

## 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; Susrutha Goonasekera, OSD - Social Development Specialist; Bo Zhang, Team Member; Xinchen Zhang, OSD - Environment Specialist; Jinghui Li, Team Member; Tomas Herrero Diez, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Feb, 2023 A virtual progress review meeting was conducted on February 14, 2023.		
Planned Site Visits by AIIB:	Apr, 2023 A project implementation review mission, including field visits to the construction sites, is planned for the last week of April 2023.		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2022/09		

### 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:	8.50	Cancellation (if any):	0.00
Disbursed:	6.63	Most recent disbursement (amount/date):	1.63/Nov. 14, 2022
Undisbursed:	53.37	Disbursement Ratio (%) <sup>1</sup> :	11.05

### 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 progressed well and is expected to be completed by Q3FY2023. The tender for Batch2 road comprising of 7 lots and totaling to 102.5 km has been launched and is expected to be awarded in Q2FY2023. The detailed engineering designs (DEDs), most of the Environmental and Social Management Plans (ESMPs) and tender documents for the Batch 1 of the community ponds (CPs), which includes 38 CPs, have been finalized and will go for tendering in Q2FY2023. The three consultancy packages (SP1, SP2 and SP3) which covers designing of the next works packages and overall supervision of the works had been delayed. While the contractor under SP1 is now onboard, the contractors under SP2 and SP3 are expected to be onboard by Q2FY2023.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A – Investment in Rural Economic	The estimated progress of the sub-component A1 is 25%. This mainly	No major E&S issues have been reported.	The works package for Batch 2 of the roads and for Batch 1 of CPs is under

<sup>1</sup> 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>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>considers (i) physical construction work on site for the four road lots under Batch 1 (which are well advanced and are expected to be completed before the start of the next wet season), and (ii) the preparation of designs and bidding documents for seven lots of rural roads under Batch 2.</p> <p>The estimated progress under sub-component A2 is 5%, which mainly includes preparation of designs and bidding documents for the Batch 1 of Community Ponds (CPs).</p>	<p>The ESMPs for the Batch 1 of the rural roads and for the Lot 1 (under the Batch 1) of the CPs have been finalized and are acceptable to the Bank.</p> <p>For the Lots 2 and 3 of the Batch 1 and the Batch 2 of the CPs, the ESMPs are being finalized.</p> <p>A mismatch was identified between the preparation of the Contractor Environmental and Social Management Plans (C-ESMPs) and the occupational health and safety (OHS) training with the commencement of the works that should be overcome for future packages.</p>	<p>tendering and is expected to be awarded by Q2FY2023.</p> <p>Out of three consultancy services packages (SP1, SP2 and SP3), one was awarded at the end of 2022 (SP1), while the other two will be awarded in Q2FY2023.</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"> <li>- Sub-component B1: Re-skilling of the Local Residents and the National Contractors.</li> <li>- Sub-component B2: Project Management Support to the Central PMU and the Provincial PIUs.</li> </ul>	<p>Sub-component B1: the PMU has shared a detailed work plan for capacity development, which is being reviewed by the Bank, and it will be implemented from this year.</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&amp;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:**

The annual financial statements and the audit report for FY2021 have been received and accepted by the Bank. The Interim Unaudited Financial Reports (IUFRs) for Q2, Q3 and Q4 for FY2022 have been received and accepted by the Bank.

**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.

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**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, and no package has been finalized yet. It was agreed with the PMU that the values of the Results Monitoring Framework will be updated upon the completion of the first packages.

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**Remarks:**

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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		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		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)		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		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		235			235		Yearly	PMU	
Water Supply Sanitation and Hygiene services.	Project	Villages	2020	0	0	0	0	0	25	0	75		150			150		Yearly	PMU	