

 Early Warning System

ADB-41392-023

Decentralized Public Service and Financial Management Sector
Development Program (Subprogram 2)



Quick Facts

Countries	Cambodia
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-08-18
Borrower	Royal Government of Cambodia
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 35.00 million
Project Cost (USD)	\$ 45.70 million



Project Description

In 2012, the ADB Board granted approval of the Decentralized Public Service and Financial Management (DPSFM) Sector Development Program, including a project loan for \$13.5 million and a \$24 million policy-based loan for subprogram 1 of the programmatic approach. The DPSFM aims to assist improved access to and coverage of basic public services. This will be achieved through an efficient system of intergovernmental fiscal relations.

The DPSFM is structured along a series of policy actions in seven major reform areas:

- a. Development and regular update of a gender-sensitive policy and regulatory framework for decentralization.
- b. Establishment of institutions for efficient coordination of sub-national democratic development policies.
- c. Definition of clear service delivery responsibilities of Sub-national Administrations (SNAs).
- d. Assignment of efficient tax and non-tax revenue sources to SNAs.
- e. Implementation of fiscal transfers that ensure comparable levels of service delivery across SNAs.
- f. Development of capacities for efficient decentralized public financial management.
- g. Design and implementation of accountability mechanisms for SNAs to their constituencies.

Submission to the ADB Board of the second subprogram of the Decentralized Public Service and Financial Management reform subprogram 2 (Loan 2886) is expected in September 2015. The second subprogram, for a total amount of \$35 million will equally include a policy-based loan and a project loan. The project loan component will aim to assist the establishment of the Sub-national Investment Fund, a grant mechanism for local infrastructure projects.

A recent mid-term review mission concluded that good reform progress has been achieved. Looking forward, further progress on functional decentralization, on expanding local revenue bases (with the assignment of tax-powers for Sub-national Administrations in particular) and overall capacity development of sub-national administrations (including the implementation of social accountability mechanisms) rank as the top reform priorities.



Investment Description

- Asian Development Bank (ADB)

Government US\$ 10.7 million



Contact Information

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Bank Documents

- Decentralized Public Service and Financial Management Sector Development Program (Subprogram 2): Gen [Original Source]
- Decentralized Public Service and Financial Management Sector Development Program (Subprogram 2): Pro [Original Source]
- Decentralized Public Service and Financial Management Sector Development Program (Subprogram 2): Pro [Original Source]
- Decentralized Public Service and Financial Management Sector Development Program (Subprogram 2): Rep [Original Source]
- Loan Agreement (Special Operations) for Loan 3414-CAM: Decentralized Public Service and Financial Ma [Original Source]
- Loan Agreement (Special Operations) for Loan 3415-CAM: Decentralized Public Service and Financial Ma [Original Source]
- Project Disclosure PDF