

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) is a key development partner in Cambodia's transport sector.<sup>1</sup> The sector has also received assistance from other major development partners, such as the Japan International Cooperation Agency (JICA) and the World Bank, since the 1990s. Since 2000, the People's Republic of China (PRC), the Export-Import Bank of Korea (KEXIM), Thailand, and Viet Nam have provided assistance in rehabilitating national and provincial roads. Most of this assistance is directed at restoring a basic level of access to these roads. The PRC has recently allocated substantial development funds to rehabilitate and upgrade the existing infrastructure and implement new projects, including new bridges and a river port. The Mekong River Commission has assisted a program for improving navigation on the Mekong River to help modernize inland water transport. JICA has financed major port projects in Preah Sihanouk Province since 2006. German development cooperation through KfW focused its assistance on upgrading rural roads under the Rural Infrastructure Programs, while ADB is now shifting its assistance to provincial and rural roads improvement. ADB has financed the improvement of about 505 kilometers (km) of rural roads, and is cofinancing—with KEXIM, Nordic Development Fund (NDF), the Government of Australia, and Agence Française de Développement (AFD)—an additional 1,200 km of rural roads improvement under Rural Roads Improvement Project (RRIP) II.<sup>2</sup> Yet much remains to be done in improving the provincial and rural road networks.

2. The government's Rectangular Strategy for Growth, Employment, Equity and Efficiency: Phase III emphasizes the need for development of physical infrastructure with three other core areas (agriculture promotion, private sector development and employment, and capacity building and human resource development).<sup>3</sup> It includes a strong focus on the road subsector, on which the country's economy is largely dependent. In line with this, ADB's country partnership strategy, 2014–2018 for Cambodia aims to foster inclusive economic growth, and social development and equity.<sup>4</sup> ADB's country operations business plan for 2018–2020 included two complementary road projects during this period.<sup>5</sup> The proposed project will rehabilitate and maintain an additional 360 km of rural roads to improve the rural poor's access to markets and social services. The \$80 million first tranche of the Integrated Road Network Improvement Project will improve connectivity in the country and around the border areas with Viet Nam and add to the ongoing RRIP II.<sup>6</sup> The multitranche financing facility is planned to consist of three tranches over a period of 6–8 years for an overall amount of \$240 million, starting from 2020.

#### Transport Projects financed by Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Road Transport</b>			
ADB	GMS Phnom Penh to Ho Chi Minh City Highway	1998–2006	40.0
ADB	Provincial Roads Improvement Project	2011–2018	79.3

<sup>1</sup> Sources: ADB. 2017. *Cambodia: Development Coordination*. Manila (<https://www.adb.org/sites/default/files/linked-documents/41123-015-dc.pdf>); Ministry of Public Works and Transport (MPWT) and Ministry of Rural Development (MRD). 2018. *Cambodia: 2017 Annual Congress Reports and 2018 Annual Work Plans of MPWT and MRD*; MPWT. 2015. *Cambodia: Overview of the Transport Infrastructure Sector in the Kingdom of Cambodia*. 5th Ed.

<sup>2</sup> ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Grant to the Kingdom of Cambodia for the Rural Roads Improvement Project II*. Manila (Loan 3151-CAM).

<sup>3</sup> Government of Cambodia. 2013. *Rectangular Strategy for Growth, Employment, Equity and Efficiency: Phase III*. Phnom Penh.

<sup>4</sup> ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018*. Manila.

<sup>5</sup> ADB. 2017. *Country Operations Business Plan: Cambodia, 2018–2020*. Manila.

<sup>6</sup> ADB. 2017. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Kingdom of Cambodia for the Road Network Improvement Project*. Manila (Loan 3576-CAM).

<b>Development Partner</b>	<b>Project Name</b>	<b>Duration</b>	<b>Amount (\$ million)</b>
ADB	Provincial Roads Improvement Project–Additional Financing	2016–2018	6.0
ADB	Road Network Improvement Project	2018–2023	70.0
ADB–Australia	Primary Roads Restoration	1999–2006	68.0
ADB–OFID	GMS Cambodia Road Improvement	2002–2010	77.5
ADB–GOA	GMS Southern Coastal Corridor	2008–2013	18.7
ADB–GOA	Road Asset Management	2009–2013	10.8
ADB–KEXIM	GMS Northwest Provincial Roads Improvement	2009–2014	47.9
ADB–KEXIM–NDF	Rural Roads Improvement	2011–2016	68.6
ADB–KEXIM–AFD– Australia–NDF	Rural Roads Improvement II	2014–2020	192.7
KfW	Tertiary Roads Improvement	2005–2008	12.0
KfW	Roads Improvement	2008–2011	7.8
KfW	Rural Infrastructure Program III	2014–2016	4.8
KfW	Rural Infrastructure Program IV and V	2015–2018	24.0
JICA	Improvement of NR1, Phnom Penh–Neak Loeung	2003–2012	80.0
JICA	Construction of Neak Loeung Bridge	2011–2015	134.0
JICA	Rehabilitation of NR6, Kampong Cham–Chob	2001–2003	19.0
JICA	Rural Road Improvement Project in Steung Treng	2015–2017	0.9
China	Rehabilitation of NR76	2008–2012	52.0
China	Rehabilitation of NR62	2009–2012	52.6
China	Rehabilitation of NR57	2008–2012	42.0
China	Rehabilitation of NR62 and PR210	2009–2012	57.0
China	Construction of NR8	2007–2011	77.5
China	Reconstruction of NR78	2008–2011	55.0
China	Construction of Prek Tamaek Bridge	2007–2010	43.5
China	Construction of Prek Kdam Bridge	2007–2010	29.0
China	Rural Roads Improvement Project	2017–2019	14.0
KEXIM	Reconstruction of NR78	2008–2011	37.0
KEXIM	Rehabilitation of NR31, NR33, and PR117	2009–2012	35.0
Thailand	Rehabilitation of NR57	2007–2010	32.5
Viet Nam	Improvement of NR78	2007–2009	25.8
Viet Nam	Construction of Chrey Thom Bridge	2009–2011	22.7
World Bank	Provincial and Rural Infrastructure	2004–2011	16.6
World Bank	Road Asset Management	2009–2013	30.0
World Bank	Ketsana Emergency Reconstruction and Rehabilitation	2010–2014	40.0
World Bank	Road Asset Management II	2016–2022	60.0
World Bank	Southeast Asia Disaster Risk Management Project	2017–2022	60.0
<b>Rail Transport</b>			
ADB–OFID– Australia– Malaysia	GMS Rehabilitation of the Railway in Cambodia	2006–2013	141.6
<b>Air Transport</b>			
ADB	Siem Reap Airport	1996–2003	15.0
<b>Water Transport</b>			
JICA	Sihanoukville Port, Stage 1 and 2	2006–2012	38.0
JICA	Renovation of Sihanoukville Quay II	2006–2009	40.0
JICA	Sihanoukville East Port for Offshore Petroleum	2009–2015	67.0
China	New Phnom Penh Port	2010–2012	28.0

ADB = Asian Development Bank; JICA = Japan International Cooperation Agency; GMS = Greater Mekong Subregion; KEXIM = Export-Import Bank of Korea; NR = national road; OFID = OPEC Fund for International Development; PR = provincial road.

Source: Asian Development Bank.

## **B. Institutional Arrangements and Processes for Development Coordination**

3. ADB, the World Bank, and bilateral development partners regularly participate in the Infrastructure and Regional Integration Technical Working Group (IRITWG) meetings that began in

2006. The IRITWG provides a forum in which the government and development partners can establish and sustain a consensus on aid effectiveness principles. Through the IRITWG, arrangements for implementation of related policy initiatives can be identified, facilitated, and reviewed. Discussions and performance monitoring are also undertaken in the context of this working group, which is chaired by the Minister of Public Works and Transport. As a member of the IRITWG, ADB has played an effective role as catalyst and coordinator, creating platforms for coordination and cofinancing, mobilizing resources, and bringing together different stakeholders to achieve a consensus on policies and programs in the transport sector.

4. Stakeholder participation and consultation was undertaken during the feasibility study and project processing. Further discussions and consultations with relevant agencies and affected communities is being undertaken during project implementation.

### **C. Achievements and Issues**

5. ADB and other development partners have substantially contributed to improvements in Cambodia's transport sector. Progress has been made in increasing transport efficiency by reducing vehicle operating costs and travel times and enabling robust economic growth. Technical assistance projects have gradually contributed to better transport planning and policy making, aimed at improving efficiency and resource allocation, although some policies remain drafts. About 505 km of rural roads were successfully rehabilitated under RRIP funded by ADB, KEXIM, and NDF; while good progress was made in the rehabilitation of 1,200 km of rural roads in RRIP II financed by ADB, AFD, Government of Australia, KEXIM, and NDF. Traffic safety has gradually improved through loans and grants to support the government's National Road Safety Action Plan. The safety issue remains a challenge, however, and enforcement of the law is now essential and being implemented nationwide.

6. Despite these achievements, the transport sector still needs more institutional and sector development support, which is evident in (i) an incomplete national and regional transport policy and incomplete regulatory frameworks, as well as low institutional capacity; (ii) low private sector participation; (iii) incomplete and inefficient transport infrastructure networks, especially for provincial and rural roads, railways, and inland waterways, combined with the lack of intermodal transport; and (iv) lack of transport network sustainability caused by low maintenance capability, vehicle overloading, low climate change resilience, and poor traffic safety. The proposed project and other ADB-financed road projects will tackle these issues in a systematic way, in coordination with the technical assistance and transport projects financed by other key development partners.

### **D. Summary and Recommendations**

7. ADB should continue to support improvements to the rural road network because most rural roads are still in poor condition and not all-weather-accessible—only about 4.8% of rural roads were paved as of 2017. The provision of paved rural roads is an essential part of Cambodia's strategy for poverty reduction through better access to economic opportunities and services. The proposed project will contribute to Cambodia's economic growth and poverty reduction by providing all-year, all-weather access to rural communities. The project will improve not only the climate resilience of rural roads but also rural road asset management, road safety, and social matters such as gender equity promotion.