

ATTACHED TECHNICAL ASSISTANCE

A. Introduction

1. The primary purpose of the technical assistance (TA) is to help the Government of Cambodia further strengthen the capacity of the National Bank of Cambodia (NBC), which is the executing agency, and the Ministry of Economy and Finance (MEF), Ministry of Commerce (MOC), and the Securities and Exchange Commission of Cambodia (SECC), which are the implementing agencies, to implement key reforms in the financial sector as well as to provide the government with timely policy advice on a demand basis. The objective of the TA is to provide assistance to the government in implementing the reform triggers and milestones for subprogram 2 of the Inclusive Financial Sector Development Program. The implementation of the reforms will require technical inputs and targeted on-the-job support to equip the key government agencies (MEF, MOC, NBC, and SECC) with the required knowledge and skills to ensure that the results of the reforms will be sustained even after the program comes to an end.

B. Outputs and Key Activities

2. The proposed program policy measures include a set of sector reforms to improve the legal and regulatory framework and its application, strengthen institutional coordination among national regulatory agencies, promote confidence and growth in outreach, strengthen the application of supporting infrastructure and international standards, develop new markets, and support capacity development more sustainably. The program has three outputs:

- (i) **Access to formal financial services expanded.** This output will work on promoting financial inclusion and microfinance further in rural areas and the agriculture sector, developing microinsurance as risk protection for the poor, developing small and medium-sized enterprises, and promoting financial literacy involving civil societies on addressing gender issues in financial inclusion.
- (ii) **Financial sector stability and growth enhanced.** This output will work on strengthening financial stability and coordination among financial sector supervisors, promoting the use of local currency, enhancing prudential supervision and regulations for microfinance institutions, establishing the government bond market, and introducing protection measures for beneficiaries.
- (iii) **Infrastructure supporting financial sector upgraded.** This output will work on upgrading the national payments, clearance, and settlement system; further expanding the credit information database and usage; and providing effective support for improved or new financial products and services supported by legal foundations, and further promoting compliance with anti-money laundering and countering financing of terrorism laws, regulations, and other measures, in compliance with international standards.

3. The international TA consultants will provide technical assistance in their respective fields and key activities for each TA consultant are indicated in the outline terms of reference for consultants.

4. One national financial inclusion expert will be engaged for 8 person-months to monitor the implementation of financial inclusion on social impact. The TA will also provide the support for the production of the updated Financial Sector Development Strategy, 2016–2025 in English as a knowledge product and a series of workshops for dissemination.

5. ADB and the Inclusive Financial Sector Development Program director will monitor closely the activities under each component to ensure the outputs are of high quality and to also ensure that the activities are implemented within the approved resources.

C. Cost and Financing

6. The TA is estimated to cost a total of \$0.68 million equivalent, of which \$0.60 million will provide on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The MEF, MOC, NBC, and SECC will provide the balance equivalent in the form of office space and other support facilities. Disbursements under the TA will be carried out in accordance with the ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The cost estimates and financing plan are in Table 1.

Table 1: Cost Estimates and Financing Plan
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	400.0
ii. National consultants	20.0
b. International and local travel	50.0
c. Reports and communications	5.0
2. Miscellaneous administration and support costs	20.0
3. Training, seminars, and conferences	
a. Seminars/Workshops	50.0
b. Seminar/Workshop Materials	30.0
4. Contingencies	25.0
Total	600.0

Note: The technical assistance (TA) is estimated to cost \$0.68 million, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, secretarial assistance, and other in-kind contributions. The value of government contribution is estimated to account for 12% of the total TA cost.

^a Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

7. The government will provide counterpart support in the form of office accommodation, secretarial assistance, and other in-kind contributions.

D. Implementation Arrangements

8. The NBC will be the executing agency and the MEF, MOC, and SECC will be the implementing agencies. The NBC, MEF, MOC, and SECC will provide the necessary office space, counterpart staff, and other support services to the consultants, and closely coordinate with other stakeholders involved in TA implementation.

9. A total of 23 person-months of consulting inputs is required (15 international and 8 national). ADB will support increasing access to finance for microinsurance. A small and medium-sized enterprise (SME) credit guarantee scheme will be developed, a preliminary diagnostic to launch a capital market will be completed, and governance will be strengthened. ADB will engage the firm on a quality- and cost-based selection basis in accordance with its

Guidelines on the Use of Consultants (2013, as amended from time to time) using a quality–cost ratio of 80:20.

10. The consultants will prepare inception, interim, and draft final reports for each component. The inception report will be submitted within 2 weeks of the start of services and will contain a time-bound work plan of activities and deliverables based on the agreed terms of reference. The consultants will be required to submit interim reports within the deadline specified in the work plan as agreed to with ADB. The NBC, MEF, MOC, SECC, and ADB will review the interim reports and provide feedback. Draft final reports will be submitted within the deadline specified in the work plans. Tripartite meetings will be held to review the draft final reports. The final report, incorporating comments of the executing and implementing agencies and ADB, should be submitted upon completion of the services. The TA is scheduled to commence by 1 January 2017 and be completed by 31 December 2019.

11. An overview of the required consulting services is summarized below.

Table 2: Summary of Consulting Services

Area of Expertise	Duration (person-months)
A. International	
1. Microinsurance policy expert	2.0
2. Securities market regulation expert	2.0
3. SME credit guarantee expert	2.0
4. Commercial law expert	3.0
5. Deposit protection expert	3.0
6. Payment system expert	3.0
Subtotal (A)	15.0
B. National	
Financial inclusion expert	8.0
Subtotal (B)	
Total (A+B)	23.0

SME = small and medium-sized enterprise.
Source: Asian Development Bank.

12. The TA will provide the support for launching the updated Financial Sector Development Strategy, 2016–2025 in English as a knowledge product and for dissemination by a series of workshops to make sure the outputs from the TA are sustainable and institutionalized after the implementation of the TA.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

1. **Microinsurance policy expert** (2 person-months). The expert must have a graduate degree in finance or at least 10 years relevant work experience, and will provide the support for the MEF to (i) establish the regulatory framework, (ii) prepare the regulation for licensing and product development under the amended Law on Insurance, and (iii) provide the inputs based on the International Association of Insurance Supervisors' principles on microinsurance.
2. **Securities market regulation expert** (2 person-months). The expert must have a graduate degree in finance or at least 10 years relevant work experience and will support the agency to (i) implement the policy frameworks on small and medium-sized enterprise listing and corporate bond market, (ii) provide the technical inputs for drafting the regulations, and (iii) promote the market developments.
3. **Small and medium-sized enterprise credit guarantee expert** (2 person-months). The expert must have a graduate degree in finance or at least 10 years relevant work experience and will assist the agency to (i) establish the policy framework for SME guarantee scheme, (ii) provide the inputs on the feasibility study, and (iii) draft the operation plan of the scheme.
4. **Commercial law expert** (3 person-months). The expert must have a graduate degree in commercial law and at least 10 years' relevant work experience and will assist the MEF and MOC to (i) organize workshops, (ii) build understanding amongst the stakeholders of the various draft laws, and (iii) provide technical input to discussions at interministerial meetings and at the Council of Ministers.
5. **Deposit protection expert** (3 person-months). The expert must have a graduate degree in finance or at least 10 years relevant work experience and will support the agencies to (i) design a deposit protection scheme based on international best practice, (ii) facilitate coordination among financial sector supervisors, and (iii) conduct the feasibility study.
6. **Payment system expert** (3 person-months). The expert must have a graduate degree in finance and at least 10 years relevant work experience and will provide the technical supports to the agency in terms of (i) establishing the shared switch system, which shares information on the transactions of clients including balance and payments; and (ii) updating the payment system development road map, estimating the required resources to align with the real time gross settlements transaction system based on the cases in other countries.

B. National Consultant

7. **Financial inclusion expert** (8 person-months). The expert must have a graduate degree in social development or at least 10 years relevant work experience and will support the agency to (i) establish the parameters for monitoring and evaluations, (ii) monitor the implementation of financial inclusion on social impact, (iii) facilitate the dialogue between the agencies and civil society organizations, and (iv) provide the feedback from civil society organizations.