

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	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		
Project Team Members:	Rizal Rivai, OSD - Procurement Specialist; Christopher Damandl, Project Counsel; Bernardita Saez, Alternate Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Bo Zhang, Team Member; Amy Chua Fang Lim, OSD - Environment Specialist; Jinghui Li, Team Member; Tomas Herrero Diez, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Sep, 2022 From September 14 - 15, 2022, AIIB team conducted site visit of three under construction road sub-projects (Lot 1 and Lot 2 of Batch 1 in Kampong Chhnang province and Lot 3 of Batch 1 in Prey Veng province) and one identified community pond sub-project (yet to be awarded for construction) in Kampong Chhnang province. The site visits were carried out as part of a hybrid implementation support mission (virtual and face-to-face mission) conducted from September 12 - 27, 2022.		
Planned Site Visits by AIIB:	Mar, 2023 Although the supervision consultant is expected to do regular site visit to the construction sites but the next site visit by AIIB team is expected in March 2023.		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/03		

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 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:		Cancellation (if any):	0.00
Disbursed:	5.00	Most recent disbursement (amount/date):	5.00/Aug. 25, 2021
Undisbursed:	55.00	Disbursement Ratio (%) ¹ :	8.33

5. Project Implementation Update

The implementation progress of the project has improved in the reporting period. The contracts for four rural road sub-projects (Batch 1) totaling to 37.8 KMs were awarded in July 2022 and the construction work commenced on the site in September 2022.

The detailed engineering designs (DEDs), Environmental and Social Management Plans (ESMPs) and tender documents for the Batch 1 of the community ponds (CPs), which includes 38 CPs, are being finalized and are expected to go for tendering in Q42022. Four goods package (out of six), one works package (out of seven), and 12 individual consultants (out of 12) have already been contracted. Three consultancy services packages (out of three) are under the selection process, and they are expected to be awarded in Q4/2022 (for SP1 package) and Q1/2023 (for SP2 and SP3 packages). The procurement of the remaining works packages needs to be further accelerated, including Package WRR-4 (5 lots) which is planned to be delivered in Q1/2023.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A – Investment in Rural Economic Development (USD 63.50 million, of which AIIB financing: USD 56.00 million) Sub-component A1	The estimated progress of the sub-component A1 is 6.4% and for the sub-component A2 is 5.3%. This takes into account physical construction work on site for the four road lots under Batch 1, topographical surveys	No major E&S issues have been reported. The ESMPs for four rural roads (Batch 1) have been prepared while the ESMPs for the Batch 1 of 10 CPs are being finalized.	The Procurement Plan (PP) was updated in September 2022. This revised PP takes into account the updated status of procurement packages signed and in different stages of procurement. To implement the Component A, 1 work package, with a value of

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.

<p>- Investment in rural roads infrastructure (USD 56.20 million, of which AIIB financing: USD 49.60 million)</p> <p>Sub-component A2</p> <p>- Investment in rural roads infrastructure (USD 7.30 million of which AIIB financing: USD 6.40 million)</p>	<p>and feasibility studies for the next seven road lots and preparation of designs for the Batch 1 of CPs.</p>		<p>around USD6.5 M (out of 7) was awarded in July 2022, and 3 consultancy services packages (out of 3) are under the selection process.</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> <p>- Sub-component B1: Re-skilling of the Local Residents and the National Contractors.</p> <p>- Sub-component B2: Project Management Support to the Central PMU and the Provincial PIUs.</p>	<p>Sub-component B1: This activity has not been formally initiated yet. However, during the September 2022 mission, a 3-hour workshop on how to mainstream climate resilience principles into rural roads projects and to raise WASH awareness was delivered by MRD and AIIB.</p> <p>Sub-component B2: The PMU is fully staffed with 10 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>As above-mentioned, all the 12 individual consultants to support PMU have been recruited. The procurement of four goods packages supporting the PMU have been completed and the rest two will be completed soon.</p>

Financial Management:

Some minor financial management (FM) issues were identified. The annual financial statements and the audit report for FY2021 have been overdue for three months. The Ministry of Economy and Finance (MEF) requested an extension of the due date given the delay in hiring the audit firm and the limited project expenditures in that period. PMU has informed the Bank that the auditor was selected and will probably conduct the audit in October 2022. It is expected that the audit report for FY2021 will be submitted to the Bank by December 31, 2022.

The second withdrawal application for documentation for USD0.45 million has been submitted to AIIB and is under review now. PMU has managed to submit 1Q2022 and 2Q2022 IUFs. Both reports are generally acceptable but require further improvements.

6. Status of the Grievance Redress Mechanism (GRM)

Sub-project level and PMU level GRM exists. However, more orientation and awareness trainings need to be imparted.

7. Results Monitoring

Physical construction for the sub-projects under the project have started only in September 2022. Results are being monitored quarterly.

Project Objective Indicators #1

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 (number of people)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	10,000	0	
Dec. 31, 2022	25,000	N/A	
Dec. 31, 2023	50,000	N/A	

Project Objective Indicators #2

Capacity building of national contractors in quality rural infrastructure delivery and basic rural services delivery, including COVID-19 precaution measures (number of contractors)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	5	0	
Dec. 31, 2022	15	N/A	
Dec. 31, 2023	25	N/A	

Project Objective Indicators #3

Facilities with improved access: a. Economic; b. Health; c. Social (number of facilities)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	20	0	Number of markets (10) Number of health centers (5) Number of Schools (5)
Dec. 31, 2022	60	N/A	Number of markets (30) Number of health centers (15) Number of Schools (15)
Dec. 31, 2023	100	N/A	Number of markets (50) Number of health centers (25) Number of Schools (25)

Project Objective Indicators #4

Improved access to WASH services, especially hand-washing measures as primary COVID-19 mitigation (number of people)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	25,000	0	
Dec. 31, 2022	75,000	N/A	
Dec. 31, 2023	150,000	N/A	

Intermediate Result Indicators #1

Rural roads upgraded with climate resilience measures (kilometre)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	35	0	
Dec. 31, 2022	135	N/A	
Dec. 31, 2023	235	N/A	

Intermediate Result Indicators #2

Water Supply Sanitation and Hygiene services (number of villages)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	25	0	
Dec. 31, 2022	75	N/A	
Dec. 31, 2023	150	N/A	

Remarks: