

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; Md Towshikur Rahman, 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. Nov, 2024 Implementation support mission and the site visits were conducted from November 19 -22.		
Planned Site Visits by AIIB:	May, 2025 A project implementation review mission, including field visits to the construction sites, is planned for May 2025.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		

Previous Red Flags Assigned Date:	2024/09
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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:	39.60	Latest disbursement (amount/date):	20.28/May. 10, 2024
Undisbursed:	20.40	Disbursement Ratio (%) ¹ :	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) (Batch 1) are almost complete and most of them have already been handed over by the respective contractors. 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) is progressing well and is likely to be completed by June 2025. The last CP package was awarded in January 2025, and the construction work has been initiated. The average physical progress is about 75 percent.

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 82% - 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.</p> <p>The average progress under Batch 3 and Batch 4 is 75% and 45% respectively.</p> <p>The estimated progress under sub-component A2 is about 30% - physical construction work for the 38 CPs under Batch 1 is completed; for 43 CPs under Batch 2 is about 40%; and 39 CPs under Batch 3 has recently commenced construction.</p>	<p>No major environmental and social (E&S) issues have been reported during monitoring period.</p> <p>The environmental and social management plans (ESMPs) for the four batches of the rural roads and the three 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. ES action items discussed in the mission are completed or are for continuous monitoring.</p>	<p>All procurement has been completed and there are no significant issues.</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-</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</p>	<p>E&S consultants are already 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>

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.	Department of Rural Development (PDRD) in each of the 5 project's provinces.		
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Financial Management:

A project-specific FM Manual was developed and adopted in addition to the Government's existing Project Operational Manual on FM applicable to all donor-funded projects. The PMU's finance team includes four staff deputed by MRD from other departments and two project specific FM consultants hired under the project loan to support the PMU. The deputed staff work for their recruited departments and provide the required PMU assistance. The FM consultant left the PMU on December 31, 2024 and was replaced by a new consultant wef March 1, 2025. The Annual Work Plan and Budget (inter-ministerial document) for FY2025 was prepared and submitted to the MEF and is expected to be approved by March 31, 2025. 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. The project adult report for FY2024 is due by June 30, 2025. The previous reported FM issues relating to delay in submission of IUFRRs, iterations in WAs due to inconsistencies in SOE etc. appears to be fixed now with continuous monitoring and supervision; latest IUFRR has been submitted on time.

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 PMU has been conducting awareness on GRM for rural roads in batch 1, 2, 3 and 4, and community ponds in batch 1 and 2. Further, regular supervisory site inspections are being done and GRM logbooks were checked during these visits.

For rural roads, the SP2 team continued to work in cooperation with the provincial PIU teams to monitor the on-

going construction of the rural road subprojects under Batches 3 and 4. There were no non-compliance issues brought to the attention of the contractors. Final visits were also conducted for Batch 1 and Batch 2 sub-projects in September 2024 prior to the issue of certificates of completion. The GRM continued to be applied successfully and there were no complaints registered by the local residents or the workers in the reporting period. There are no unresolved cases under the GRM in relation to rural roads.

For community ponds, the SP3 team continued the site visits for the Batch 2 community ponds to check the progress of the work and to check for compliance with the technical specifications. Construction of Batch 1 community ponds were already completed. There are no reported unresolved cases under the GRM in relation to community ponds.

7. Results Monitoring

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

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)	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	7186	36838	50000
No. of national contractors trained in quality rural infrastructure delivery and basic rural service delivery, including CoVID-19 precaution measures.	Number	0	13	24	25
No. of facilities (markets, health centres and schools) with improved rural road access.	Number	0,0,0	6,4,11	20,19,39	25,25,50
No. of people with improved access to WASH services especially hand-washing measures as primary CoVID-19 mitigation.	Number	0	4171	11692	12000

Comments:

Intermediate Result Indicators
Monitoring end year : 2025

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	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	38	145	280
No. of target villages with sanitation and hygiene promoted especially hand-washing practices to deliver basic CoVID-19 prevention measures.	Number	0	33	74	110

Comments:

 Remarks:
