

Joint Programme Document

A. COVER PAGE

1. Fund Name: Joint SDG Fund

2. MPTFO Project Reference Number

3. Joint programme title: Integrated National Financing Framework (INFF) to Catalyze Blended Finance for Transformative CSDG Achievement

4. Short title: INFF for CSDG achievement

5. Country and region Cambodia

6. Resident Coordinator Ms. Pauline Tamesis / pauline.tamesis@un.org

7. UN Joint programme focal point:

RCO – Ms. Naeun Choi, RCO Cambodia, naeun.choi@un.org

Lead agency - Mr. Richard Marshall, UNDP, richard.marshall@undp.org

8. Government Joint Programme focal point:

H.E. Ros Seilava, Under-Secretary of State, Ministry of Economy and Finance, rseilava@yahoo.com

9. Short description:

This project sets out an ambitious agenda to build a high quality, demand-driven financing framework for Cambodia (in line with the INFF concept developed globally), enabling the expansion of development resources in order to accelerate achievement of the CSDGs. The underlying rationale being Cambodia's need to grow fiscal space and non-traditional sources of finance.

The Government's priorities are to move the policy and legislative agenda towards: (i) the identification and attraction of new sustainable sources of finance; (ii) the maintenance and boosting of existing flows to counterbalance the loss of ODA and meet new demands; and (iii) use of data enhancements, budget and financial flow tracking to inform the progress of the CSDGs and development targets. The expected results of the JP are the delivery of a Cambodian Financing Framework (based on the INFF) and increased development resources, delivered via three facilities: (i) establishment of an evidence base on finance sources; (ii) policy and technical advisory; and (iii) data for performance-based budgeting (PBB) and CSDG resource tracking. These three facilities will drive the expansion of resources through *what/ where/ why-type* activities. Critical outputs of the joint project are: publication of a new Development Finance Assessment (the DFA 2), a series of deep-dive studies into regulatory and policy changes, innovations in capital flows, the linking of CSDG targets and data to Budget Strategic Plans (BSP) including the plugging of data gaps, and developing new instruments for monitor the progress of the CSDG financing.

10. Keywords: Cambodia, CSDGs, SDGs, INFF, finance

11. Overview of budget

Joint SDG Fund contribution	USD 743,650.00
Co-funding UNDP	USD 160,000.00
Co-funding UNCDF	USD 55,000
TOTAL	USD 958,650.00

12. Timeframe:

Start date	End date	Duration (in months)
1 June 2020	31 May 2022	24 months

13. Gender Marker: Gender marker 1

14. Participating UN Organizations (PUNO) and Partners:

14.1 PUNO

- Convening agency: Richard Marshall, UNDP, richard.marshall@undp.org
- Other PUNO: Paul Martin, UNCDF, paul.martin@uncdf.org

14.2 Partners

- National authorities:
 - Ministry of Economy and Finance: H.E. Ros Seilava, Secretary of State
 - Council for the Development of Cambodia: H.E. Rith Vuthy, Deputy Secretary General
 - Ministry of Planning: H.E. Theng Pagnathun, Director General and Delegate of the Government
- Private sector:
 - Mr. Jon McGinley, Managing Partner, Mekong Strategic Partners, Cambodia
 - Kornkamol Thavisin, TRIS Rating Co Ltd, Thailand
- International Financial Institutions:
 - IMF: Mr Yasuhisa Ojima, Resident Representative, Yojima@imf.org
 - World Bank: Public Sector Finance Manager, Mr. Maxwell Bruku Dapaah, mdapaah@worldbank.org
 - ADB: Mr. Alfredo Perdiguero, Director Regional Cooperation and Operations, gms@adb.org.

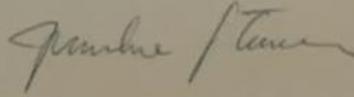
SIGNATURE PAGE

Resident Coordinator

Ms. Pauline Tamesis

Date: 30-Mar-2020

Signature:



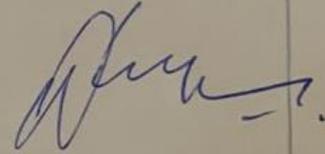
**National
Coordinating
Authority**

**Ministry of Economy
and Finance**

H.E. Ros Seilava
Secretary of State

Date and signature:

12-06-2020



Participating UN Organization (lead/convening)

UNDP
Mr. Nick Beresford, Resident Representative

Date: 29-Mar-2020

Signature:

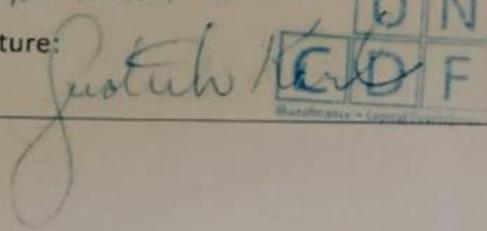
Nick Beresford

Participating UN Organization

UNCDF
Ms. Judith Karl, Executive Secretary

Date: 10 March 2020

Signature:



B. STRATEGIC FRAMEWORK

1. Call for Concept Notes: SDG Financing (2/2019) – Component 1

2. Programme Outcome [pre-selected]

- Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

3. UNDAF Outcomes and Outputs

3.1 Outcomes

- Outcome 2: By 2023, women and men in Cambodia, in particular the marginalized and vulnerable, benefit from expanded opportunities for decent work and technological innovations, and participate in a growing, more productive and competitive economy, which is also fairer and environmentally sustainable.

3.2 Sub-outcomes

- Sub-outcome 2.2: Public institutions, businesses and entrepreneurs drive improved economic productivity and competitiveness, greater innovation, adoption of new technology and resilience to shocks.
- Sub-outcome 2.3: Social norms, policies, laws and institutions promote economic inclusion, especially of women, people with disabilities, women and men living in remote areas and the extreme poor.

4. SDG Targets directly addressed by the Joint Programme

3.1 List of goals and targets

- SDG 17 - Partnerships to achieve the Goal
 - 17.1. Strengthen domestic resource mobilization, including through international support to developing countries to improve domestic capacity for tax and other revenue collection
 - 17.3. Mobilize additional financial resources for developing countries from multiple sources
 - 17.4. Assist developing countries to attain long-term debt sustainability
 - 17.5. Implement investment promotion regimes for least developed countries
 - 17.13. Enhance global macroeconomic stability, including through policy coordination and policy coherence.
 - 17.14. Enhance policy coherence for sustainable development
 - 17.15. Respect each country's approach to poverty eradication and development
 - 17.16. Enhance the global partnership for sustainable development
 - 17.18. By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts
- SDG 8 – Decent work and economic growth
 - 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries

- SDG 10 - Reduced inequality
 - 10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations
 - 10.b. Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes
 - 10.c. By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 percent.

3.2 Expected SDG impact

By unlocking public and private finance to accelerate the SDG implementation, the UNJP is expected to contribute to the achievement of the SDGs as a whole. It will provide both strategic direction and deliver new sources of finance. The systems and data component will enhance informed decision-making on SDG-related investments as well as improve cost effectiveness in SDG implementation.

5. Relevant objective(s) from the national SDG framework

The SDGs are codified into the Cambodian context via the Cambodia SDGs (CSDGs) of which the goals and targets mirroring those of the SDGs (noting however Cambodia added and additional goal (SDG18) in respect of demining and uses a smaller set of (88) targets. In this regard, the UNJP will specifically contribute to the same set of the goals as in the SDGs, namely SDGs 17, 8, and 10.

6. Brief overview of the Theory of Change of the Joint programme

The Theory of Change (ToC) utilizes the UNDESA INFF concept as a template for building innovative and sustainable arrangements to exploit new sources of finance and maximize existing ones. It achieves this by taking a strategic approach to expansion of the resource base through the optimization of capital flows and enhancing the efficiency of budget execution through establishment of three linking facilities that follow the logic of the INFF model. The ToC results chain applies a systems approach that builds on the foundation of data provided by DFA 2.0 to establish three facilities that increase fiscal space and the capital resource base.

A series of high-level policy, regulatory and advisory activities co-implemented with government will create ownership to generate critical and useable policy and regulatory outputs. The ToC additionally relies on both endogenous and exogenous assumptions, since the ToC intersects at activity level with domestic, regional and global capital markets. However, the assumptions have been scoped and honed towards finance risks and do not offer a broad array of generalized assumptions as the ToC is a demand driven product.

7. Trans-boundary and/or regional issues

The diagnostics that will be undertaken by this JP in component 1 have direct and indirect links to transboundary financial flows and the expanding availability of innovative transnational financial products. In parallel the diagnostics will connect to ASEAN in terms of policy excellence and harmonization that support Cambodia's commitments to the ASEAN Economic Community (AEC).

Within the sphere of ASEAN capital market integration, advancements have been made in Cambodia to align with to the AEC blueprint. However, much remains to be done especially in the context of government policy and legislation that will assist to remove current integration bottlenecks examples include: (i) sub national authorities and municipalities cannot access capital markets; and (ii) the opening of the long term government bond market (domestic and ASEAN) and stock exchange connectivity.

The ASEAN Capital Markets Forum is the official body that has been mandated to develop a deep, liquid and integrated regional capital market to meet the objectives of the ASEAN Economic Community (AEC) Blueprint 2015. The current ACMF Vision 2025 sets out a series of priority actions, which this JP will assist Cambodia to address. Deep-dive studies, direct consultative interactions and alignment of output policy will be geared towards the following:

- Key Priority 1: Improve regional market infrastructure and connectivity
- Key Priority 2: Drive more cohesiveness in regulations and practices
- Key Priority 3: Promote ASEAN asset classes

Specifically, the JP will assist the government to:

- Align regulations and practices in critical financing areas as defined by the DFA
- Provide the government with a competence to work with the new ASEAN asset classes in relation to bonds
- Support the development of the sub-decree on government securities to implement the Law on Government Securities (2007).

C. JOINT PROGRAMME DESCRIPTION

1. Baseline and Situation Analysis

1.1 Problem statement

Cambodia is embarked on an ambitious growth strategy, targeting graduation from LDC status by 2027, seeking upper middle-income status by 2030 and high-income status by 2050. This aspiration is built on robust annual economic growth (of approximately 7% headline and 5.5 % per capita) rooted in trade and capital account openness (and in turn high levels of exports and FDI). This has been supported by prudent management of the economy, which has ensured that Cambodia does not face debt sustainability issues, preferring to use concessional loans as its main debt financing tool. The IMF, in its most recent Article IV review, highlights positive developmental (including SDG) progress based on macro-economic stability and on-going structural reforms.

Nevertheless, a series of real economy challenges remain. These include a faltering structural transformation, with limited advancement towards higher value-added industries. World Bank data has also shown that economic growth is narrow, being too dependent on garments, tourism, construction and real estate. Moreover, productivity improvements within the leading sectors such as garments and other manufactures, are disappointing. Further looming challenges for Cambodia's economy include the rapidly slowing global economy (due to fears over the Covid-19 virus), the forthcoming partial loss of EU trade preferences, and vulnerabilities in the financial sector due to the expansion of private credit.

Evidence on Cambodia's SDG performance is very mixed. Cambodia's Voluntary National Review (2019 VNR) suggested the country was on or above track on a majority of the SDG targets. Nevertheless, echoing earlier 2017 UNSD-led assessment, the VNR also reported a considerable amount of missing data. The SDG Dashboard published by the non-governmental Sustainable Development Solutions Network (SDSN)¹ is much less positive, finding that goal-level progress varies (with several off-track indicators), and suggests that Cambodia is lagging others in the region.

Achievement of the SDGs and meeting of the Government's economic aspirations will require substantial, prioritized and predictable investments - especially in improving access to and quality of education, health, and infrastructure (IMF Art IV, 2019). The UNDP-supported Development Finance Assessment (DFA 2017) suggested that ODA will fall significantly from 4.2% (2015) to 2.3% of GDP (2025), while FDI is projected to remain at approximately 10% of GDP (hence they will continue to grow in line with the economy). Domestic public resources, also given by the Government's Resource Mobilization Strategy (RMS) are expected to grow further to above 20.0% of GDP and remittances are expected to more than double from 2.2% to 5.0% of GDP, in the same time period. The financing mix is therefore in flux, and at the same time, public expectations are also growing. The IMF's most recent Article IV review reiterates the extent of the issues faced in delivering resource to reach SDG targets in health, education and infrastructure, and in removing constraints to growth.

Finding additional public sector development resources is essential. Nevertheless, these and declining ODA will not be able to wholly address Cambodia's financing needs. New blended (public/private) investment and private sector finance are also needed. Issues include: (i) maintaining Cambodia's current level of FDI flows and influencing these to deliver SDG

¹ See <https://dashboards.sdgindex.org/#/KHM>

priorities; (ii) facilitating growth in remittance inflows, which remain below expectations; (iii) enabling greater use of blended capital, via Public Private Partnerships (PPPs) or impact investments; and (iv) delivering new channels of public borrowing, domestically via Riel bonds or tapping into new trans-national financial products within ASEAN+3.

An important starting point is the need for more reliable evidence on capital flows to supplement the existing DFA 2017. Noting that: (i) the assessment did not consider ASEAN flows separately; (ii) nor did it recognize future public borrowing channel, yet RGC has committed to these in the medium term; and (iii) the level of concessionality within official loans is not explored (which will inevitably worsen as Cambodia GDP per capita grows further).

A lack of systems, data and analytical tools, crucial to decision-making, are critical gaps for accelerating CSDG delivery in Cambodia. No discernable integrated national financing framework (INFF) exists, and progress towards building the associated systems is limited. Nevertheless, Government has signed-off on a national SDG framework (*the CSDGs*) and made commitments to link this to the budget framework via the inclusion of CSDG indicators within Budget Strategic Plans (BSPs). The government also maintains a Resource Mobilization Strategy (RMS) covering fees and taxes and is working on options for delivering new capital resources (PPPs and borrowing).

Against this backdrop, the practical way forward, as offered by this JP, is to build capacities and strengthen systems to inform CSDG investment decision making by providing a formative INFF. This would include: working on the evidence base on capital flows; offering practical guidance on the key capital flows to be expanded; developing new pathways for management of flows; and working to link CSDG data to performance-based budgeting (via BSPs) and enabling the tracking of budgets and expenditures to SDG and policy objectives via enhancements to the financial information management system.

1.2 SDGs and targets

The Joint Programme (UNJP) will directly contribute to SDG 17 (Partnerships to achieve the Goal), SDG 8 (Decent work and economic growth), and SDG 10 (Reduced inequality), which in turn will contribute to accelerating the achievement of all SDGs. Hence, enabling higher public sector resources, and improved budget and investment management.

The SDGs are an articulation of the world's most pressing development issues, and as such, act as a globally agreed sustainability framework. They are codified into the Cambodian context via the Cambodia SDGs (CSDGs) of which the goals and targets largely mirror those of the SDG. The interlinkages and the granularity of the CSDGs helps the government, project developers and investors to more clearly articulate how they are applying environmental, social, and governance topics to their investment decision making and engagement. It further supports public and private investors in understanding the sustainability trends relevant to investment activity and their fiduciary duties.

The UNJP conducted a mapping exercise of the relevant SDG targets and available Cambodia SDG indicators and baselines (see Table 1). The mapping identified that only five targets possess CSDGs indicators and baseline data among which half are not relevant for measuring the progress of the UNJP. As a result, the project will conduct a joint baseline study with the government during the inception stage of the project. This will be an opportunity to identify additional indicators, targets, and baselines, complementing the identified CSDG targets, to measure overall progress of the UNJP, and development of the INFF and innovative financing facilities (developed under the UNJP). Progress will be monitored at least on an annual basis under the leadership of UNDP as the lead agency.

Table 1 Mapping of SDG 17, 8, 10 targets and available CSDGs indicators/baseline relevant to the UNJP in three tiers².

SDG Targets	CSDGs Indicators	Baseline
Tier 1		
17.1. Strengthen domestic resource mobilization, including through international support to developing countries to improve domestic capacity for tax and other revenue collection	Not available	Not available
17.3. Mobilize additional financial resources for developing countries from multiple sources	17.3.1 Official development assistance as % GDP (unit: % of GDP)	5.74 (2018)
17.4. Assist developing countries to attain long-term debt sustainability	Not available	Not available
8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	8.1.1 Annual growth rate of real GDP per capita (unit: %)	8.54% (2018)
10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations	Not available	Not available
10.b. Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes.	10.b.1 Total ODA for Cambodia (unit: million USD)	USD 1,412.9 (2018)
10.c. By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent	Not available	Not available
Tier 2		
17.5. Implement investment promotion regimes for least developed countries	Not available	Not available
17.13. Enhance global macroeconomic stability, including through policy coordination and policy coherence.	Not available	Not available
17.15. Respect each country's approach to poverty eradication and development	Not available	Not available
17.16. Enhance the global partnership for sustainable development	Not available	Not available
Tier 3		
17.14. Enhance policy coherence for sustainable development	Not available	Not available
17.18. By 2020, enhance capacity-building support to developing countries, including for least	17.18.1 Proportion of sustainable development indicators produced	94 (2018)

² [UNSTAT](#) proposes three tiers based on their level of methodological development and the availability of data at the global level, as follows: 1) Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced by countries for at least 50 per cent of countries and of the population in every region where the indicator is relevant; 2) Indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries; and 3) No internationally established methodology or standards are yet available for the indicator, but methodology/standards are being (or will be) developed or tested.

developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts	at the national level with full disaggregation when relevant to the target, in accordance with the Fundamental Principles of Official Statistics (unit: number of indicators)	
	17.18.2 Number of countries that have national statistical legislation that complies with the Fundamental Principles of Official Statistics (unit: %)	0.2 (2015)

The CSDGs are a powerful and visible set of flags around which public and private sector actors in Cambodia can gather to learn a common language for a systemic change. Improved communication, complemented by better quality of data on the consequences of choices made in the past, will lead to a better understanding and better investment decisions for the future of Cambodia.

1.3 Stakeholder mapping and target groups

In process of preparing this UNJP, discussions with the Supreme National Economic Council (SNEC) allowed the government to highlight critical development financing issues that the country is facing. Underlying these issues includes the progressive decline in concessional finance and the availability of grant in aid, and a move to blended ODA (concessional and non-concessional loans), linked to project and policy implementation. Cambodia by and large has effectively used grant-based ODA and loans and recurrent budget surpluses to fund capital development projects ranging from large infrastructure investments such as trunk roads, bridges and energy production and distribution to small scale projects for rural communities. Noting also however, that enormous needs remain.

Government recognizes the impending loss of free capital (ODA grants) and a longer term reduction in concessional loans, alongside growing citizen expectations and SDG commitments. During PUNO consultations, the government specifically articulated an understanding of the associated SDG funding gaps. Questions that are being asked of this proposal by senior advisors of the SNEC reaffirm the issues identified in the problem statement, as follows:

- How can the SDG financing problem be solved? – suggesting where to prioritize investment and the development of a clear financing vision for the SDGs achievement.
- The maintenance of a stable macro-economic environment and its future transition to meet new demands and address emerging factors.
- The RGC seeks innovative and sustainable financing models to implement a medium-term capital programme budget so that investments assure long-term growth prospects.
- Build internal fiscal capacity to withstand exogenous shocks that may stifle growth. In addition, the RGC needs to develop absorption capabilities that can address negative economic trends associated with global downturns and other crises.
- Create an environment and mechanisms that facilitate the adoption of an enhanced sophisticated approach to fast-track structural change for sustainable and inclusive economic diversification.

- The development of a coherent system to support the monitoring of the CSDGs and its associated sector targets that needs be matched closely to the SDG commitments.

Based on the strategic guidance provided by SNEC, the UNJP will engage with the following stakeholders for implementation:

Ministry of Economy and Finance (MEF)

The MEF will be the key government counterpart for the UNJP. The functional mandate of MEF is to implement and contribute to the government's economic and financial policy. The main responsibilities of the ministry are the establishment of the country's uniform financial system, preparation and implementation of the national budget, distribution and redistribution of the total national revenues, inspection of the public finances, and monitoring of the government's economic and financial policies. As the government entity that owns the mandate for finance the INFF fits suitably within their policy portfolio. UNCDF in Cambodia is formally engaged with the MEF through a long-term MoU that adequately covers the project cycle. UNDP is also developing an MOU with MEF covering several functional areas: bond issuance, macro policy support, energy policy support, GDP-rebasing, social protection reform, and Industry 4.0.

Ministry of Planning (MOP)

MOP is responsible for medium-term indicative planning in Cambodia, delivered via the General Directorate of Planning (GDP). The Ministry is responsible for the National Strategic Development Plan (NSDP), which serves as the main planning tool, translating the Rectangular Strategy (RS) to the operational planning and budget level³. Linked to the NSDP MOP also develops the Public Investment Plan (PIP) an aspirational list of ranked desired capital projects seeking funding from ODA and other sources. MOP is responsible for crafting and monitoring/ reporting on the Cambodia Sustainable Goals (CSDGs), which like the global goals, run to 2030.

The Council for the Development of Cambodia (CDC)

CDC is a strategic RGC agency (with ministry status) charged with overseeing the longer-term capital development of the Cambodia. It has two arms the Cambodia Rehabilitation and Development Board (CRDB) responsible monitoring ODA and capital flows; and the Cambodia Investment Board (CIB) responsible for promoting and implementing Cambodia's Industrial Development Policy (IDP). Crucially CDC was initially the lead actor for the Cambodia DFA, and remains an important decision-maker and data provider in the field of capital flows.

International Financial Institutions (IFIs)

A considerable amount of research related to development financing has been undertaken in-country and within ASEAN. These studies include IMF Article IV (2019) and IMF Fiscal Policy and Development: Human, Social, and Physical Investment for the SDGs the World Bank's regular Cambodia Economic Update (CEU) and ADB's ASEAN Bond Market series. The UNJP will collaborate closely with the IFIs (IMF, the World Bank, and the Asian Development Bank) from the onset of the project, given their importance to several important ongoing workstreams. This will include consolidating the existing development finance diagnostics, consulting on the proposed Integrated Financing Framework and supporting strategy, particularly related to unlocking public and private finance and creating synergies in strengthening CSDG and policy-based monitoring of expenditure and flows.

³ Noting that the RS is developed by SNEC and attributed to the Prime Minister, as the socio-economic platform of the administration

Other partners

The UNJP will also engage with DPs supporting non-UN initiatives, notably those engaged in the World Bank/ Government Public Financial Management Reform Programme (PFMRP). This includes the Australian Government's Department for Foreign Affairs and Trade (DFAT) and the European Union (EU). The project will seek to facilitate this engagement via regular reports to the relevant RGC/ DP Technical Working Group (TWG).

We will also engage with key private sector players - the major commercial banks and microfinance institutions (MFIs) and their representative bodies, as well as business associations (CAMFEBA and other chambers of commerce). Noting, that several of these actors have already been consulted during prior research efforts.

Third, we will seek to draw in other relevant line ministries, relevant think tanks, most significantly the Cambodia Development Resource Institute (CDRI).

2. Programme Strategy

2.1. Overall strategy

The proposed JP supports the progressive development of the financing framework and supporting systems, consistent with best practice given by the UNDESA INFF guidelines. It does this through various research studies and diagnostics, policy dialogues, technical support, for innovations and enhanced financial data compilation and interpretation to set the policy agenda. Its inception is timely as it comes at a specific juncture in terms of the government's deliberations concerning declining ODA receipts and the potential impact of movement towards Upper MIC status and LDC graduation.

The key final outcome, an improved financing framework (based on INFF standards), will be formed by building on and linking to existing policy inputs and structures - with the aim of providing transformational solutions to Cambodia's SDG financing challenges. It will be informed by the Rectangular Strategy and National Strategic Development Plan. The financing strategy will identify new forms of finance and the potential for acceleration of existing flows as revealed through the proposed diagnostic exercises and research. Critical to this will be the advancement of public policy dialogues on the utilization of debt finance, other financing instruments and the greater use of PPPs and impact finance.

The outputs from the intervention will contribute to the expansion of the development resources base through measures to address three critical constraints; (i) building tools and regulatory arrangements related to capital markets, (ii) analysis of capital flows and identification of areas of growth potential; and (iii) better utilization and matching of CSDG and financial data to drive decision-making. The outcome will be to deliver a step change in the public and private sector resources available for investments that spur SDG acceleration.

The UN has supported the government and convened the development partners in Cambodia to form an active coalition to meet the challenges of the 2030 Agenda in the context of finance, implementation and monitoring. The UN as a neutral actor has gained the confidence and boasts a broad partnership with the Government. This capped with an annual review and futures dialogue with the Prime Minister and his cabinet. The UN is the government's development partner of choice, especially in relation to the SDG commitments, policy advisory, reporting and SDG-focused interventions and accelerators. This UNJP allows the UN

to extend its policy and technical support for the RGC to include key financing questions including on strategy, on new instruments and the use of data in management. A key facet is the linking of the CSDGs to the RS, NSDP and the budget, with the UNJP providing a framework to better manage and source new development resources.

While these areas of work have generally been the preserve of the IFIs, limited progress has been made to augment the development finance architecture to support smooth graduation of LDC status and take a broader developmental view. Linking financing directly to the medium-term goals set out in the RS and NSDP and the longer-term policy objectives articulated by the CSDGs offers real value. RGC through SNEC have requested assistance in this area and view this JP as a critical demand driven input to support the resolution of the challenges faced. It is also important to re-iterate, however, that the project will build on the partnerships UNCDF and UNDP have established with the IFIs (through past projects and cooperation) and engage them fully in developing the financing framework and the various resource instruments.

