



# Report and Recommendation of the President to the Board of Directors

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Project Number: 43309-015  
Loan Number: 2839-CAM  
September 2016

## Proposed Loan for Additional Financing Kingdom of Cambodia: Provincial Roads Improvement Project

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 15 September 2016)

Currency unit	–	riel (KR)
KR1.00	=	\$0.00024
\$1.00	=	KR4,094

## ABBREVIATIONS

ADB	–	Asian Development Bank
CBF	–	cross-border facility
EIRR	–	economic internal rate of return
EMP	–	environmental management plan
km	–	kilometer
MEF	–	Ministry of Economy and Finance
MPWT	–	Ministry of Public Works and Transport
O&M	–	operation and maintenance
PMU	–	project management unit
SDR	–	special drawing right

## NOTE

In this report, "\$" refers to US dollars unless otherwise stated.

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## PROJECT AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 43309-015	
<b>Project Name</b>	Provincial Roads Improvement Project– Additional Financing	<b>Department /Division</b>	SERD/SETC
<b>Country Borrower</b>	Cambodia Kingdom of Cambodia	<b>Executing Agency</b>	Ministry of Public Works and Transport
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ <b>Transport</b>	Road transport (non-urban)		6.00
		<b>Total</b>	<b>6.00</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Medium
Regional integration (RCI)	Pillar 1: Cross-border infrastructure		
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Organizational development	Effective gender mainstreaming (EGM)	✓
<b>5. Poverty and SDG Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty and SDGs	No	Rural	High
<b>6. Risk Categorization:</b>	Low		
<b>7. Safeguard Categorization</b>	<b>Environment: C Involuntary Resettlement: C Indigenous Peoples: C</b>		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>6.00</b>	
Sovereign Project loan: Asian Development Fund		6.00	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>6.00</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		No	
Use of country public financial management systems		No	

## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan to the Kingdom of Cambodia for the additional financing of the Provincial Roads Improvement Project.<sup>1</sup>

2. The Provincial Roads Improvement Project is to rehabilitate the pavement of about 157 kilometers of roads in Kampong Chhnang, Kampong Speu, Prey Veng, and Svay Rieng provinces.<sup>2</sup> The rehabilitation program will provide a safer, climate-resilient, and cost-effective provincial road network with all-year access to markets and other social services for provincial centers of southeastern and midwestern Cambodia. A new cross-border facility (CBF) is to be constructed at Prey Var, Svay Rieng, to facilitate efficient cross-border transport and trade between Cambodia and Viet Nam. The project supports a sustainable road maintenance regime, community-based road safety measures, an HIV/AIDS and human trafficking-prevention program, climate-resilient measures, and efficient project management in the Ministry of Public Works and Transport (MPWT), the executing agency. The purpose of the additional financing of \$6.00 million is to supplement the original financing, denominated in special drawing rights (SDR), which has depreciated by \$5.12 million.<sup>3</sup>

## II. THE PROJECT

### A. Rationale

3. The original financing plan of the project comprised a loan in various currencies equivalent to \$52.0 million from the Asian Development Bank (ADB) Special Funds resources, cofinancing from the Strategic Climate Fund—a \$10.0 million loan and a \$7.0 million grant under the Pilot Program for Climate Resilience—and government financing of \$9.8 million. The ADB loan is financing civil works, equipment, related consulting services, project management, interest charges, and contingencies. The Strategic Climate Fund is financing civil works and related consulting services, service charges, and contingencies. ADB is administering the loan and the grant. The Government of Cambodia is financing local taxes, duties, land acquisition and resettlement costs, and contingencies.

4. The ADB Board of Directors approved the financing from ADB and the Strategic Climate Fund on 16 December 2011. The loan and grant agreements were signed on 21 February 2012 and became effective on 2 August 2012, with a closing date of 30 September 2017.

5. During the midterm review of the project in April 2015, it was found that the amount of the ADB loan, denominated in SDR, had declined by about \$5.5 million equivalent, from \$52.0 million equivalent to \$46.5 million equivalent, because of depreciation of the SDR since late 2014. This resulted in depletion of contingencies as well. Because of this, the civil works contract for CBF rehabilitation could not be awarded as planned, in the second quarter of 2015, as there was not enough uncommitted ADB loan amount left to finance this contract, the price of which had been estimated at about \$5.3 million. The government requested additional financing of \$6.0 million to cover the financing shortfall, in order to achieve the current project's impact, outcome, and outputs in full.

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<sup>1</sup> The design and monitoring framework is in Appendix 1.

<sup>2</sup> Asian Development Bank (ADB). 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Kingdom of Cambodia for the Provincial Roads Improvement Project*. Manila.

<sup>3</sup> It was confirmed that the latest SDR depreciation as of 19 June 2016 was \$5.12 million. Therefore, the additional financing amount was set to \$6.00 million, allowing for further possible depreciation.

6. The project is progressing satisfactorily to meet its outcome; MPWT has awarded almost all major civil works contracts, and works are being implemented without much delay. The only major civil works contract yet to be awarded is the one for CBF rehabilitation that could not be awarded due to the SDR depreciation. The overall progress rate of the project is 45%, with 93% contract awards and 36% disbursements, and it is on track to achieve its outcome; it is expected that the project will deliver outputs, except CBF rehabilitation, within the original loan and grant completion date. The CBF output is design ready, as its detailed design was completed in 2014. It is also procurement ready as the bidding process began in 2016, and is about to reach contract award, pending approval of this proposed additional financing. MPWT is in the process of acquiring land required for the CBF, which is expected to be completed before the approval of this proposed additional financing. The project completed land acquisition and resettlement compensation for civil works other than CBF, while satisfactorily mitigating the environmental impacts during construction. No safeguards issues arose. The risks associated with implementation, as identified during project design, were mitigated. Overall, project performance is rated *on track*.

7. The additional financing meets ADB's eligibility criteria for additional financing: (i) technically feasible, economically viable, and financially sound based on the due diligence assessments; (ii) accorded high priority by the government; (iii) consistent with the development objectives of the current project; and (iv) consistent with the government priorities and ADB's current country operations business plan for Cambodia.<sup>4</sup> The additional financing will cover the financing shortfall of the current project to achieve the current project's impact, outcome, and outputs. The government and ADB agreed that additional financing by ADB is likely to be the best option, given the limited time remaining to complete the project.

## **B. Impact and Outcome**

8. The impact will be improved access to markets, jobs, and social services in four project provinces. The outcome will be a safe, climate-resilient, and cost-effective road network that provides all-year access in the agricultural areas of the project provinces.

9. No changes to impact and outcome as described in para. 8 will occur. The proposed additional financing is intended to cover the financing shortfall only (para. 5).

## **C. Outputs**

10. No changes are proposed to the five original outputs: (i) civil works, (ii) road asset management, (iii) road safety and safeguards, (iv) climate-resilient roads, and (v) strengthened internal capacity. Details of the outputs are in the design and monitoring framework (footnote 1).

## **D. Investment and Financing Plans**

11. The revised investment plan is in Table 1. The original project cost was \$78.80 million shown in the first column of Table 1, as of approval in 2011. The next column shows the current project cost, taking into account SDR depreciation by \$5.12 million. With additional financing of \$6.00 million, the project is now estimated to cost \$79.68 million, based on the latest allocation of loan and grant proceeds. The revised financing plan is in Table 2. Only the ADB loan has depreciated as the other cofinancing amounts have been denominated in US dollar terms.

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<sup>4</sup> ADB. 2015. *Country Operations Business Plan: Cambodia, 2016–2018*. Manila.

**Table 1: Project Investment Plan**  
(\$ million)

Item	Original Amount <sup>a</sup>	Current Amount <sup>b</sup>	Additional Financing <sup>c</sup>	Total <sup>d</sup>
<b>A. Base Cost</b>				
1. Civil works				
a. Improvements of provincial roads and CBF	48.08	51.31	5.30	56.61
b. Land acquisition and resettlement	1.84	1.84	0.00	1.84
c. DDIS consulting services	7.42	7.86	0.00	7.86
2. Improved asset management	1.44	0.40	0.00	0.40
3. Increased road safety and safeguards <sup>e</sup>	0.32	0.48	0.00	0.48
4. Improved climate resilience	5.81	5.81	0.00	5.81
5. Improved project management	2.30	1.79	0.00	1.79
<b>Subtotal (A)</b>	<b>67.21</b>	<b>69.49</b>	<b>5.30</b>	<b>74.79</b>
<b>B. Contingencies<sup>f</sup></b>				
1. Physical contingencies	5.99	1.90	0.53	2.33
2. Price contingencies	4.48	1.29	0.01	1.30
<b>Subtotal (B)</b>	<b>10.47</b>	<b>3.19</b>	<b>0.54</b>	<b>3.73</b>
<b>C. Financing Charges During Implementation<sup>g</sup></b>	<b>1.12</b>	<b>1.00</b>	<b>0.16</b>	<b>1.16</b>
<b>Total (A+B+C)</b>	<b>78.80</b>	<b>73.68</b>	<b>6.00</b>	<b>79.68</b>

CBF = cross-border facility, DDIS = detailed design and implementation supervision.

