



Project Concept Paper

Project Number: 42334
February 2018

Proposed Loan Cambodia: Rural Roads Improvement Project III

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 31 January 2018)

Currency unit	–	Riel/s (KR)
KR1.00	=	\$0.00024
\$1.00	=	KR4,017

ABBREVIATIONS

ADB	–	Asian Development Bank
AFD	–	French Development Agency
cm	–	centimeter
HATAPP	–	HIV/AIDS and Trafficking Awareness and Prevention Program
KEXIM	–	Export-Import Bank of Korea
km	–	kilometer
LGAP	–	Labor Gender Action Plan
MRD	–	Ministry of Rural Development
PDRD	–	Provincial Department of Rural Development
PMU	–	project management unit
RRIP	–	Rural Roads Improvement Project
SEO	–	Social and Environment Office

NOTES

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

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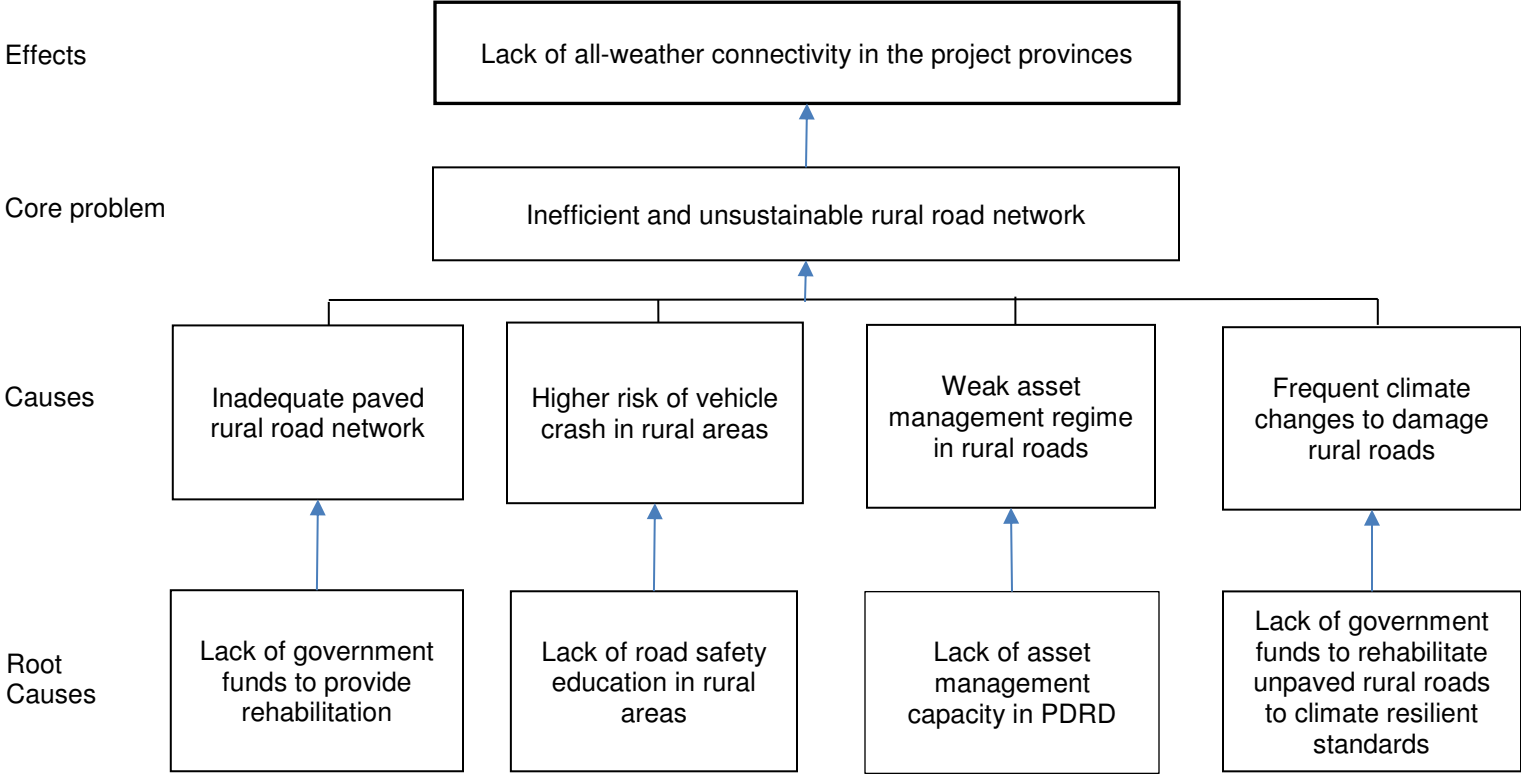
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PROJECT AT A GLANCE

1. Basic Data		Project Number: 42334-018	
Project Name	Rural Roads Improvement Project III	Department /Division	SERD/SETC
Country Borrower	Cambodia Government of Cambodia	Executing Agency	Ministry of Rural Development
2. Sector		ADB Financing (\$ million)	
✓ Transport	Subsector(s) Road transport (non-urban)		60.00
		Total	60.00
3. Strategic Agenda		Climate Change Information	
Inclusive economic growth (IEG)	Subcomponents Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Adaptation (\$ million)	20.00
Environmentally sustainable growth (ESG)	Global and regional transboundary environmental concerns	Climate Change impact on the Project	Medium
Regional integration (RCI)	Pillar 2: Trade and investment		
4. Drivers of Change		Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Components Anticorruption Institutional development Organizational development	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas		
Partnerships (PAR)	Implementation International finance institutions (IFI) Official cofinancing Regional organizations		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Rural	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG9, SDG13		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: B Involuntary Resettlement: C Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		60.00	
Sovereign Project (Concessional Loan): Ordinary capital resources		60.00	
Cofinancing		60.00	
Export-Import Bank of Korea - Loan (Not ADB Administered)		60.00	
Counterpart		12.00	
Government		12.00	
Total		132.00	

PROBLEM TREE



MRD = Ministry of Rural Development, PDRD = Provincial Department of Rural Development

I. THE PROJECT

A. Rationale

1. The Government of the Kingdom of Cambodia has requested Asian Development Bank (ADB) assistance for the Rural Roads Improvement Project (RRIP) III to rehabilitate about 840 kilometers (km) of rural roads in 10 provinces to paved condition.¹ The rehabilitated roads will provide poor rural provinces with a safer, cost-effective, and climate resilient rural road network with all-weather connectivity to markets and other social services. The proposed project will also continue to support a sustainable road maintenance regime already initiated in the executing agency, the Ministry of Rural Development (MRD); a community-based road safety program; and an HIV/AIDS and trafficking awareness and prevention program (HATAPP). The proposed project aims at continuing the initiatives of two upstream projects, RRIP and RRIP II, with an extended geographical coverage. The unique achievement expected from the proposed project is optimizing the capacity of MRD in project implementation, with minimal support from consultants.

2. **Sector context.** The principal mode for transport in Cambodia is by road. The road network of approximately 60,602 km includes: (i) national roads (primary national highways) with a total length of about 11,107 km; (ii) provincial roads (secondary national highways) with a total length of about 4,407 km; and (iii) about 45,088 km of rural roads. Management of national and provincial roads is the responsibility of the Ministry of Public Works and Transport, whereas management of rural roads is the responsibility of MRD.

3. By the early 1990s, years of civil war had left the country's road network severely deteriorated. Since 1992, with assistance from ADB and other multilateral and bilateral development partners, the government focused on rehabilitating core national infrastructure required for the economy to develop in a sustainable manner. As of 2017, development efforts over the past 25 years have brought the paved national and provincial road network to about 5,980 km in length, which amounts to slightly over 38% of the total national and provincial road network. Among others, development partners have contributed to the improvement of rural roads in Cambodia. For example, ADB, Export-Import Bank of Korea (KEXIM), KfW, Japan-ASEAN Integrated Fund, and the World Bank have helped improve some 1,200 km rural roads since 2005, while additional 1,800 km of rural roads will be improved by ongoing projects financed by ADB, French Development Agency (AFD), KEXIM, Government of Australia, Government of People's Republic of China, and the World Bank.