The UNJP is based on technical dialogue with MEF and SNEC and will directly assist ongoing efforts to identify new sources of finance, increase flows available to the public sector, maximize and influence FDI, and contribute to better management of the public budget and inflows through improved use of data. Although the UNDAF does not directly address public sector nor SDG financing, strong linkages can be found between the national policy agenda and the Common Country Assessment (which form the basis of UNDAF).

The main government counterparts will be MEF and MOP, and CDC serving as supporting partners. Proposed activities will be initiated and developed in co-partnership with MEF's relevant General Departments namely, General Departments of Policy, Budget, Customs, Taxation, National Treasury, and Financial Industry. The secondary government counterparts include the Cambodia Rehabilitation and Development Board (CRDB) within CDC, and the General Directorate of Planning (GDP) within MOP.

As noted above, this project will be rooted in supporting Cambodia ability to maximize and better manage capital flows to deliver the its development objectives (given in the Vision 2050 and Rectangular Strategy Phase IV) and to meet the Cambodia SDGs. This includes ensuring equity in public service provision and social and economic opportunities and ensuring that no population groups are left behind. Securing inclusion will be hardwired within the project by providing (where possible) disaggregated information and analysis and taking (where appropriate) targeted actions.

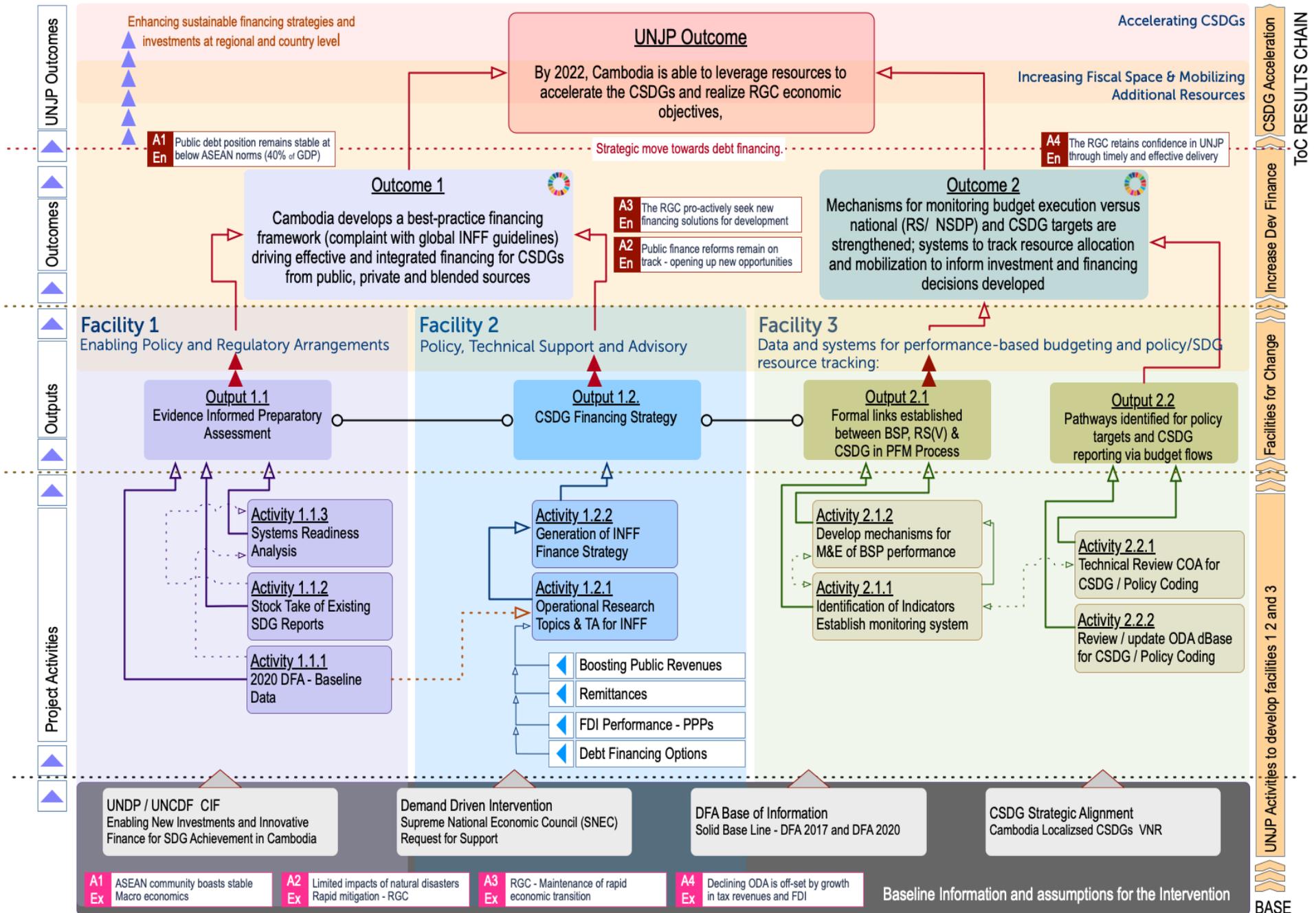
A key consideration is gender equity in resourcing and financing. While remarkable progress has been achieved, notably with establishment of the Ministry of Women's Affairs and its championing of budget allocations to support gender equality, large inequalities in resourcing are likely to remain. The project will mainstream gender building on the experiences of UNDP's Leading the Way for Gender Equality (LWGE) project. This is specifically within Facility 3 "data and systems for performance-based budgeting and policy and SDG resource tracking". Additionally, the UNJP will facilitate representation from MoWA to provide inputs to other areas of activity.

Outputs will form the KPIs of the intervention. These will contribute to two intermediate outcome areas and the project final outcome. In addition, for the project to drive new policy solutions to increase and open up new inflows of capital and enhance data quality and its translation, it is anticipated that a new cross sector dialogue group will be established, as part of wider efforts dedicated to SDG financing. This working group will be integrated with one of the 19 sector-based Technical Working Groups (TWGs).

2.2 Theory of Change

As noted, the JP's Theory of Change (ToC) utilizes the global INFF concept as a template for building arrangements to exploit new sources and maximize existing source of finance to support the acceleration of the CSDGs. This will be achieved by the development of three facilities: (i) policy, regulatory arrangements to support the RGC access domestic, regional and eventually international capital markets; (ii) policy, analytical and technical support to boost capital flow growth potentials as identified by DFA2 using innovative financial instruments; (iii) translation of data to policy and investment decisions. These three facilities (refer to graphic), in combination will help build a conducive environment that enables the RCG to transition to better prioritizing and targeting investments towards the SDG and RS targets using innovative solutions. It is underlined that the JP uses a mixture of analytical inputs (the DFA and deep-dive studies) and direct TA and support (capacity building e.g. TIWB placements; roll-out of new facilities e.g. bond issuance, set up of impact funds; and institutional reforms/ actions – crafting an INFF Strategy and remittance management arrangements).

Figure 1. TOC diagram



The trigger for the UNJP was a direct request from MEF and SNEC to support expansion of fiscal space and resources for development. Underpinning this is a baseline position, where Cambodia lacks the architecture, the sources of finance and management tools, to enable government targets, the CSDGs and growing expectations, to be fully met. While key building blocks are in place, the current approach is ad hoc and fragmented.

The ToC results chain applies a systems approach that builds on the foundation provided by the DFA 2.0 to establish three facilities. The development of these facilities will be dependent on: (i) effective co-working with MEF and other RGC partners; (ii) high quality external inputs that emphasize the capability of the UNCT to engage in this innovative JP; and (iii) partnerships with the IFIs. These relationships form part of the operational assumptions.

Facility 1 Establishment of evidence base /diagnostics – the purpose being to gather data and information and carry out assessments and analysis to enable development of an INFF-based architecture and new financial instruments to be utilized. An evidence-based assessment will be conducted that identifies resource and institutional gaps that brings together key RGC and DP documents and policy briefs under a single resource. The main activities will include: (i) preparation of the DFA2 (an enhanced version of the 2017 DFA); and (ii) a stock take and gap analysis, providing an inventory of related policy and policy briefs (especially including: UNCDF’s and ADB’s separate work on PPPs; the World Bank’s PFM project reviews; several mission reports on bond issuance; and the EU’s initial report, and UNDP’s later review of LDC graduation issues).

Facility 2 Policy and Technical Advisory – The purpose being to boost growth of capital flow and public revenues potentials as identified in the Facility 1. This will be conducted through the commissioning of a series of deep-dive studies that will include associated benefits analysis to enable the consideration and introduction of new financial instruments. The commissioned studies will be co-implemented by the PUNOs and MEF and include: (i) boosting of public revenues; (ii) debt financing for development; (iii) extension of blended financial models to fill infrastructure finance gaps to accelerate CSDG and the RS; and (iv) maximizing and deploying remittances as development finance inputs. Several of these deep-dive studies will include TA for the establishment and roll-out of innovative sources.

The UNJP will mainstream gender aspects and parity within all studies for example, potential for an ASEAN gender asset class, blending finance for infrastructure to drive women’s empowerment and analyzing remittances through a gender lens. The outputs from these studies will in part be translated into policy and or regulatory briefs and contribute to informing dialogues and policy and regulatory measures thus providing the critical components of a new development financing architecture that articulates the UNSG SDG financing strategy and the decade of action declaration.

The consolidating outcome will be an INFF-compliant financing strategy that will be formulated using a mix of materials from facility 1 and will necessarily include the findings from these deep-dive studies. The finance strategy is intended to be approved as a definitive government policy blueprint for development finance futures post-graduation.

Facility 3: Data and systems for performance-based budgeting and policy/ SDG resource tracking: Poor data quality and weak integration within management systems is recognized by the RGC and CSDG stakeholders as a weakness that is hampering advancement of the 2030 agenda. This strategy combines the specification of CSDG indicators as Budget Strategic Plan objectives, with mechanisms to code and track expenditures by RS and SDG target. The former enables the hardwiring of CSDGs within Cambodia’s performance budgeting regime (given by agency/ ministry BSPs) by including CSDG targets as BSP KPIs,

populating these with data (while also plugging data gaps) and establishing robust M&E systems. The second work stream offers a future innovation by examining the potentials for adoption of an SDG and RS-based budget tagging system. The output will be an assessment and a policy advisory report illustrating a methodology for SDG tagging via adaptation of the recently expanded government Chart of Accounts. In addition, the JP includes efforts to track inflows using the same coding approach (this is in addition to the coding of ODA lending official flows by levels of concessionality being taken forward within the DFA).

These activities and tools will play a crucial role in allowing for deeper socioeconomic analyses of spending and financing needs and sources to promote equity and ensure no group is left behind. For example, they would enable for pro-poor and gender responsiveness assessments to be undertaken.

The ToC assumptions have been limited in terms of their potential impact on the entirety of the UNJP. Assumptions that may only affect a single area of work have been considered in the context of mitigation but are not presented. The given ToC's reach into domestic and regional policy and capital markets and the assumptions cover both exogenous and endogenous categories. The UNJP considers that global, regional and domestic events carry equal weight.

Exogenous Assumptions:

- Global economic conditions continue to be sufficiently favorable to enable Cambodia to enjoy economic growth, and deliver an expanded domestic resource base, maintain borrowing capacity and attract FDI. Specifically that the COVID-19 crisis abates in the short term.
- Financial stability of ASEAN is maintained, of note is the burgeoning private sector debt profiles in ASEAN Member States (AMS)
- Natural disasters that severely impact on the Cambodian medium-term growth trajectory are not encountered or are adequately mitigated during the project cycle.
- ODA declines in an orderly manner in the medium term, while domestic tax resources, and domestic and foreign private sector investments continue to expand.

Endogenous Assumptions:

- Cambodia's favorable public debt position (debt stock below 30% of GDP), burgeoning tax revenues and fees/charges (over 20% of GDP) and growing FDI and domestic investment flows provide an opportunity to deliver resources to support CSDG delivery.
- On the administrative side, the government's ongoing public finance reforms provide opportunities to reconfigure the financial system in terms of inflows, including access to capital markets for central and sub national government entities;
- The RGC maintains its interest in debt financing and remains committed to the issuance of domestic currency bonds and other financial instruments and continues as a proactive partner the ASEAN Capital Markets Forum (ACMF) Vision 2025 and associated ACMF Action Plan. Specifically, RGC takes the necessary practical steps to harmonize financial markets through policy and structural reforms.
- The government retains confidence and maintains its request for the UN to support to the mapping of resource flows, identify priorities for SDGs investments (to inform resource allocation), identify additional public flows, and help shape private sector flows.

2.3 Expected results by outcome and outputs

Objective: By 2022, Cambodia is able to leverage resources to accelerate the CSDGs, and realize RGC economic objectives, in line with the Integrated National Financing Framework (INFF) approach.

Outcome 1: Cambodia develops a best-practice financing framework (complaint with global INFF guidelines) driving effective and integrated financing for CSDGs from public, private and blended sources.

Output 1.1. An evidence-based assessment is conducted to identify resource and institutional capacity gaps in financing CSDGs.

Output 1.1. will provide building blocks to prepare the integrated financing strategy (Output 1.2) through delivery of better understandings of financial flows (how much, from where) and matching/re-allocating finance with lagging SDGs/ sectors (how much to which/ where).

Activity 1.1.1. Support a second Development Finance Assessment (DFA2) to map out the flows of domestic/external and public/private finance available for financing CSDGs.

This will update and sophisticate the existing DFA, adopting a more detailed examination of capital flows. MEF have committed to adopting this key input (UNDP).

Activity 1.1.2. Complete a stock take of existing and SDG reports and studies that are relevant to the CSDG and building of a future framework (of INFF quality) This activity will provide an inventory of past financing publications and evidence sources. It will specifically include a review of mechanisms linking financing to CSDG outcome costing (UNCDF).

Output 1.2. An integrated SDG finance strategy is developed, enabling Cambodia to meet its SDG commitments, and new/ existing finance inflows are maximized.

Based on the Output 1.1, the project will work with MEF to develop a CSDGs financing strategy to deliver on RGC's commitment made within the VNR. The strategy will provide a practical pathway to improve financial inflows to accelerate the CSDGs.

Activity 1.2.1. Drawing on the DFA2, conduct practical/ operational research and technical assistance, with RGC and partners, to enable realization of new and innovations in existing flow capital management. This will include:

(a) *Boosting public revenues* – utilizing the Tax Inspectors Without Borders (TIWB) intervention with the General Department of Taxation (GDT), the project will support expanding recurrent revenues to surpass the existing RMS targets (UNDP).

The JP will also examine the role and capacity of sub-national units to collect and retain tax revenues to finance local SDG projects. This study will be conducted by UNCDF in partnership with UCLG, and complimented by the findings of the Global Observatory for Local Government (UNCDF).

(b) *Debt financing (bond issuance and securities)* – Given emerging demands for blending public sector finance and the favorable public debt position of Cambodia, the JP will:

- Examine tapping into trans-national financial products and new ASEAN asset classes (UNCDF) and the expansion of ASEAN financial services into Cambodia.
- Support the issuance of Riel denominated bonds, based on a formal request from MEF through the CIF project, in partnership with the IMF and UNDESA (UNDP).
- Examine renewing Cambodia's sovereign credit rating and subnational and SOE rating; and assist development of corporate bond markets (UNDP and UNCDF).

(c) *Leveraging private and blended finance* – expand and shape the quality of FDI and domestic investment through PPPs, including examining legal environments (UNCDF).

Specific arrangements will be examined and made to establish a Cambodian Impact Fund operating through leading private sector (venture capital) partners (UNDP).

- (d) *Remittances* – Given the potential for significant growth of remittances the JP would:
- Review options such as diaspora bonds to harness the finance gains (UNCDF).
 - Working with private sector partners, relieve constraints on cross-border (i.e. Thailand/ Cambodia) remittances, and tackle security (KYC) issues (UNDP).

Activity 1.2.2. Assess the quality and readiness of Cambodia’s existing financing framework and develop a financing strategy consistent with the INFF.

Research into existing resource planning instruments (RS IV, NSDP, CSDGs), the Resource Mobilization Strategy (RMS), borrowing arrangements etc.; and review future national financing needs, and propose concrete a strategy for better managing flows (UNCDF).

Outcome 2: Mechanisms for monitoring budget execution versus national (RS/ NSDP) and CSDG targets are strengthened; and systems to track resource allocation and mobilization to inform investment and financing decisions are developed.

This outcome seeks to strengthen systems and build capacities and innovations to monitor financial delivery versus needs to CSDGs and the RS targets. It builds on the Royal Government’s CSDG Framework and its Public Financial Management (PFM) reform programme, specifically the crafting of Budget Strategic Plans (BSPs). It is underlined that all activities listed under the outputs below, implicitly build on existing coordination and dialogue mechanisms to facilitate multi-stakeholder engagement.

Output 2.1. In line with RGC commitments in the CSDG Framework, formal M&E links between BSPs, the RS IV and the CSDGs are established within the PFM process.

Activity 2.1.1. Identify CSDG and RS IV indicators and sources for the development of output and outcome measures within ministry and agency BSPs, plugging gaps where necessary.

Working with MEF, this will include matching CSDG Framework and RS Strategic Results Framework (SRF) indicators to operational activities within BSPs, and proposing a set of output/ outcomes measures tailored to the different time cycles used in each. Where needed this would require plugging gaps by sourcing new measures (UNDP).

Activity 2.1.2. Propose mechanisms for regular M&E of BSP output and outcome performance.

Design of mechanisms to operationalize BSPs’ M&E and feedback processes. This requires gaining agreement across line ministries, and dynamic linking of BSPs to the higher-level frameworks, alongside the original data sources (UNDP).

Output 2.2. Review and recommend pathways to enable national policy target and/or CSDG-based analysis and reporting of the budget and resource flows.

Activity 2.2.1 Conduct a review of the existing national CoA to examine the potentials for introducing additional CSDG/ policy code

Building on existing PFM reforms, examine potentials and the opportunities to enable policy-based coding alongside the objective (the spending entity) and subjective (the descriptive) codes. This would also: set out the potential costs of updating the Integrated Financial Management Information System (IFMIS) (UNDP & UNCDF). Additionally, to scope out potential SDG-based assessments (gender, poverty responsiveness etc.) (UNDP).

Activity 2.2.2. Apply the same approach for the tracking of (ODA, and if possible FDI) inflows, and produce a provisional analysis.

Working with CDC and MEF, a second exercise would examine the potential for the coding of ODA and FDI flows registered in the CDC database against RS and CSDG targets. This would also include producing a provisional summary analysis for the current year, and establishing the capacity within Government to replicate this (UNDP).

2.4 Budget and value for money

Cambodia is at a critical juncture, reaching graduation from LDC status by 2027 and progressing towards upper MIC status by 2030. The government is well aware that ongoing growth will further erode Cambodia's access to concessional IFI finance, as it exits World Bank (IBA/ IBRD) blend terms. The government is also cautious of some impacts of LDC graduation, most significantly, loss of tariff preferences and special and differential trade measures. Government has been actively seeking strategies to diversify its economy, while maintaining a stable macro-economic environment, and preparing to meet new demands and address emerging factors.

Against this backdrop, the UNJP will play a catalytic role in leveraging additional sources of public and private finance. Specifically, the UNJP will test innovative facilities to grow sources that the government has expressed an interest in exploring. These are namely boosting public revenues, debt financing (bond issuance and securities), leveraging private and blended finance, and remittances. These new revenue streams and other areas that will be supported through the Integrated Finance Strategy will ensure the UNJP's value for money with an expected (investment to direct total returns) leverage ratio of 1:10⁴.

Compared to traditional UN approaches of providing technical assistance focused on specific sectors, the UNJP is highly effective by directly addressing the various financing bottlenecks and opportunities to contribute to delivering the SDGs in Cambodia. The UNJP will be implemented under the leadership of the MEF, with its mandate in designing and implementing the government's economic and financing policy ensuring the intervention is effectively translated into national policies and regulations, and with its ownership, deliver sustainability, long after the end of the project implementation.

While the UNJP's direct contribution to SDG 5 and other gender-related SDGs implementation is limited, the UNJP will indirectly contribute by unlocking public and private finance that will promote and contribute to gender equality and women's empowerment. Particularly, studies on new revenue streams will consider and mainstream gender aspects, potentially through an ASEAN gender asset class, blending finance for infrastructure to drive women's and empowerment; and analyzing remittances through a gender lens.

Direct measures will also be taken within efforts to boost cross border remittance flows, and within work on integrating data within budgeting and financial management information systems. The latter is especially important, as in future this would enable gendered tracking, and Gender Responsive Budgeting. These will ensure targeted future investment decision-making and interventions to include women in the new financing architecture in line with the 'leaving no one behind' principle.

PUNOs will co-fund the UNJP, specifically USD 100,000 by UNDP and USD 70,000 by UNCDF. In addition, the UNJP will engage with IMF, the World Bank, and the Asian Development Bank to explore possibilities for extending the policy and regulatory activities especially in the sphere of debt financing, remittances and capital market development.

⁴ Being the ratioed cash sums spent (US\$ 750k) to directly raised resources, likely US\$ 7.5m (TIWB US\$ 1.5 m, impact funds US\$ 5 m, bonds US\$ 0 and remittances US\$ 1 m)

2.5 Partnerships and stakeholder engagement

MEF will lead the JP, on behalf of the Government, and co-chair the Steering Committee with the UNRC (see Section 3.1 for detailed governance structure). As noted above, SNEC provided the priorities which informed the design of the JP, in line with government needs and longer-term objectives. Under the supervision of the Steering Committee, the implementation of the different components will be carried out in close coordination with the line ministries and agencies, including at the central and subnational levels.

The participating UN agencies have been collaborating for several years in the provision of technical assistance to the government in the area of SDGs financing. In particular, UNDP and UNCDF have been working on forging an enabling environment for innovative financing for the SDGs in Cambodia with a focus on new forms of finance, public-private partnerships and ensuring regulatory excellence. This UNJP will build on the achievements of the previous project.

During the implementation and monitoring of the UNJP, efforts will be made to identify complementarities and to identify activities in which the combination of expertise of the different agencies can generate added value. In addition, the fact that each agency works more directly with different line ministries itself constitutes an important contribution in promoting coherence in national policy design and implementation. The MEF also stressed the importance of a joint approach across the line ministries, signalling the government's commitment to coordination.

The JP will reach out to other non-participating United Nations agencies, to ensure close collaboration with the participating agencies through regular United Nations Country Team meetings. This is specifically to ensure that all United Nations agencies with an SDGs financing remit are informed of the progress made to unlock public and private finance to accelerate SDG performance. Their expertise and up-to-date knowledge will be essential in ensuring the linkages and synergies with other areas of the UN's work in Cambodia.

The participating UN agencies also work closely with other domestic and regional stakeholders. Notably:

- UNDP within the framework of this JP, will continue and expand its technical engagement Mekong Strategic Partners, a Cambodia based investment management & advisory services firm specializing in the Greater Mekong Region. This is in respect of impact investment opportunities generally, and specifically, establishment of a Cambodia Impact Fund.
- UNDP will also continue to partner with OECD and UNDP HQ on the Tax Inspectors Without Borders (TWIB) initiative to boost tax revenues, specifically working on the audit of multinational companies and the more effective regulation of transfer pricing and base erosion. Building on past work, UNDP will further develop its partnership with UNDESA to enable the issuance of domestic currency bonds. This will also extend to formal inclusion of the local office of the IMF.
- At a regional level, UNCDF's positioning with Thai capital markets will support the engagement of key sector players, from the regulatory side including the Securities Exchange, rating agencies, and banking sector and capital market consultants. These actors will inform some of the studies under output 1.2, providing advisory and technical

inputs to enhance the RGCs connectivity to regional capital markets and provide comparative analysis with near neighbouring countries to better inform policy makers.

- Additionally, UNCDFs on-going partnership with the World Bank (Bangkok) will be extended to support the PFM type of work within the project (under Activity 2.2.1) in relation to tagging the COA to SDGs following the similar model that is proposed and implemented in Lao PDR.

PUNOs will not only engage their technical staff working at national level, but also collaborate with regional and HQ experts. Particularly, UNCDF as a non-resident agency will engage experts from its regional office in Bangkok. Synergies will also be promoted with relevant initiatives at regional/ global levels, given the strong inter-connectedness of financial markets.

Finally, PUNOs will engage closely with donors to the SDG Fund through invitation to the Steering Committee and other consultations and events. The JP will also provide regular updates of the project progress and ensure their visibility.

3. Programme implementation

3.1 Governance and implementation arrangements

The project will be governed by a Project Steering Committee (PSC), comprising representatives of the government, the heads of the PUNOs or their nominees, and other relevant stakeholders such as the IFIs as observers (efforts will also be made to ensure gender balance). The PSC will be jointly chaired by the Under Secretary of State (MEF) and the UN Resident Coordinator. Members of the PSC will have equal status and the PSC will adopt decisions by consensus. The PSC's terms of reference will be developed in consultation with members and approved at the PSC's first session. The terms of reference should establish a relationship between the PSC and Programme Coordination Mechanism (PCM) to ensure project implementation is integrated and does not take place in silos.

The PCM will work in close collaboration with the government, IFIs and private sector, as relevant. The PCM is responsible for UNJP management and implementation and reduce transactional costs between the PUNOs. The PCM's main responsibility is to ensure that the UNJP produces the results as specified in the project document. The PUNOs will appoint the representatives to the PCM at the technical level.

As noted, the RC will co-chair the PSC (with the MEF Under Secretary of State), facilitate coordination between the agencies and contribute in terms of political dialogues, ensuring that the UN conveys a harmonized message at different levels (including at the annual dialogue with the Prime Minister).

While each PUNO is responsible for delivery of their workstreams, UNDP as the lead agency for the UNJP is also responsible for coordination of project implementation and M&E. This includes: monitoring activities and consolidating project reports for submission to the RCO for review and subsequent submission to the Joint SDG Fund Secretariat, organizing regular PSC and PCM meetings, and development of the joint work plan.

Government leadership will be anchored in MEF. As the government entity that has the mandate for finance, the INFF fits well with their policy portfolio and they have endorsed the UNJP. The project expected to advance the MEF's key areas of interest, such as the financing

strategy that will identify new forms of finance and propose the acceleration of existing flows. MEF and the two secondary partners, MOP and CDC, and potentially also, line ministries will be invited to take leading roles throughout the project (notably within policy dialogues). This will ensure the Government's ownership and sustainability after the project ends.

The existing SDG financing infrastructure in Cambodia is very limited. This is institutionalized through the bilateral MOUs between MEF and the UN agencies (UNDP, UNCDF) and the Thematic Working Group (which unfortunately is inactive at the moment). The UNJP offers a good opportunity to create momentum towards a more integrated approach. PUNOs will leverage their existing partnerships with Development Partners, IFIs (IMF, WB, and ADB) and deepen collaboration with the private sector through informal and formal mechanisms and policy dialogues throughout the project implementation cycle.

3.2 Monitoring, reporting, and evaluation

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme⁵; and
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. Joint programme will allocate resources for monitoring and evaluation in the budget.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

⁵ This will be the basis for release of funding for the second year of implementation.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After competition of a joint programme, a final, *independent and gender-responsive*⁶ *evaluation* will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the joint programme, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The joint programme will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

3.3 Accountability, financial management, and public disclosure

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channeled for the Joint Programme through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

⁶ [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the joint programme.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

3.4 Legal context

Agency names: United Nations Development Programme (UNDP) and United Nations Capital Development Fund (UNCDF)

Agreement title: SBAA signed between UNDP and the Government of Cambodia

Agreement date: 1994

D. ANNEXES OF THE JOINT PROGRAMME TEMPLATE

Annex 1. List of related initiatives

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
Enabling New Investments and Innovative Finance for SDG Achievement in Cambodia (2019-2020)	<p>Result 1: High level policy and regulatory excellence to: review and amend (where appropriate) the current legislative base via - the design/ creation of new financing mechanisms including PPPs, facilitation of impact investments, and offer future pathways to issue domestic currency bonds.</p> <p>Result 2: Demonstration of local PPPs, and greater tax revenue mobilization that enlarge local fiscal space will create conditions that expand the capital of the government and private sector institutions to generate a portfolio of local catalytic investments. These demonstration investments will specifically be used to strengthen the capacities of sub national governments and Cambodia's private sector to advance the Government to Business (G2B) architecture.</p> <p>Result 3: Generation of a new knowledge base for wider replication at country and regional levels. Linking of the intervention to the ASEAN policies related to economic development and connectivity so enabling application of available research and evidence to finance SDGs, especially via PPPs</p>	All results fit within the framework of the INFF and specifically contribute towards outputs 1.1 and 1.2 respectively. This project will finance the DFA update as outlined in output 1 and help contribute to the diagnostics and finance strategy formulation thorough its direct partnership with MEF	UNCDF and UNDP Joint Project under the UNDP Administrators Country Innovation Fund	UNCDF have a formalized partnership agreed through an MOU. UNDP are in the process of signing an MOU.	US\$ 0.4 m UNDP Administrator's Country Innovation Fund	<p>Nick Beresford nick.beresford@undp.org</p> <p>Paul A Martin UNCDF paul.martin@undf.org</p> <p>Richard Marshall richard.marshall@undp.org</p>
Partnerships for Development Results (PFDR) (2016-2020)	<p>Output 1: RGC institutions and capacities are strengthened to manage and align diverse development finance sources with the national budget, the NSDP and SDGs (including to support LMIC transition).</p> <p>Output 2: CDC capacity is strengthened to support implementation of reforms related to the Industrial Development Policy (IDP) and mobilization of public resources in accordance with IDP objectives.</p> <p>Output 3: the DCPS is implemented resulting in enhanced development results (relevant to LDC graduation) as measured through the NSDP and DCPS results framework.</p>	<p>Based within CDC, but operating also with MOP and MEF, the PFDR project supports the management and monitoring of resource flows, specifically ODA and FDI; and builds analytical and planning capacity (specifically, development of the NSDP and CSDG Framework).</p> <p>PFDR sponsored the original DFA and provided TA for the CSDG Framework. These inputs are key to workstreams under outputs 1 and 2.</p>	UNDP	N/A	US\$ 3.5 m PFDR is funded by a 4 donor consortium: EU, Sweden and Australia	<p>Nick Beresford nick.beresford@undp.org</p>

Annex 2. Results Framework

2.1. Targets for Joint SDG Fund Results Framework

Joint SDG Fund Outcome 2: Additional financing leveraged to accelerate SDG achievement

Indicators	Targets	
	Year 1	Year 2
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope ⁷	1:1	1:3
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale ⁸	1:0	1:10

The above is based on: *scope* being defined as the number of partnerships established to leverage financing, based on this project ratioed to solutions, Mekong Strategic Partners (impact) in year 1, and to IMF and World Bank (bonds x 2) and Wing (remittances) in year 2; *scale* is the ratioed cash sums spent (US\$ 750k) to raised moneys, zero in year one, raising to a likely US\$ 7.5 m in year to 2 (TIWB US\$ 1.5 m, impact funds US\$ 5 m, bonds US\$ 0 and remittances US\$ 1 m)

Joint SDG Fund Output 4: Integrated financing strategies for accelerating SDG progress implemented

Indicators	Targets	
	Year 1	Year 2
4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful)	0	1
4.2: #of integrated financing strategies that have been implemented with partners in lead ⁹	0	1
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	0	1

Joint SDG Fund Operational Performance Indicators

- Level of coherence of UN in implementing programme country¹⁰
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of “Leaving No One Behind”

⁷Additional resources mobilized for other/ additional sector/s or through new sources/means

⁸Additional resources mobilized for the same multi-sectoral solution.

⁹ This will be disaggregated by (1) government/public partners (2) civil society partners and (3) private sector partners

¹⁰ Annual survey will provide qualitative information towards this indicator.

- Joint programme featured gender results at the outcome level
- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities

- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

2.2. Joint programme Results framework

Result / Indicators	Baseline	2020 Target	2021 Target	Means of Verification	Responsible partner
Outcome 1: Cambodia develops a best-practice financing framework (complaint with global INFF guidelines) driving effective & integrated financing for CSDGs from public, private & blended sources.					
Outcome 1 indicator	Basic & ad hoc arrangements for financing policy & decision making	N/A	Cambodian Integrated Financing Framework in place	Project reports	UNDP & UNCDF
<i>Output 1.1: Output 1.1. An evidence-based assessment is conducted to identify resource & institutional capacity gaps in financing CSDGs.</i>					
Output 1.1 indicator	Unpublished initial DFA	Draft DFA2 published	DFA2 endorsed & institutionalized	Project reports	UNDP
Output 1.1 indicator	Atomized, disjointed, hard to locate studies & evidence	On-line inventory/ library of reports is available	N/A	Project reports	UNCDF
<i>Output 1.2: An integrated SDG finance strategy is developed, enabling Cambodia to meet its SDG commitments, & new/ existing finance inflows are maximized</i>					
Output 1.2 indicator	Limited evidence base on sources of finance	1 (of 4) deep-dives published with MEF	Remaining 3 deep dive studies published with MEF	Project reports	UNCDF