<sup>a</sup> Includes taxes and duties of \$7.59 million to be financed from government resources.

<sup>b</sup> Original amount adjusted to reflect its value as of 19 June 2016.

<sup>c</sup> In mid-2015 prices.

<sup>d</sup> Refers to the current amount and the additional financing.

<sup>e</sup> The cost of the road safety program is included in the DDIS consulting services.

<sup>f</sup> Physical contingencies computed at 10% for civil works, field research and development, training, surveys, and studies. Price contingencies computed for foreign exchange costs and local currency costs are based on the annual rates, including a provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>g</sup> Includes interest charges and service charges. Interest for the Asian Development Bank loan has been computed at 1.0% per annum during the grace period, and the service charge for the Strategic Climate Fund loan during construction has been computed at 0.1% per annum.

Source: Asian Development Bank estimates.

12. The government has requested a loan in various currencies equivalent to SDR4,266,000 from ADB's Special Funds resources to help finance the project's financing gap. For this loan, the repayment period will be 32 years, including a grace period of 8 years, with an interest charge of 1.0% per annum during the grace period and 1.5% per annum thereafter, and such other terms and conditions set forth in the original loan agreement. The proceeds of the loan will be made available by the borrower to MPWT through budgetary allocations.

**Table 2: Financing Plan**

Source	Depreciated <sup>a</sup>		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank						
Special Funds resources (loan)	46.88 <sup>b</sup>	63.63	6.00	100.00	52.88	66.37
Strategic Climate Fund (loan)	10.00	13.57	0.00	0.00	10.00	12.55
Strategic Climate Fund (grant)	7.00	9.50	0.00	0.00	7.00	8.78
Government	9.80	13.30	0.00	0.00	9.80	12.30
<b>Total</b>	<b>73.68</b>	<b>100.00</b>	<b>6.00</b>	<b>100.00</b>	<b>79.68</b>	<b>100.00</b>

Note: Numbers may not sum up precisely because of rounding.

<sup>a</sup> Refers to the current amount—the original amount was \$52.0 million (no previous additional financing).

<sup>b</sup> The original financing depreciated from \$52.0 million to \$46.88 million as of 19 June 2016.

Source: Asian Development Bank estimates.

## E. Implementation Arrangements

13. No change is made to the implementation arrangements, except the extension of the loan closing date by 1 year. Since the award of the CBF contract will be possible only after ADB's approval of additional financing, project implementation will go beyond the current project completion date of 31 March 2017. It is estimated that the completion of the CBF contract will require 18 months. The new project completion date is 30 June 2018, and the closing date of the loans and grant is 31 December 2018. Table 3 summarizes the implementation arrangements as applicable for additional financing.

**Table 3: Implementation Arrangements**

Aspects	Arrangements		
Implementation period	April 2012–June 2018		
Estimated completion date	30 June 2018		
Management			
(i) Oversight body	Ministry of Economy and Finance Interministerial Resettlement Committee		
(ii) Executing agency	Ministry of Public Works and Transport		
(iii) Key implementing agencies	Project Management Unit 3		
(iv) Implementation unit	Phnom Penh, 22 staff		
Procurement	International competitive bidding	1 contract	\$5.32 million
Disbursement	The ADB loan, SCF loan, and SCF grant proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2015, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, SCF = Strategic Climate Fund.

Source: Asian Development Bank.

## III. DUE DILIGENCE

14. Due diligence is required for additional financing in terms of financial sustainability only, since this additional financing is to cover the financing gap that SDR depreciation created. However, due diligence in all aspects was undertaken during the midterm review in April 2015, and during the January 2016 loan review.

