

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; Chang Tian, Team Member; Rizal Rivai, SFD - Procurement Specialist; Andres Pizarro, Team Member; Christopher Damandl, Project Counsel; Shodi Nazarov, SFD - Financial Management Specialist; Jinghui Li, Team Member; Dale Pham, SFD - Environment Specialist; Suu Tran Quy, SFD - Social Development Specialist; Md Towshikur Rahman, Team Member; Tomas Herrero Diez, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	May, 2025 Implementation support mission and the site visits were conducted from May 19-23.		
Planned Site Visits by AIIB:	Nov, 2025 A project implementation review mission, including field visits to the construction sites, is planned for Nov 2025.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2025/03		

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 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:		Cancellation (if any):	0.00
Disbursed:	54.10	Latest disbursement (amount/date):	14.50/May. 15, 2025
Undisbursed:	5.90	Disbursement Ratio (%) ¹ :	90.17

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) (Batch 1) are complete. The construction work of five rural road sub-projects (Batch 3); three rural road sub-projects (Batch 4); and for the 43 community ponds (CPs) (Batch 2) and 38 CPs (Batch 3) is progressing well with more than 95% physical progress; likely to be completed by October 2025. The project is expected to complete all planned activities by loan closing date of December 2025.

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 (Revised AIIB Financing: USD54.30 million)</p> <p>Sub-component A1 - Investment in rural roads infrastructure (Revised AIIB Financing: USD45.00 million)</p> <p>Sub-component A2 - Water, Sanitation and Hygiene (Revised AIIB Financing: USD9.30 million)</p>	<p>The estimated progress of the sub-component A1 is about 96.5%.</p> <p>Physical construction work for the four road sub-projects totaling to 38 km under Batch 1 and for the seven road sub-projects totaling 102 km under Batch 2 is fully completed.</p> <p>The average progress under Batch 3 and Batch 4 is 99.6% and 88.6% respectively.</p> <p>The average progress under sub-component A2 is about 98%.</p> <p>Physical construction work for the 38 CPs under Batch 1 is completed; for 43 CPs under Batch 2 is about 95.9%; and 39 CPs under Batch 3 is about 98.1%.</p>	<p>No major environmental and social (E&S) issues have been reported during monitoring period. There are no more environmental and social management plans (ESMPs) for the project prepared for implementation in the monitoring period as all ESMPs were prepared in the previous monitoring period. Implementation of ESMPs has been properly monitored by the PMU and the contractors. ES action items discussed in the mission are completed or are for continuous monitoring.</p>	<p>All procurement has been completed. While there was a delay by the PMU in processing contract extensions for some contracts, all final contract extensions are already signed now.</p>
<p>Component B -- Strengthening capacity development and Project Management Support (Revised AIIB Financing: USD5.70 million). This component includes the following two sub-components:</p> <p>- Sub-component B1: Reskilling of the Local Residents and the National Contractors.</p>	<p>Sub-component B1: The PMU is regularly engaging in the capacity development as per the work plan.</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&S consultants are onboard supporting the PMU that provided timely E&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>All major procurement has been completed, and there are no significant issues.</p>

- Sub-component B2: Project Management Support to the Central PMU and the Provincial PIUs.			
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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 members, of whom MRD deposes four staff members from various departments to support project implementation. The deputed staff work for their recruited departments and provide the required PMU assistance. Additionally, the PMU recruited two full-time finance consultants. The MEF has cleared the Annual Work Plan and Budget (AWPB) for the year 2025. 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 four audit reports to date (for FY2021, FY2022, FY2023, and FY2024). The auditor, BDO Cambodia Limited, issued unqualified opinions on the project's financial statements.

Generally, the Interim Unaudited Financial Reports (IUFs) are submitted on time and found acceptable to AIIB. However, in 2024, the submission of IUFs was delayed, and withdrawal applications were requested to be resubmitted due to inconsistencies in the SOE. In 2025, the PMU successfully submitted acceptable IUFs. During the May 2025 mission, several actions were agreed upon to facilitate project closure. Their implementation progress of those actions will be assessed and reported during the November 2025 mission.

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.

The GRM is functioning effectively and the complaints that were lodged were resolved satisfactorily. However, PMU reported that there is a continuing need to ensure that the commune officials record the details of the complaints in the logbook so that there is a proper record of the complaint, the remedial action that is taken and the resolution of the problem. PMU has discussed the issues with commune officials.

7. Results Monitoring

The Results Monitoring Framework is frequently updated upon the full completion of each sub-project. All result monitoring indicators are on track and are expected to be achieved/overachieved. Updated numbers for CY2025 will be reflected in the next PIMR.

Project Objective: To help sustain the rural economy and livelihood of vulnerable rural population and returning migrants affected by the COVID-19 pandemic.

Project Objective Indicators

Monitoring end year : 2025

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
No. of persons with increased employment benefits, income generation and capacity development of vulnerable groups of rural populations affected by CoVID-19 outbreak living in the project area.	Number	0	36838		50000	50000
No. of national contractors trained in quality rural infrastructure delivery and basic rural service delivery, including CoVID-19 precaution measures.	Number	0	24		25	25
No. of facilities (markets, health centres and schools) with improved rural road access.	Number	0,0,0	20,19,39		25,25,50	25,25,50
No. of people with improved access to WASH services especially hand-washing measures as primary CoVID-19 mitigation.	Number	0	11692		120000	12000

Comments:

Intermediate Result Indicators

Monitoring end year : 2025

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
No. of km of existing rural roads upgraded and climate proofed with all unstable bridges and collapsed drainage systems adapted to improve access to markets, schools and health centres and sustain urban linkages within the provinces as well as with the national capital and with increased climate resilience	Number	0	145		280	280
No. of target villages with sanitation and hygiene promoted especially hand-washing practices to deliver basic CoVID-19 prevention measures.	Number	0	74		110	110

Comments:

Remarks: