

Cambodia : National Restoration of Rural Productive Capacity Project

1. Project Information

Project ID:	P000446	Instrument ID:	L0446A
Member:	Cambodia	Region:	South-Eastern Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:60.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier(s):	
ES category:	B	Borrowing Entity:	Ministry of Economy and Finance, Cambodia
Implementing Entity:	Ministry of Rural Development		
Project Team Leader:	Ankur Agrawal		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Rizal Rivai, OSD - Procurement Specialist; Andres Pizarro, Team Member; Christopher Damandl, Project Counsel; Bernardita Saez, Alternate Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Bo Zhang, Team Member; Xinchen Zhang, OSD - Environment Specialist; Jinghui Li, Team Member; Sheikh Naveed Ahmed, OSD - Social Development Specialist; Tomas Herrero Diez, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	May, 2023 A virtual progress review meeting was conducted on May 31, 2023. Jul, 2023 A virtual progress review meeting was conducted on July 6, 2023. Sep, 2023 A virtual progress review meeting was conducted on September 6, 2023, with a focus on the additional financing requested. A site visit was conducted by the AIIB's Social Specialist to some of the rural road locations under the Batch 2 on September 16, 2023.		
Planned Site Visits by AIIB:	Nov, 2023 A project implementation review mission, including field visits to the construction sites, is planned for November 2023.		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2023/03		

2. Project Summary and Objectives

The Project Objective is to sustain the rural economy and livelihood of vulnerable rural population and returning

migrants affected by the COVID-19 pandemic.

The investment activities include upgrading of about 235-285 km of existing rural roads and retrofitting and new construction of 150 community ponds with associated water supply, sanitation and hygiene facilities in the selected five provinces Pailin, Prey Veng, Tboung Khum, Koh Kong and Kampong Chhnang.

The total project cost is USD67.5 million which is proposed to be financed by AIIB to the extent of USD60 million and the balance by the Government of the Kingdom of Cambodia. Investments under Component A1 (Rural roads infrastructure) is USD56.2 million; Component A2 (Water Sanitation and Hygiene) is USD 7.3 million; and Component B (Capacity Development and Project Management Support) is USD4 million.

The project is being implemented through Ministry of Rural Developments (MRD), Government of Cambodia.

3. Key Dates

Approval:	Dec. 10, 2020	Signing:	Dec. 28, 2020
Effective:	Feb. 16, 2021	Restructured (if any):	
Orig. Closing:	Jun. 30, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:	30.95	Cancellation (if any):	0.00
Disbursed:	19.32	Most recent disbursement (amount/date):	12.69/Jun. 02, 2023
Undisbursed:	40.68	Disbursement Ratio (%) ¹ :	32.21

5. Project Implementation Update

While the implementation progress of the project has picked up during the reporting period, it is still below the initial projections, mainly due to the slow start (for further details on the causes for the initial delays, see the Section 12). To expedite project's implementation, 12 individual consultants were recruited and, the PMU is now fully functional and has been supporting project's implementation in full swing. However, the originally planned implementation period of 3 years seems to be inadequate.

The construction work of the previously awarded contracts for four rural road sub-projects (Batch 1) totaling to 37.8 km has been almost completed (with only the safety marking being pending). The tender for Batch 2 of rural roads (comprising of 7 lots and totaling to 102.5 km) has been awarded in May 2023, and the civil works are ongoing. The bidding documents for the Batch 3 of the rural roads have been finalized and the procurement is expected to be launched in September/October 2023. For the Batch 4 of the rural roads, the feasibility studies have been finalized too. The Batch 1 of the community ponds (CPs), which includes 38 CPs, tender was awarded in July 2023 and the civil works are ongoing.

