

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) is the lead partner in developing Cambodia's finance sector. The Third Financial Sector Program supports the government's efforts to promote a sound, market-oriented finance sector, enhance resource mobilization, and achieve sustainable economic growth. The table provides a summary of ongoing development projects and may be used as a reference to identify areas that require further attention.

Major Development Partners

Sectors and Themes	Development Partner	Project Name	Duration	Amount
Overall finance sector development	ADB	Third Financial Sector Program	December 2010– June 2014	\$45 million with CDTA for \$1.1 million in 2011
Public financial management	ADB	Public Financial Management for Rural Development Cluster Program	June 2006– December 2010	\$36.82 million
Private sector and trade	ADB	Promoting Economic Diversification Cluster Program	June 2007– December 2012	\$52 million
SME development	ADB	ACLEDA Bank PLC Promoting Financial Inclusion	December 2013– May 2016	\$75 million
Macroeconomic policy development	IMF	Technical Assistance for Monetary Policy Development and Off-Site Inspection of Banks (Resident advisor)	Ongoing	Not available
Development of the accounting and auditing profession	World Bank	Technical assistance to help improve the enforcement of accounting and auditing standards	2009–2010	Small TA
Review of legal framework, crisis preparedness, and IFRS accounting	World Bank/ First Initiative	Crisis Preparedness, Comprehensive Review and Strengthening of Legal Framework Surrounding the Financial Sector, Improving Accounting and Audit Practice	June 2011– June 2014	\$1.2 million
Arbitration center	IFC	Technical Assistance for Training of Founding Arbitrators	Ongoing	Small TA
Financial sector AML/CFT	Government of Australia	Technical support to strengthen the implementation of AML/CFT	Ongoing since 2005	Not available

ADB = Asian Development Bank, AML/CFT = anti-money laundering and combating the financing of terrorism, IFC = International Finance Corporation, IMF = International Monetary Fund, SME = small and medium-sized enterprises, TA = technical assistance.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

2. Assistance from multilateral and bilateral development partners other than ADB is coordinated by the executing agency, the National Bank of Cambodia (NBC), and the implementing agencies—the Ministry of Economy and Finance (MEF), Ministry of Commerce (MOC), and the Securities and Exchange Commission of Cambodia (SECC)—to maximize synergies and development results. MEF, MOC, NBC, and SECC will inform ADB during review missions of new projects or reform initiatives proposed by other development partners.

3. The third program cluster uses a program-based approach with greater focus on country ownership, including the use of a comprehensive program and budget framework, and promotion of development partner coordination. In implementing the third program reforms, ADB uses the definition given by the Organisation for Economic Co-operation and Development of program-based approaches, which includes the following features: (i) leadership by the host country or organization; (ii) a single comprehensive program and budget framework; (iii) a formal process for development coordination and harmonizing development partner procedures for reporting, budgeting, financial management, and procurement; and (iv) efforts to increase the use of local systems for program design and implementation, financial management, monitoring, and evaluation.

4. The government's adoption of the 10-year rolling Financial Sector Development Strategy (FSDS) for the finance sector provided it with long-term objectives to guide and shape medium-term policy design and implementation. Changes in the underlying policy environment necessitated an update of the FSDS, now known as the FSDS 2011–2020. Close consultation between the government, ADB, and other development partners strengthened the government's ownership and increased the potential for development partner buy-in.

C. Summary and Recommendations

5. The third program cluster is closely aligned with, and contributes to, the development outcomes of the FSDS 2011–2020. MEF, MOC, NBC, and SECC encourage the participation of other development partners in developing the finance sector.