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GPOBA
The Global Partnership on Output-Based Aid

NEWS RELEASE

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World Bank-administered GPOBA Supports Increased Access to Telecommunications Services for Rural Poor in Cambodia

Banteay Meanchey, Otdar Meanchey, Preah Vihear, and Pursat provinces targeted

Washington D.C., January 8, 2009 – Poor families in four of the poorer provinces of northern and northwestern Cambodia – Banteay Meanchey, Otdar Meanchey, Preah Vihear, and Pursat – will benefit from a US\$2.6 million grant to increase access to telecommunications services signed by the World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), and the Royal Government of Cambodia.

Up to 52,000 poor households or 260,000 Cambodians are expected to benefit from the scheme, through improved telecommunications network coverage and the installation of public access points where people will be able to make and receive telephone calls on a regular and reliable basis.

“Ensuring access to telecom services to all people in Cambodia and bridging the ‘digital divide’ is one of the priorities of this Government,” said His Excellency, Mr. Chin Bunsean, Secretary of State of the Ministry of Post and Telecommunications of Cambodia which will oversee implementation of the project. “It’s time that the people in rural areas are able to benefit from the same services, at the same quality and prices, that the people in the cities have been enjoying for so many years.”

Despite improvements in telecommunications services and an increase in the number of telecommunications companies, rural access is still a challenge in Cambodia. The National Institute of Statistics estimates that only one in six rural households owns a phone, compared to over 30 percent of urban households. Rural and remote communes tend to be less commercially attractive to service providers because of higher operating costs and lower average revenues per user.

The GPOBA grant will provide a one-time capital subsidy for the provision of telephone services in locations that would otherwise be considered commercially unviable. Potential service providers will be selected competitively through an open bidding process. They will be free to use any technology, but must provide full network access and service at a quality and price similar to the rest of the network in Cambodia. The winning service provider will

be the qualified bidder who offers the required services in the target areas for the lowest subsidy, and will sign a performance- or “output”-based contract with the Government. In line with the output-based approach, most of the GPOBA subsidy will be paid only after the services have been delivered and verified by an independent agent.

“By making telephone services available to poor households in remote rural villages, the GPOBA project will help to improve access to markets and economic opportunities in some of Cambodia’s poorest provinces,” said **Mr. Qimiao Fan, World Bank Country Manager for Cambodia.**

The GPOBA project will draw on funds from the Australian Agency for International Development (AusAID) and the Swedish International Development Cooperation Agency (Sida).

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About GPOBA

The Global Partnership on Output-Based Aid (GPOBA) is a global partnership administered by the World Bank. GPOBA was established in 2003, initially as a multi-donor trust fund, to develop output-based aid (OBA) approaches across a variety of sectors including infrastructure, health, and education. OBA subsidies are designed to create incentives for efficiency and the long-term success of development projects.

GPOBA’s current donors are the UK’s Department for International Development (DFID), the International Finance Corporation (IFC), which is a member of the World Bank Group, the Directorate-General for International Cooperation of the Dutch Ministry of Foreign Affairs (DGIS), the Australian Agency for International Development (AusAID), and the Swedish International Development Cooperation Agency (Sida).

For more information on GPOBA, please visit: www.gpoba.org

For more information on the World Bank’s work in Cambodia, please visit:
www.worldbank.org/cambodia