### A. Technical

15. The overall project was assessed as technically viable, as had been the case during the current project design. The technical viability is demonstrated by the absence of any significant technical issues during the other ongoing civil works for road rehabilitation. As mentioned in para. 6, the CBF is ready to be implemented; it follows the standard CBF design adopted by Cambodia in Bavet and Lork under ADB-financed projects already completed. CBF rehabilitation is straightforward with no implementation issues and without any environmental impacts other than minor disturbances during construction, which were already considered in the initial environmental examination. The CBF's cost estimate was found reasonable given the proposed additional financing, i.e., the original design of the CBF can be adopted and implemented with no further cost overrun.



## **B. Economic and Financial**

16. The project's economic viability was reevaluated on the basis of marginally higher cost estimates (\$1.06 million) and 1 year of additional time necessary for its completion. Although higher costs have reduced the overall economic internal rate of return (EIRR) marginally from 15.5% under the current project to 14.9% with additional financing, the project remains economically viable. A significant portion of this EIRR reduction is due to the additional time required for project completion. The EIRR remains robust even under various adverse scenarios considered in sensitivity analyses. As seen in other CBF rehabilitation interventions in Cambodia, the accelerated growth of Cambodia's economy, also driven by cross-border activities, further supports the economic viability of the project.

17. The project roads and project CBF are nonrevenue-generating facilities. Roads are operated by MPWT, which receives annual allocations for operation and maintenance (O&M) of national and provincial road assets, and other transport infrastructure. The CBFs are operated by the Ministry of Economy and Finance (MEF). Recent and ongoing public sector management and public financial management reforms are focusing on effective utilization of public resources. These efforts are expected to indirectly support the efficient allocation of financing for infrastructure O&M. MEF would facilitate adequate allocations to MPWT and MEF for routine and periodic maintenance of roads and the CBF. Government allocations have increased sevenfold since 2008, when the budget allocated for such infrastructure was only \$7.0 million, and are likely to be increasing at 5% annually. This is expected to ensure adequate O&M funding and the sustainability of the created infrastructure assets.

## **C. Governance**

18. Governance aspects of the additional financing will remain unchanged—the good-governance framework, developed during project design and monitored twice a year by MEF and ADB, has raised no issues to date. MPWT will continue to be responsible for the overall financial management of the project. This has been and will be supported by oversight through MEF. A full-time qualified project accountant will continue to handle all financial management activities. The project will keep using the direct payment disbursement procedure, and all required audits will be carried out. For the current project, no audited project financial statements are overdue, nor are financial management issues pending.

19. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and MPWT. The specific policy requirements and supplementary measures are described in the project administration manual.<sup>5</sup>

## **D. Poverty and Social**

20. Overall, poverty and social impacts under the additional financing remain unchanged. The project will directly benefit the entire population of the project provinces, since the project roads will facilitate all-year access to essential services of markets, pagodas, schools, medical facilities, government organizations, employment, and businesses. Roads sustain economic development, link project communes, and provide access for pedestrians. All road users benefit not only from interprovincial access but also from subregional access. The paved roads will reduce roadside dust, thereby improving air quality and leaving homes, shops, equipment, and vehicles cleaner. This helps reduce the risk of respiratory diseases from dust, and reduce

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<sup>5</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

damage to equipment.

21. With casinos fast developing in the border area of Prey Var, the entertainment industry presents the risk of HIV transmission. While the HIV/ prevalence rate in Cambodia has been falling each year since countermeasures were introduced 20 years ago, the project needs to mitigate the risks of HIV and sexually transmitted diseases that arise from project activities (for instance, in connection with construction workers). The current project is diligently carrying out the HIV/AIDS information and education campaign for contractors' employees, subcontractors, consultants, and communities along the project road, as well as around the planned CBF. The MPWT contracted a service provider to implement these activities, which are supplemented by the civil works contractors' own employee-focused interventions.

## **E. Safeguards**

22. The safeguards for environment, involuntary resettlement, and indigenous peoples under the additional financing are all classified C based on ADB's Safeguard Policy Statement (2009).

23. **Environment.** The current project was classified B, and the environmental management plan (EMP) prepared for it has been updated to reflect the ongoing impacts of dust, pollution, and noise, which are assessed as minor; mitigation is being monitored by the project management unit (PMU) 3 and ADB. Detailed mitigation measures covering all contracts were incorporated in the project EMP. This is similar for the additional financing for the CBF, and was already endorsed by ADB in the bidding documents (bidding process ongoing). An international and a national environment specialist were engaged during construction to monitor compliance with the EMP, and are reporting to PMU3. The additional financing's classification is C because it will cover cost overruns and will not involve a change in scope.