Output 1.2 indicator	Constraints on domestic borrowing, remittances & impact finance	Preliminary review and stakeholder consultations completed	At least 1 new source taken up (KHR bonds; remittance flows & impact finance)	Project reports	UNDP
Output 1.2 indicator	No clear financing direction/ vision	N/A	Financing strategy published	Project reports	UNCDF & UNDP
Outcome 2: Mechanisms for monitoring budget execution versus national (RS/ NSDP) & CSDG targets are strengthened; & systems to track resource allocation & mobilization to inform investment & financing decisions are developed.					
Outcome 2 indicator	No direct connection CSDGs & budget execution	N/A	50% of BSPs employ CSDG targets as outcomes (& gender disaggregated)	Project reports	UNDP
Outcome 2 indicator	Limited mechanisms to track spending & flows by policy target	N/A	Mechanism to deliver SDG/ policy-based analysis made available	Project reports	UNDP
<i>Output 2.1. In line with RGC commitments in the CSDG Framework, formal M&E links between BSPs, the RS IV & the CSDGs are established within the PFM process</i>					
Output 2.1 indicator	No formal link CSDGs/ budgets, & missing data	CSDG targets for BSPs are identified & data gaps filled	Mechanism in place for performance review	Project reports	UNDP
<i>Output 2.2. Review & recommend pathways to enable national policy target &/or CSDG-based analysis & reporting of the budget & resource flows.</i>					
Output 2.2 indicator	CoA does not allow for policy based coding	Feasibility review & diagnostic published	Full proposals to reshape CoA jointly published with MEF	Project reports	UNDP & UNCDF
Output 2.2 indicator	CDC flow recording does not enable SDG or policy analysis	N/A	SDG/ RS IV Coding of ODA published	Project reports	UNDP

Annex 3. Gender marker matrix

Indicator		Score	Findings & Explanation	Evidence or Means of Verification
N°	Formulation			
1.1	Context analysis integrate gender analysis	1	The UNJP reviewed and analyzed problems and issues from the gender-sensitive angle where relevant.	Prodoc
1.2	Gender Equality mainstreamed in proposed outputs	1	The UNJP visibly indicated and mainstreamed gender equality and the empowerment of women across where relevant, including some output areas and activities.	Prodoc
1.3	Programme output indicators measure changes on gender equality	0	Less than 20% indicators will directly address gender equality, given the nature of the project which is to unlock SDGs financing.	Prodoc
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	2	PUNO's consulted CDC and MOP that oversees the implementation of CSDGs in Cambodia, including gender equality. Once implemented, the UNJP is expected to unlock financing for gender-related SDG implementation.	Prodoc
2.2	PUNO collaborate and engages with women's/gender equality CSOs	1	The UNJP's will engage with at least one GEWE CSO and advocate for women's rights as part of the technical assistance (i.e. remittance) to the government.	Prodoc
3.1	Program proposes a gender-responsive budget	1	The UNJP will allocate less than 15% of resources for gender equality and women's empowerment, including mainstreaming gender issues in its deep dive analyses and technical assistance for Integrated Financing Strategy.	Prodoc
Total scoring		1		

Annex 4. Budget and Work Plan

4.1 Budget per UNSDG categories

UNDG BUDGET CATEGORIES	UNDP		UNCDF		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	0		104,000		104,000	
2. Supplies, Commodities, Materials	5,000		6,000		11,000	

3. Equipment, Vehicles, and Furniture (including Depreciation)	5,000		0		5,000	
4. Contractual services	265,000		140,000		405,000	
5. Travel	25,000		25,000		50,000	
6. Transfers and Grants to Counterparts	40,000		0		40,000	
7. General Operating and other Direct Costs	60,000		20,000		80,000	
Total Direct Costs	400,000		295,000		695,000	
8. Indirect Support Costs (Max. 7%)	28,000		20,650		48,650	
TOTAL Costs	428,000	160,000	315,650	55,000	743,650	215,000
1st year	214,000.00		157,825.00		371,825.00	
2nd year	214,000.00		157,825.00		371,825.00	

4.2 Budget per SDG targets

SDG TARGETS		% of total budget	USD
17.3	Mobilize additional financial resources for developing countries from multiple sources	58%	560,000
17.14	Enhance policy coherence for sustainable development	9%	90,000
10.b	Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes	21%	200,000
TOTAL		89%	850,000

The project contributes to SDGs 17.1, 17.3, 17.4, 17.5, 17.13, 17.14, 17.15, 17.16, 17.18, 8.1, 10.5, 10.b, and 10.c. (See section 1.2 SDGs and targets). However, based on advice from the SDG Fund Secretariat, the most relevant SDG targets are selected for this budget exercise. Each target is linked to different project outputs/outcomes, namely: 17.3 to Output 1.2; 17.14 to Output 1.1; and 10.b to Outcome 2. All the other relevant SDGs targets will be monitored throughout the project implementation.

4.3 Work plan

Outcome 1			Cambodia develops a best-practice financing framework (which meets INFF) driving effective and integrated financing for CSDGs																	
Output	Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUNO	Implementing partner/s			
	2020	2021		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)					
Output 1.1 An evidence-based assessment is conducted to identify resource and institutional capacity gaps in financing CSDGs.	1.1.1. Draft DFA2 published 1.1.2. On-line inventory/library of reports is available	1.1.1. DFA2 endorsed & institutionalized	Activity 1.1.1: Provide a second Development Finance Assessment (DFA2) to map out the flows of domestic/external and public/private finance available for financing CSDGs.	x											This activity will be fully funded by UNDP.	0	40,000	90,000	UNDP	MoEF, CDC and MoP
		1.1.2. N/A	Activity 1.1.2. Complete a stock take of existing and SDG reports and studies that are relevant to the CSDGs (UNCDF)	x											Summary report on CSDG financing linking to global and regional trends IC Missions =1	45,000	5,000		UNCDF	
Output 1.2 An integrated SDG finance strategy is developed, enabling Cambodia to meet its SDG commitments, and new/existing finance inflows are maximized.	1.2.1 (of 4) deep-dives published with MEF 1.2.2. Preliminary review and stakeholder consultations completed 1.2.3. N/A	1.2.1. Remaining 3 deep dive studies published with MEF 1.2.2. At least 1 new source taken up (KHR bonds; remittance flows & impact finance)	Activity 1.2.1. Drawing on the DFA2, conduct practical/ operational research (deep-dive studies and technical assistance), with RGC and partners, to enable realization of new and innovations in existing flow capital management. Deep dives will review the enabling environment, regulations and policies, analyse potential risks and propose recommendations, and TA will provide diagnostics around given resource challenges and offer		x	x	x								Combined activity area that supports both UNDP and UNCDF commissioned work through IC missions various INFF related studies and research into critical areas of diagnostics based on internal agency capacities inclusive of positioning	370,000	80,000	560,000	UNDP & UNCDF	MoEF, SNEC and CDC

Annex 5. Risk Management Plan

Risks	Risk Level:	Likelihood:	Impact:	Mitigating measures	Responsible Org./Person
Contextual risks					
Economy continues to grow creating the necessary wider economy and fiscal space to enable new resource flows to be delivered.	12	3	4	Regular review, pursuit of a number of alternative funding channels	Richard Marshall UNDP & Paul Marin UNCDF
Regional and global conditions worsen preventing successful application of proposed resource for options.	12	3	4	Ditto, especially need to monitor impact of global outbreak coronavirus.	Richard Marshall UNDP & Paul Marin UNCDF
Political unrest that impacts upon key decision making in the policy and regulatory sphere	6	2	3	Keep under regular review, and identify risk components.	Richard Marshall UNDP & Paul Marin UNCDF
Programmatic risks					
PUNOs capability to deliver on the technical dimensions of the work	6	2	3	Effective self-appraisal and recruitment, with fall back operations	Richard Marshall UNDP & Paul Marin UNCDF
Timeframe and scheduling difficulties prevent full realization and eventual sustainability of the JP	6	2	3	Allow for greater buffers and embed work within RGC and within allied/ follow-on projects.	Richard Marshall UNDP & Paul Marin UNCDF
Institutional risks					
Government commitment to the reforms	10	2	5	Ensure effective consultation, and secure agreement on programming	Richard Marshall UNDP & Paul Marin UNCDF
National capacity, especially on the data side is insufficient to enable full outcomes to be realized	9	3	3	Undertake effective assessment, and build in capacity building	Richard Marshall UNDP & Paul Marin UNCDF
Fiduciary risks					
Balance and allocation of JP resources through RGC and other partners	4	2	2	Ensure resources are matched need, through effective review	Richard Marshall UNDP & Paul Marin UNCDF
Potential issues with external resource flow providers (e.g. on bonds, impact finance etc.)	6	2	3	Undertake effective due diligence.	Richard Marshall UNDP & Paul Marin UNCDF

