

## Project Implementation Monitoring Report (#8)

Reporting Period From 2024/04 To 2024/09

## 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:	PSC1		
Project Team Members:	Shiwen Dong, Team Member; Jessica Halim, Team Member; Chang Tian, Team Member; Rizal Rivai, SFD - Procurement Specialist; Andres Pizarro, Team Member; Christopher Damandl, Project Counsel; Bernardita Saez, Alternate Counsel; Shodi Nazarov, SFD - Financial Management Specialist; Bo Zhang, Team Member; Jinghui Li, Team Member; Dale Pham, SFD - Environment Specialist; Suu Tran Quy, SFD - Social Development Specialist; Hayoung Kim, Team Member; Tomas Herrero Diez, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	May, 2024 Implementation support mission and the site visits were conducted from May 13-17.		
Planned Site Visits by AIIB:	Nov, 2024 A project implementation review mission, including field visits to the construction sites, is planned for November 2024.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2024/03		

## 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.

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The investment activities include upgrading of about 280 km of existing rural roads and retrofitting and new construction of 110 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 USD66.1 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 USD50.6 million; Component A2 (Water Sanitation and Hygiene) is USD 10.5 million; and Component B (Capacity Development and Project Management Support) is USD5.0 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):	Jun. 06, 2024
Orig. Closing:	Jun. 30, 2024	Rev. Closing (if any):	Dec. 31, 2025

### 4. Disbursement Summary (USD million)

Contract Awarded:	55.77	Cancellation (if any):	0.00
Disbursed:	39.60	Latest disbursement (amount/date):	20.28/May. 10, 2024
Undisbursed:	20.40	Disbursement Ratio (%) <sup>1</sup> :	66.01

### 5. Project Implementation Update

The project has made good progress in the reporting period. The construction work of the previously awarded contracts for four rural road sub-projects (Batch 1); for the seven rural road sub-projects (Batch 2); and for the 38 community ponds (CPs) under Batch 1 are almost complete and some sub-projects have already been handed over by the respective contractors. The procurement of the last two CP packages have also progressed with Batch 2 already awarded and Batch 3 under tendering and is likely to be awarded in Q4CY24. The average physical progress is about 70 percent.

During the reporting period, certain non-material project changes were done including: (i) the extension of the project's closing date by 18 months; (ii) the reallocation of funds among disbursement categories; (iii) revising the number of new CPs to be constructed (from 75 to 35) while increasing the length of the roads to be rehabilitated (from 230 km to 280 km) and consequently updating the Results Monitoring Framework. The related amendment to the Loan Agreement was signed by the Ministry of Economy and Finance (MEF) in June 2024.

<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.

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Components	Physical Progress	Environmental & Social Compliance	Procurement
<p>Component A – Investment in Rural Economic Development (Revised AIB Financing: USD54.30 million)</p> <p>Sub-component A1 - Investment in rural roads infrastructure (Revised AIB Financing: USD45.00 million)</p> <p>Sub-component A2 - Water, Sanitation and Hygiene (Revised AIB Financing: USD9.30 million)</p>	<p>The estimated progress of the sub-component A1 is about 73% - physical construction work for the four road sub-projects totaling to 38 km under Batch 1 and for the seven road sub-projects totaling to 102 km under Batch 2 is fully completed. The average progress under Batch 3 and Batch 4 is 51% and 35% respectively.</p> <p>The estimated progress under sub-component A2 is about 30% - physical construction work for the Batch 1 consisting of 38 CPs is completed and for Batch 2 (consisting of 43 CPs) has recently commenced.</p>	<p>No major environmental and social (E&amp;S) issues have been reported during the monitoring period.</p> <p>The environmental and social management plans (ESMPs) for the four batches of the rural roads and the batches of CPs have been prepared and disclosed on MRD website. Summary of the ESMPs in Khmer language have been posted in public areas at the villages.</p> <p>Implementation of ESMPs has been properly monitored by the PMU and the contractors. AIB's site visit in May 2024 found that E&amp;S planning, implementation, and monitoring of the components are compliant with the provisions of the AIB's E&amp;S policy and standards.</p>	<p>The Batch 2 of CPs was awarded in August 2024. The procurement of Batch 3 of CPs (39 CPs) is currently under the bid evaluation stage. It is likely to be awarded in Q4CY24.</p>
<p>Component B -- Strengthening capacity development and Project Management Support (Revised AIB Financing: USD5.70 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 prepared a detailed work plan for capacity development and started its implementation.</p> <p>Sub-component B2: The PMU is fully staffed, including 11 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 that provided timely E&amp;S monitoring and progress reporting.</p> <p>Vulnerable groups received training on occupational health and safety designed under the Environmental and Social Code of Practice.</p>	<p>The Contracts for SP2 (Construction Supervision Consultant for Roads) and SP3 (DED &amp; Construction Supervision for WASH) were extended up to December 31, 2024.</p> <p>The recruitment and contracts for Hydrologist and Safeguard Monitoring individual consultants is underway and they are expected to be contracted in Q4/2024</p>

**Financial Management:**

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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 one full-time and another part-time finance staff as consultants. The Annual Work Plan AND Budget (AWPB) for FY2025 should be prepared and submitted to MEF by October 31, 2024. 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 three audit reports so far (for FY2021, FY2022, and FY2023). The auditor, BDO Cambodia Limited, issued unqualified opinions on the project's financial statements. Previously, the Interim Unaudited Financial Reports (IUFs) were submitted on time and found acceptable to AIIB. However, starting from the Q12024 IUF submission, IUFs have been unduly delayed. In addition, a few last withdrawal applications were requested to be resubmitted due to inconsistencies in the statement of expenses (SOEs). AIIB is closely supporting the PMU to address the identified SOEs shortcomings and requested the PMU to strengthen its FM team, which should include a minimum of a full-time FM consultant.

### 6. Status of the Grievance Redress Mechanism (GRM)

A project-level Grievance Redress Mechanism (GRM) has been established to receive and respond to the related complaints and grievances of stakeholders to the Project. The established GRM is fully explained in the Project Information Booklet (PIB), which is delivered to villagers and posted in the easily accessed places of all project villages and the construction sites. The GRM has multiple options to receive complaints/feedback, including in person meetings, written complaints, telephone conversations, verbal expressions, and e-mail. The GRM is also described in the Environmental and Social Management Planning Framework (ESMPF). The PIB and the ESMPF are disclosed on the website of MRD. The electronic version of the GRM is also available on the website and the Facebook page of the project. There were nine villagers who registered their opinions in the Grievance Logbook during the monitoring period, but these were suggestions/recommendations but not complaints or grievances (e.g., some villagers suggested to increase the frequency of water spray during dry season or recommended to only place the construction materials in the designated places). All previous complaints were already resolved.

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

The Results Monitoring Framework is frequently updated upon the full completion of each sub-project.

#### Remarks:

The yearly targets under the RMF have been amended to reflect the change of implementation period from three years to four years and six months. Further, given the executed and planned implementation activities, following result indicators are also updated:

- Facilities with improved access to markets - from 50 markets to 25 markets;
- Improved access to WASH services from 150,000 people to 120,000 people due to reduction in the number of CPs;
- Rural roads upgraded with climate resilience measures from 235 km to 280 km; as additional segments of roads were included in the Project; and

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- Water supply sanitation and hygiene services from 150 CPs to 110 CPs.
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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	Target	Actual	Year			
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	2,000	0	5,000	0	25,000	7,186	40,000	34,435	2025	50,000	NA	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	4	4	17	13	24	22	2025	25	NA	Yearly	PMU	
Facilities with improved access: a. Economic b. Health c. Social	Project	Number of Facilities	2020	0	0	0	0(a.0 b.0 c.0)	0	20(a. 5 b.5 c. 10)	0	60(a.15 b.15 c.30)	21 (a. 6, b. 4, and c. 11)	80 (a.20 b.20 c.40)	78 (a.20 b.19 c.39)	2025	100 (a.25 b.25 c.50)	NA	Yearly	PMU	
Improved access to WASH services, especially hand-washing measures as primary COVID-19 mitigation.	Project	People	2020	0	0	0	5,000	0	30,000	0	60,000	4,171	90,000	5,881	2025	120,000	NA	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	Target	Actual	Year			
Rural roads upgraded with climate resilience measures.	Project	Kilometers	2020	0	0	0	0	0	35	0	145	37.8	215	141.1	2025	280	NA	Yearly	PMU	
Water Supply Sanitation and Hygiene services.	Project	Villages	2020	0	0	0	5	0	30	0	60	74	90	74	2025	110	NA	Yearly	PMU	

Program Objective Indicators Title

Intermediate Result Indicators mpp