24. **Involuntary resettlement.** The current project was classified B. The resettlement plan was updated to reflect anticipated impacts and provide guidelines for any unanticipated impacts. The updated resettlement plan was implemented for all road-work contracts. All affected persons were fully compensated without any issue. For the CBF, the updated resettlement plan lists only eight affected persons, one of whom is a public entity related to CBF operations. This plan is being implemented now and compensation is expected to be completed in the fourth quarter of 2016. The additional financing's classification is C, since no buildings need relocating and no economic crops are affected by the CBF rehabilitation.

25. **Indigenous peoples.** The current project was classified C, which remains the same for the additional financing. The inhabitants of all four project provinces are from a single ethnic group of Cambodians. No customary, cultural, economic, social, or political institutions were identified during project design, which was confirmed during due diligence.

## **F. Risks and Mitigating Measures**

26. Given the procurement management problems that other development partners have had with MPWT, risk mitigation measures need to be established. The overall risk assessment is *medium*, and the integrated benefits and impacts are expected to outweigh the costs. The preliminary assessment during project design, confirmed during the midterm review, identified three major risks during project implementation related to procurement, corruption, and technical due diligence. ADB will continue to conduct intensive project reviews to mitigate all the risks effectively. The good-governance framework is expected to reduce procurement and corruption risks, while close coordination with MEF is expected to reduce corruption and due

diligence risks.<sup>6</sup> Major risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment management plan.<sup>7</sup>

**Table 4: Summary of Risks and Mitigating Measures**

<b>Risks</b>	<b>Mitigating Measures</b>
Misprocurement in selection and award of civil works contracts	Review one international competitive bidding contract thoroughly, in conjunction with intensive project reviews; closely coordinate with MEF and implement actions required under the GGF
Inadequate technical capability (poor quality of road works)	Conduct intensive project reviews to ensure that the Ministry of Public Works and Transport maintains civil works quality always at satisfactory levels, with support from detailed design and implementation supervision consultants
Corruption during financial management	Implement the GGF to strengthen internal controls, conduct intensive project reviews, and coordinate closely with MEF
Technical due diligence weaknesses in design and supervision of construction	Conduct due diligence on all technical aspects through intensive project reviews, and closely coordinate with MEF

GGF = good-governance framework, MEF = Ministry of Economy and Finance.

Source: Asian Development Bank.

#### **IV. ASSURANCES**

27. The government and MPWT have assured ADB that implementation of the project shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the project administration manual and loan documents. Project-specific assurances are in the current project's report and recommendation of the President (footnote 2).

#### **V. RECOMMENDATION**

28. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan in various currencies equivalent to SDR4,266,000 to the Kingdom of Cambodia for the additional financing of the Provincial Roads Improvement Project, from ADB's Special Funds resources, with an interest charge at the rate of 1.0% per annum during the grace period and 1.5% per annum thereafter; for a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Takehiko Nakao  
President

26 September 2016

<sup>6</sup> The current project had a good-governance framework because it was approved in 2011, unlike the governance risk assessment and risk management plan that is required for the current project's processing documents.