For the three consultancy packages (SP1, SP2 and SP3) which covers designing of the next works packages and overall supervision of the works, SP1 was awarded in November 2022, SP2 and SP3 in August 2023.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Components	Physical Progress	Environmental & Social Compliance	Procurement
<p>Component A – Investment in Rural Economic Development (USD 63.50 million, of which AIIB financing: USD 56.00 million)</p> <p>Sub-component A1 - Investment in rural roads infrastructure (USD 56.20 million, of which AIIB financing: USD 49.60 million)</p> <p>Sub-component A2 - Water, Sanitation and Hygiene (USD 7.30 million of which AIIB financing: USD 6.40 million)</p>	<p>The estimated progress of the sub-component A1 is 38%. This mainly considers (i) physical construction work on site for the four road sub-projects totaling to 38 km under Batch 1 (which are almost completed) and construction work for the seven road sub-projects totaling to 107 km under Batch 2, and (ii) the preparation of designs and bidding documents for the Batches 3 and 4.</p> <p>The estimated progress under sub-component A2 is 12%, which mainly includes the preparation of designs and bidding documents and some civil works for the Batch 1 of Community Ponds (CPs).</p>	<p>No major E&S issues have been reported.</p> <p>The ESMPs for the Batch 2 of the rural roads have been prepared and disclosed.</p> <p>The ESMPs for the 38 community ponds under Batch 1 have also been updated and disclosed.</p>	<p>The works package for five road sub-projects under Batch 3 is under tendering and is expected to be awarded by Q4CY2023 while the batch 4 is expected to be awarded by Q1CY2024.</p> <p>All three consultancy services packages (SP1, SP2 and SP3) have now been awarded.</p>
<p>Component B -- Strengthening capacity development and Project Management Support (USD 4.00 million of which AIIB financing: USD 4.00 million). This component includes the following two sub-components:</p> <ul style="list-style-type: none"> - Sub-component B1: Re-skilling of the Local Residents and the National Contractors. - Sub-component B2: Project Management Support to the Central PMU and the Provincial PIUs. 	<p>Sub-component B1: the PMU has shared a detailed work plan for capacity development. The implementation is expected to start from November 2023.</p> <p>Sub-component B2: The PMU is fully staffed, including 10 active consultants to support MRD staff working on the project. PIUs have been established under the Provincial Department of Rural Development (PDRD) in each of the 5 project's provinces.</p>	<p>E&S consultants are already onboard supporting the PMU.</p>	<p>12 individual consultants to support the PMU have been recruited (10 contracts are still active and 2 were closed in 2022). The PMU plans to hire 2 additional consultants in 2023.</p> <p>The procurement of four goods packages supporting the PMU have been completed and the rest two will be completed soon.</p>

Financial Management:

A project-specific FM Manual was developed and adopted in addition to the existing Project Operational Manual on FM applicable to all donor-funded projects. The PMU's finance team comprises six staff, of whom MRD deputes four staff from various departments to support the project implementation. The deputed staff work for their recruited departments and also provide the required assistance to the PMU. In addition, the PMU recruited two full-time finance staff as consultants. The PMU has also procured and installed accounting software (Sage50) to track project transactions and prepare some internal financial reports. The Bank has received and accepted the annual financial statements and the audit report for FY2021 and FY2022. The auditor, BDO Cambodia Limited, issued an unqualified opinion on the project's financial statements for FY2021 and FY2022. The Interim Unaudited Financial Reports (IUFs) have been submitted on time and found acceptable to the Bank. The project was able to improve its submission of applications for documentation significantly. This year, so far, AIIB has received five applications for documentation. Three applications for around USD3.4 million were accepted, and two for around USD3.5 million are still under review.

6. Status of the Grievance Redress Mechanism (GRM)

Sub-project level, PMU level and the national level GRM exists. Minor complaints on the construction sites were received by the contractor/PMU and have been resolved. PMU team has been visiting the sites regularly for public consultations and create awareness about the GRM. Random visits are also done by the PMU team to check if the GRM is functioning properly and GRM logbook is properly maintained. Complaints could be registered through the GRM channel which is publicly available online and at the construction sites.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Physical construction for the sub-projects have started only in September 2022. Results Monitoring Framework will be updated upon the full completion of each sub-project.

Remarks:

Project Objective Indicators	Indicator level	Unit Measure of	Cumulative Target Values														Frequency	Responsibility	Comments		
			Baseline		2020		2021		2022		2023		2024		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
Increased employment benefits income generation and capacity development of the vulnerable group of the rural population affected by the COVID-19 outbreak living in the Project areas.	Project	Number of people	2020	0	0	0	10,000	0	15,000	0	25,000	0	50,000				50,000		Yearly	PMU	
Capacity building of national contractors in quality rural infrastructure delivery and basic rural services including COVID-19 precaution measures.	Project	Number of contractors	2020	0	0	0	0	0	5	0	10	0	15				25		Yearly	PMU	
Facilities with improved access: a. Economic b. Health c. Social	Project	Number of Facilities	2020	0	0	0	0	0	20(a.10 b.5 c.5)	0	60(a.30 b.15 c.15)	0	100 (a.50 b.25 c.25)				100 (a.50 b.25 c.25)		Yearly	PMU	
Improved access to WASH services, especially hand-washing measures as primary COVID-19 mitigation.	Project	People	2020	0	0	0	0	0	25,000	0	75,000	0	100,000				150,000		Yearly	PMU	

Project Intermediate Indicators	Indicator level	Unit Measure of	Cumulative Target Values														Frequency	Responsibility	Comments		
			Baseline		2020		2021		2022		2023		2024		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
Rural roads upgraded with climate resilience measures.	Project	Kilometers	2020	0	0	0	0	0	35	0	135	0	235				235		Yearly	PMU	
Water Supply Sanitation and Hygiene services.	Project	Villages	2020	0	0	0	0	0	25	0	75	0	150				150		Yearly	PMU	