

Rural Development Bank (RDB)

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Brief History

RDB was created by the government of Cambodia through a sub-decree in January 1998, and received commercial bank status in June 1998, licensed as a specialised bank involved in rural finance. In November 1999, additional duties were allocated to RDB:

- Financing and refinancing facility for licensed MFIs and banks involved in rural and micro finance
- Collaboration with commercial banks in agriculture and rural development
- Negotiation with international donors and investors to support the financing of agriculture and rural development
- Provision of technical support and training for MFIs.

Since 1998, RDB has ceased all retail finance activities, to focus on wholesale finance exclusively.

Country program

RDB has played an important role in mobilizing domestic and foreign financial capital resources to support the provision of rural credit through microfinance activities. Initially capitalised by the government of Cambodia, RDB received grants from AFD and a loan from IFAD to support agriculture activities.

It has provided long-term loan to more than 500 households to support family rubber plantations in Kompong Cham province. RDB also support rural water supply project in Takeo province.

As of October 2004, RDB has collected in savings deposits almost US\$1 million, which constitute 20% of RDB funds.

In 2001, RDB started to implement a US\$20 million loan agreement with ADB, to support the Rural Credit and Savings project. RDB also provides support to the development of SMEs and has provided credit to commercial banks for lending in rural areas.

Area of Operations

21 provinces so far.

Partners

Donors: Asian Development Bank, IFAD, AFD.

Borrowers: RDB has lent to 5 banks, 6 MFIs, 11 credit operators, 4 associations & communities for on-lending to more than 20,000 households in 21 provinces & cities (as of November 2004).

Poverty Focus

n/a

Distinctive Features

Representatives from the private sector are involved in RDB's supervision, with the board of directors comprising commercial bankers and microfinance providers.

Funding

RDB was created in 1998 with an initial capital of KR10 billion (US\$2.6 million) from government resources. Its paid capital was increased to KR18.9 billion (US\$5 million) in 2000. It received funding assistance from AFD and ADB, loans from IFAD and ADB.

Challenges and development plans

n/a

Sources

- ADB project documents
- Development of Rural Finance: Role of Rural Development Bank. 2004. Presented by Chairman & CEO of RDB, H.E. Son Koun Thor. at the 5th Asia Network, Phnom Penh, Cambodia, November 2004