<sup>7</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

## REVISED DESIGN AND MONITORING FRAMEWORK

<p><b>Impact the Project is Aligned With</b></p> <p><b>Current project</b> Access to markets, jobs, and social services in four project provinces (Kampong Chhnang, Kampong Speu, Prey Veng, and Svay Rieng) improved.</p> <p><b>Overall project</b> Unchanged</p>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<p><b>Outcome</b></p> <p><b>Current project</b> Safe, climate-resilient, and cost-effective road network that provides all-year access in the agricultural areas of the project provinces</p> <p><b>Overall project</b> Unchanged</p>	<p>a. <b>Current project</b> Average travel times on project roads decrease by 25% from 2012 to 2017</p> <p>b. Share of the paved provincial road network increases from 11% in 2010 to 12% in 2017</p> <p><b>Overall project</b> Unchanged</p>	<p>a. MPWT's field traffic surveys</p> <p>b. MPWT's provincial and national trade statistics and annual report</p>	<p>Project roads suffer severe damage from unexpectedly severe natural disasters.</p>
<p><b>Outputs</b></p> <p><b>Output 1</b></p> <p><b>Current project</b> Project roads and the CBF at Prey Var, Svay Rieng, rehabilitated</p> <p><b>Overall project</b> Unchanged</p>	<p>1a. <b>Current project</b> 157 km of provincial roads and the CBF rehabilitated, and about 117 km of road sections improved according to climate-resilient codes and standards by 2017</p> <p><b>Overall project</b> 157 km of provincial roads and the CBF rehabilitated, and about 117 km of road sections improved according to climate-resilient codes and standards by 2018</p> <p>1b. <b>Current project</b> Average roughness of project roads in 2012 decreases from 6–14 to 2–3 in 2017</p> <p><b>Overall project</b> Unchanged</p>	<p>1a. MPWT's monthly and quarterly project progress reports</p> <p>MPWT's monitoring reports</p> <p>1b. MPWT's road roughness test results</p>	<p>Recruitment of consultants and contractors is delayed by external factors such as procurement and corruption issues.</p> <p>Increased construction costs reduce the scope of works.</p> <p>The number of natural disasters exceeds predictions.</p> <p>Trained personnel in PMU3 leave MPWT or are replaced.</p> <p>Implementation of project outputs is delayed due to insufficient public financial management and due diligence actions of PMU3.</p>
<p><b>Output 2</b></p> <p><b>Current project</b> Improved MPWT</p>	<p>2a. <b>Current project</b> Violations of overloaded</p>	<p>2a. MPWT's annual reports</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>road asset management</p> <p><b>Overall project</b> Unchanged</p>	<p>trucks in southeastern Cambodia decline by 60% from 2012 to 2017</p> <p><b>Overall project</b> Unchanged</p> <p>2b. <b>Current project</b> The annual operation and maintenance budget for project roads increases from \$350 per km in 2010 to \$400 per km in 2017</p> <p><b>Overall project</b> Unchanged</p>	<p>Japan International Cooperation Agency's Axle Load Control Program reports</p> <p>2b. MPWT's annual reports</p>	
<p><b>Output 3</b> <b>Current project</b> Increased road safety, institutional efficiency, and awareness of potential social problems</p> <p><b>Overall project</b> Unchanged</p>	<p>3a. <b>Current project</b> 40% of project beneficiaries in project districts in Svay Rieng, Kampong Chhnang, Kampong Speu (Thpong district), and Prey Veng (Kamchay Chay), and all contractor personnel participate in an HIV awareness and human trafficking-prevention program before and during civil works construction by 2017</p> <p><b>Overall project</b> Unchanged</p> <p>3b. <b>Current project</b> Sex-disaggregated baseline socioeconomic data established by 2013</p> <p><b>Overall project</b> Unchanged</p> <p>3c. <b>Current project</b> At least two women facilitators conduct road safety awareness program in communes</p>	<p>3a–3e. MPWT's quarterly progress report</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p><b>Overall project</b> Unchanged</p> <p>3d. <b>Current project</b> At least 50% of women-led households participate in community-based road safety awareness workshops</p> <p><b>Overall project</b> Unchanged</p> <p>3e. <b>Current project</b> Women workers provide at least 30% of local unskilled labor for road upgrading and maintenance</p> <p><b>Overall project</b> Unchanged</p>		
<p><b>Output 4</b> <b>Current project</b> Increased resilience of project roads to climate change</p> <p><b>Overall project</b> Unchanged</p>	<p>4a. <b>Current project</b> All residents at risk evaluated within 72 hours after a typhoon occurs in the pilot province for emergency management from 2017 onward</p> <p><b>Overall project</b> Unchanged</p> <p>4b. <b>Current project</b> Capacity of at least 20 MPWT staff to mainstream adaptation into road infrastructure planning and maintenance strengthened</p> <p><b>Overall project</b> Unchanged</p> <p>4c. <b>Current project</b> Vulnerability mapping and ecosystem-based adaptation measures integrate gender issues</p>	<p>4a–4b. MPWT's quarterly progress reports</p> <p>4c–4e. MPWT's quarterly progress reports PPCR reports</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p><b>Overall project</b> Unchanged</p> <p>4d. <b>Current project</b> At least 40% of the workers engaged in climate-resilient measures, including planting and green maintenance, are women</p> <p><b>Overall project</b> Unchanged</p> <p>4e. <b>Current project</b> Emergency management plans include women as agents and beneficiaries.</p> <p><b>Overall project</b> Unchanged</p>		
<p><b>Output 5</b> <b>Current project</b> Efficient project management</p> <p><b>Overall project</b> Unchanged</p>	<p>5a. <b>Current project</b> PMU3 personnel increases from 12 (7 men, 5 women) in 2010 to 22 (14 men, 8 women) in 2017</p> <p><b>Overall project</b> Unchanged</p> <p>5b. <b>Current project</b> All PMU3 staff (currently 7 men, 5 women) participate in training on social and gender issues by 2017 (likely 22: 14 men, 8 women)</p> <p><b>Overall project</b> Unchanged</p>	<p>5a–5b.</p> <p>MPWT's quarterly progress reports</p>	

