly tax exemptions for GTF sector businesses would continue until the end of December 2020.
 - b. An extension of tax exemptions provided to hotels, guesthouses, restaurants and travel agents registered with the General Directorate of Taxation and operating in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot, Bavet or Poi Pet, for 3 more months to the end of December 2020.
 - c. Tax exemption provided to all airline entities operating in Cambodia to be extended for 3 more months to the end of December 2020.
 - d. Aviation fees of airline entities operating in Cambodia to be delayed for a further period of two months until the end of December 2020.
- xi. December 2020: The government announced round 7 measures aimed at mitigating the impact of COVID-19 on businesses and workers in Cambodia. Measures included:
 - a. Subsidies for GTF sector workers and monthly tax exemptions for GTF sector businesses would continue until the end of March 2021.
 - b. The delay in the implementation of the NSSF pension scheme would continue for another 6 months until July 2021.
 - c. The suspension of monthly contributions to the NSSF would continue.
 - d. Exemptions on payment of the 2021 Patent Tax and the Signed-Board Tax for tourism agents and other segments of the tourism sector would continue.
 - e. Minimum tax exemption would be provided to all airline entities operating in Cambodia would be extended for 3 more months to the end of March 2021.
 - f. Exemption of stamp duty of 4% for residential property valued at or less than \$70,000 would continue until December 2021.
 - g. For Cambodian financial institutions (banks and MFIs) that obtained financing from either domestic or offshore lenders, the applicable withholding tax rate (WHT) on interest payments would continue to be reduced. For new loans, the WHT rate would be reduced to 5% for 2021 and 10% for 2022. Standard WHT rates would apply from 2023 onwards. For existing loans held by Cambodian financial institutions, the WHT rate would continue to be reduced to 10% for 2020 and 2021. Finally, the loan restructuring program was extended to June 2021.

Annex 7: The Establishment of the Credit Guarantee Corporation of Cambodia (CGCC)

A. Establishment and Function

Credit guarantee schemes (CGS) are designed to provide guarantees on loans to borrowers by covering a share of the default risk of the loan. In case of default by the borrower, the lender recovers the value of the guarantee. Guarantees are usually provided against a fee, covered either by the borrower, the lender or both. CGS are a common form of government intervention to unlock finance for small and medium-sized enterprises (SMEs). More than half of all countries in the world have a CGS for SMEs and the number is growing.

The Credit Guarantee Corporation of Cambodia (CGCC) was established to help SMEs to rehabilitate their businesses during COVID-19. It will focus on the agricultural, industrial, and service sectors, and will be located in Phnom Penh. The objective is to provide eligible SMEs with working capital and investment and/or business expansion loans. As part of providing the credit guarantee, the CGCC will also provide capacity building, consulting services and TA for participating SMEs. During 2021–2023, the maximum amount SMEs can borrow with guarantees from CGCC will be capped at \$500,000.

A sub-decree on the CGCC was issued on 1 September 2020. This established the CGCC and mandated it to provide a CGS for selected sectors and in accordance with international standards. CGCC was set up to tackle the challenges faced by business entities, especially SMEs, in the credit market and to enhance financial inclusion. The seed capital for CGCC was \$200 million provided from the state budget. The sub-decree allowed for additional funding to be provided by the government based on the need. This would come from a range of sources, including operational profits, development partners, the private sector, bond issuances and loans.

As set out in the sub-decree, the CGCC has been designed to:

- Provide credit guarantee services;
- Make risk assessments and manage risk diversification in credit guarantees;
- Cooperate with banking and financial institutions and development partners in order to provide credit guarantee services;
- Manage operational income and expenditures and operate with sustainability;
- Provide supporting services, including capacity building, consulting, and TA and provide information to the credit guarantee sector; and
- Ensure that the provision of credit guarantee is transparent and effective.

B. Management Structure

CGCC is a wholly-owned government entity which is officially registered with the Ministry of Commerce. MEF provided the \$200 million initial capital. It appointed its chief executive officer at the beginning of October and had its first Board meeting on 20 November 2020.

C. Initial Phase

CGCC's operations will start in 2 phases, supporting selected priority sectors:

- Phase 1 will be from 2021 to 2022 and will focus on survival and preparation for recovery (large corporates are also eligible for cover under phase 1). Only individual loan guarantees will be issued in phase 1.
- Phase 2, from 2023 onward, will focus on recovery and economic diversification. Portfolio guarantees may also be offered in phase 2.

D. ADB's Role

ADB provided TA support to help with the design, including:

- articles of incorporation;
- a standard operating procedures manual;
- scheme guidelines for dissemination to the market;
- the credit guarantee agreement between CGCC and the participating financial institutions;
- input into MEF's *prakas* (implementing regulations) on the administration of the CGS;
- the policy framework and sub-decree of the CGCC, which were drafted by the policy department of MEF;
- comparisons with CGSs in other developing member countries; and
- capacity building of MEF and CGCC officials.