

## Project Implementation Monitoring Report (#7)

Reporting Period From 2023/10 To 2024/03

## 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; Bo Zhang, Team Member; Jinghui Li, Team Member; Dale Pham, OSD - Environment Specialist; Suu Tran Quy, OSD - Social Development Specialist; Tomas Herrero Diez, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Nov, 2023 Implementation support mission and the site visits were conducted from November 14-17.		
Planned Site Visits by AIIB:	May, 2024 A project implementation review mission, including field visits to the construction sites, is planned for May 2024.		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2023/09		

## 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 235km 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.

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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:	52.27	Cancellation (if any):	0.00
Disbursed:	19.32	Latest disbursement (amount/date):	12.70/Jun. 02, 2023
Undisbursed:	40.68	Disbursement Ratio (%) <sup>1</sup> :	32.21

**5. Project Implementation Update**

The project has made good progress in the reporting period. With the award of the last eight contracts for rural road sub-projects (Batch 3 and Batch 4), all planned procurement for road sub-projects have been completed. The construction work of the previously awarded contracts for four rural road sub-projects (Batch 1) has been completed while the works for the seven rural road sub-projects (Batch 2) and for the 38 community ponds (CPs) under Batch 1, will be completed by Q3CY24. While the progress has been good, the original loan closing date which falls due in June 2024 needs to be extended by 1.5 years to complete the planned activities

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 - Investment in rural roads infrastructure (USD	The estimated progress of the sub-component A1 is 60%. This mainly considers physical construction work completed for the four road sub-projects totaling to 38 km under Batch 1 and construction work for the seven road sub-projects totaling to 107 km under Batch 2.	No major E&S issues have been reported.  The ESMPs for all four batches of the rural roads have been prepared and disclosed.  The ESMPs for the 38 community ponds under Batch 1 have also been updated and disclosed.	The works package for the five road sub-projects under Batch 3 and three under Batch 4 have been awarded. With this the procurement for all the planned road batches have been completed. The works package for the 43 community ponds under Batch 2 is expected to be awarded by Q3CY24. The designs and tender

<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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56.20 million, of which AIB financing: USD 49.60 million) Sub-component A2 - Water, Sanitation and Hygiene (USD 7.30 million of which AIB financing: USD 6.40 million)	The estimated progress under sub-component A2 is 20%, which mainly includes physical construction work for the Batch 1 consisting of 38 Community Ponds (CPs).		documents for Batch 3 of the community ponds are being prepared by SP3 consulting firm.
Component B -- Strengthening capacity development and Project Management Support (USD 4.00 million of which AIB financing: USD 4.00 million). This component includes the following two sub-components: - Sub-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.	Sub-component B1: the PMU prepared a detailed work plan for capacity development and started its implementation.  Sub-component B2: The PMU is fully staffed, including 16 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.	E&S consultants are already onboard supporting the PMU.	The Contracts for SP2 (Construction Supervision Consultant for Roads) and SP3 (DED & Construction Supervision for WASH) have been completed.  Post procurement review was performed to the following contracts: (i) Office Equipment (Ref. Contract No NRRPCP/21/NS/G-1 dated July 14, 2022), and (ii) Project Vehicle (Ref. Contract No NRRPCP/21/NCB/G-6 dated December 7, 2021). The review shows that the procurement is in compliance with the agreed procurement procedures.

**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, of whom MRD deposes 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 two full-time finance staff as consultants. 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 the annual financial statements and the audit report for FY2021 and FY2022. The auditor, BDO Cambodia Limited, issued an unqualified opinion on the project's financial statements for FY2021 and FY2022. The project audit report for FY2023 should be submitted by June 30, 2024. The Interim Unaudited Financial Reports (IUFs) have been submitted on time and found acceptable to the Bank.

**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

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Information Booklet (PIB) which is delivered to villagers and posted in the easily accessed places of all project villages and the construction sites. Multiple points of entry, including in person meetings, written complaints, telephone conversations, verbal expressions, and e-mail are included in the GRM. The GRM is also described in the Environmental and Social Management Planning Framework of the Project (ESMPF). The PIB and the ESMPF are disclosed on the website of MRD. The electronic version GRM is also available on the website and the Facebook of the Project. There is no complaint or grievance related to the Project received during the monitoring period.

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**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:**

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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				Target
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	3131	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	13	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)	31 (a. 6, b. 4, and c. 11)	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	2,390	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	Target	Actual	Year				Target
Rural roads upgraded with climate resilience measures.	Project	Kilometers	2020	0	0	0	0	0	35	0	135	37.8	235				235		Yearly	PMU	
Water Supply Sanitation and Hygiene services.	Project	Villages	2020	0	0	0	0	0	25	0	75	0	150				150		Yearly	PMU	