#### Key Activities with Milestones

1. **Civil works**
  - 1.1 MPWT selected the detailed design and construction supervision consultants by March 2012 (unchanged)
  - 1.2 MPWT prepared the tender documents and selected contractors by October 2012 (unchanged)
  - 1.3 MPWT completed the land acquisition and resettlement by 2013 (changed; IRC completes the land acquisition and resettlement by 2016)
  - 1.4 MPWT completes 157 km of road and CBF rehabilitation by 2017 (changed; CBF will be completed in 2018, others will be completed in 2017)

<b>Key Activities with Milestones</b>					
<b>2. Road asset management</b>					
2.1	MPWT completed weigh station construction by 2014 (unchanged; overdue)				
2.2	MPWT completed procurement of weigh station equipment and installation by 2014 (unchanged, overdue).				
2.3	MPWT implemented new weigh stations by 2015 (unchanged, overdue).				
<b>3. Road safety and safeguards</b>					
3.1	MPWT implemented the community-based road safety program by 2015 (unchanged, ongoing).				
3.2	MPWT implemented the HIV/AIDS awareness and human trafficking-prevention program by 2015 (unchanged, ongoing).				
3.3	MPWT completed the baseline socioeconomic survey with sex-disaggregated data by 2013 (unchanged)				
<b>4. Climate resilience</b>					
4.1	MPWT completes the detailed vulnerability map for climate change for project provinces by 2017 (unchanged)				
4.2	MPWT completes the ecosystem-based climate change adaptation strategies by 2017 (unchanged)				
4.3	MPWT completes a pilot climate monitoring system-based road maintenance and management program by 2017 (unchanged)				
4.4	MPWT establishes a pilot emergency management system for Kampong Chhnang and operates it by 2017 (unchanged)				
4.5	MPWT installs the pilot early warning system in Kampong Chhnang by 2017 (unchanged)				
4.6	Completion of the plan for water capture and storage systems for the project provinces by 2017 (unchanged)				
<b>5. Efficient project management</b>					
5.1	MPWT completed the training on social and gender issues for all PMU3 staff by 2014 (unchanged)				
5.2	PMU3 recruits 10 new staff to increase its efficiency by 2017 (unchanged)				
5.3	MPWT manages the project efficiently by 2017 (unchanged)				
<b>Inputs</b>					
<b>ADB</b>		<b>PPCR</b>		<b>Government</b>	
<b>Loan (million)</b>		<b>Grant (million)</b>	<b>Loan (million)</b>	<b>Loan (million)</b>	
\$46.88	(current) <sup>a</sup>	\$7.00	(current)	\$10.00	(current)
\$6.00	(additional)	\$0.00	(additional)	\$0.00	(additional)
\$52.88	(overall)	\$7.00	(overall)	\$10.00	(overall)
				\$9.80	(current)
				\$0.00	(additional)
				\$9.80	(overall)
<b>Assumptions for Partner Financing</b>					
<b>Current project</b>					
Not applicable					
<b>Overall project</b>					
Unchanged					

ADB = Asian Development Bank, CBF = cross-border facility, IRC = Interministerial Resettlement Committee; km = kilometer, MPWT = Ministry of Public Works and Transport, PCR = project completion report, PMU = project management unit; PPCR = pilot program for climate resilience.

<sup>a</sup> The original financing depreciated from \$52.0 million to \$46.88 million as of 19 June 2016.

Source: Asian Development Bank.



**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/RRPs/?id=43309-015-3>

1. Loan Agreement
2. Sector Assessment (Summary): Transport (Road Transport)
3. Project Administration Manual
4. Summary of Project Performance
5. Contribution to the ADB Results Framework
6. Development Coordination
7. Economic and Financial Analysis
8. Country Economic Indicators
9. Summary Poverty Reduction and Social Strategy
10. Risk Assessment and Risk Management Plan