



Conducting an Assessment of Development Finance in Cambodia

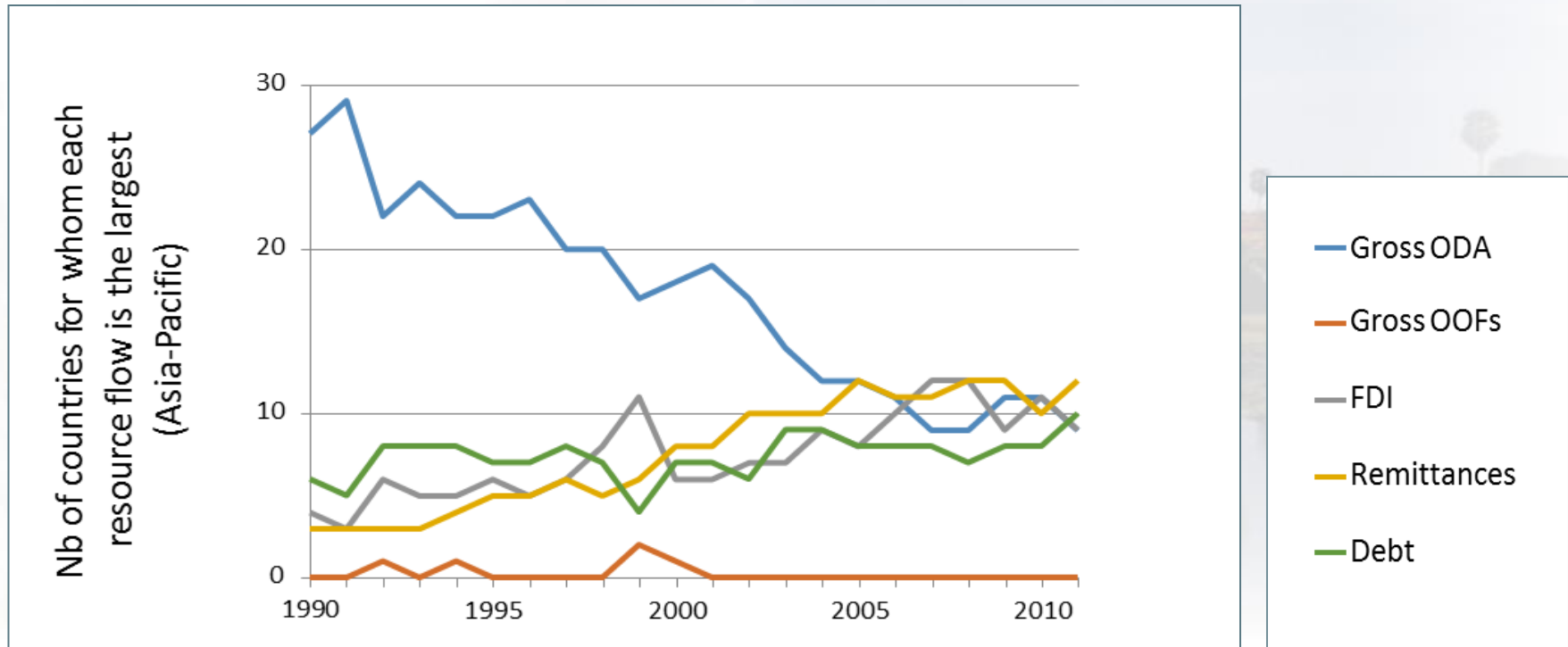
Concept Note

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Overview

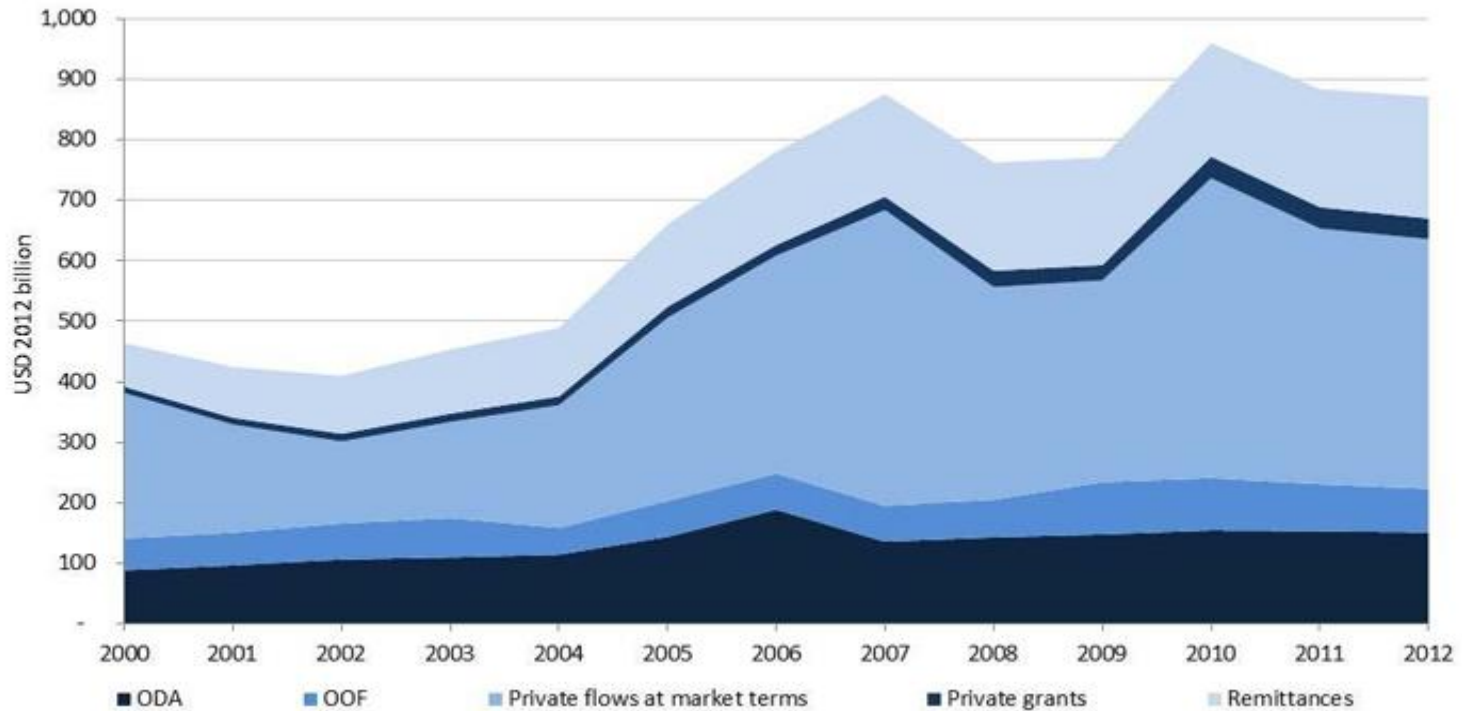
What are the sources of external development finance beyond ODA?



Source: UNDP, Asia-Pacific Development Effectiveness Report, 2014

Overview

Financial Flows to Developing Countries 2000-2012



What DFA?

Institutional Framework for Mobilizing and Managing Development Finance at National Level

Development Finance Assessment: A tool to assist government to work towards

- Integrated National Financing Framework
- Mobilize the capacities to implement the national development and result framework through result orientation, evidence-based policies, and sound institutional solutions

Institutional Framework for Mobilizing and Managing Development Finance at National Level

More than a study, a tool to promote dialogue on policy and institutional reforms

Linking finance with result ⇒ Financing for Result

Policy coherence across different flows and in respect to national priorities

Why DFA in Cambodia?

An evolving development landscape

- Transition from LIC to LMIC: changes in modality of support
- Industrial Development Policy (IDP)
- Global 2030 development agenda and its Localization: seek for alternative sources of development finance beyond ODA
- Financing for Development: Addis Ababa Action Agenda
- A Tool to Manage Complexity: management of multiple sources of development finance

Understanding resource availability and diversity

(with the focus on aid)

Attain LMIC status, still classified as LDC

→ ODA still plays a relative significant role, trade privileges,
access to concessional finance

→ China-led Asian Infrastructure Investment Bank &
Climate Change Finance

→ begin to understand and analyse complementary finance
flows and resource availability and diversity is significant.

Overview of Development Finance Sources

	Public	Private
Domestic	<ul style="list-style-type: none">Tax revenuesNon-tax revenues (licences, fees)Natural resource revenues/royaltiesPublic-Private PartnershipsBorrowing (domestic)Wealth Funds	<ul style="list-style-type: none">Domestic investmentBank lending (private borrowing)Equity marketsLocal NGOsCorporate social responsibility (CSR)
External	<ul style="list-style-type: none">ODA grants & loans (incl climate)Other Official Flows (OOFs)Public borrowing (non-concessional)South-South CooperationInternational NGOs	<ul style="list-style-type: none">Foreign Direct Investment (FDI)RemittancesPrivate borrowing from abroadPhilanthropy / CSRImpact bonds and investing

Purpose of Development Finance Assessment

- a) **Map** the finance flows to Cambodia
- b) **Identify** new and innovative development finance sources that may support development
- c) **Link** future priorities to likely future resource flows
- d) **Identify** institutional, partnership and capacity gaps that impact on resource management
- e) **Inform** RGC's future resource mobilisation strategy
- f) **Guide** the management of all development finance to achieve development results

Process of DFA

- A sequence of DFA processes:

	Step	Activity
1	Decision and planning	Concept note
2	Institutional arrangements	Management Arrangement established
3	DFA assessment	Preliminary findings
4	DFA validation	Draft report
5	Follow-up action	Final report and implementing roadmap

- The work will be taken forward in mid-2016 under the management of CRDB/CDC

Methodology

- **Data collection:**
 - Collection of financial data of all resource flows
 - Scenarios for future resource mobilisation-focusing on the next decade and beyond
 - Policy and institutional analysis for each flow
 - Standardized assessment for each flow
 - Cambodia's development priorities and regional comparative data on development finance trends
- **Data analysis:** Flow analysis

General Structure of DFA Report

Framework of linking resource with result:

- Social, economic, and political contexts
- Domestic and external finance
- Main policy options
- Projections for selected flows
- Scenario analysis
- Roadmap for implementation



Thank for your kind attention!