4. **Issues.** Despite those development efforts, the rural road network has been continuing to deteriorate due to rapidly growing traffic. Typically, average daily traffic volumes of rural roads range from 200 to 3,000 passenger car units, depending on the road section. Current yearly growth rate of traffic is 4%–6%, and the growth rate by 2025 is forecasted to increase by 7%–12% per annum, thus requiring more sustainable paved rural road network to accommodate future traffic. However, the government budget for paving rural roads is not sufficient to meet the increasing traffic needs.

5. Rural roads have experienced by a higher risk of vehicle crash. In rural roads, nearly 80% of the traffic is motorcycles, and road user behavior account for over 90% of road crashes. Among others, improved road surfaces may cause increased speeds that residents had never experienced. Lack of road safety education in rural area is a crucial issue when expanding the geographical coverage of paved roads.

¹ ADB. 2017. *Country Operations Business Plan: Cambodia, 2018–2020*. Manila.

6. During the upstream projects (RRIP and RRIP II), MRD has achieved progress on rural road maintenance regime such as acquiring know-how and securing maintenance budget. However, lack of asset management capacity in Provincial Departments of Rural Development (PDRD) is still an issue to maintain the rural roads in a sustainable manner (para. 12).

7. Typically, rural roads are laterite roads with 5 meters–6 meters in width, some of which are vulnerable to flooding in rainy season. Climate change is increasingly frequent and the damage to road assets affect the livelihood of rural residents. During the upstream projects, structural design of rural roads has been developed to match local conditions (para. 10). However, the government fund is insufficient to rehabilitate unpaved rural roads into paved roads with climate resilient standards.

8. **Upstream projects (RRIP and RRIP II).** ADB initiated a systematic program of road rehabilitation for MRD's rural road network. ADB Board approved the first such intervention, the RRIP, in 2010, for rehabilitating 505 km of rural roads with four other outputs: (i) improved road asset management; (ii) increased road safety and safeguards; (iii) climate change adaptation; and (iv) efficient project management.² The RRIP was cofinanced in parallel by two financiers: (a) the Government of Korea and KEXIM, which financed the civil works in three provinces and related consulting services; and (b) the Nordic Development Fund, which financed climate change adaptation. Through 5 years of project implementation, MRD successfully completed all ADB and Korea-financed outputs within the project timeline and budget, gaining substantial capacity in multiple areas of project implementation. This capacity building component was highly notable for the Social and Environment Office (SEO), established in 2011 under MRD to implement social safeguards, road safety, and gender elements.

9. After the RRIP, MRD successfully designed the downstream project, the RRIP II, which was approved in 2014.³ Additional cofinancing for RRIP II was approved in 2015. RRIP II was intended to rehabilitate 1,200 km of rural roads. Cofinanciers of RRIP II include AFD, Government of Australia, KEXIM, and Nordic Development Fund. Both RRIP and RRIP II followed a similar design with similar outputs and aimed to provide reliable all-year road access from provincial towns and agricultural rural areas to markets, employment centers, and social services. RRIP covered 7 rural provinces, which was expanded to 3 more in RRIP II, making it a total of 10 beneficiary provinces. The implementation of RRIP II is on track.⁴

10. **Lessons.** Upstream projects (RRIP and RRIP II) have brought the following lessons. First, structural design of roads needs to match local conditions such as weather (heavy rainy season), climate change resilience, and increasing traffic. MRD has developed appropriate structural design for the paved rural roads to be applied to future developments: (i) the pavement of roads should consist of at least 20 centimeter (cm) thickness of granular subbase course layer in order to reinforce subsoil stability; (ii) the aggregate base course layer should be at least 20 cm, which is the same standard as the national roads to adequately support long term road life; and (iii) the surface should be paved double bituminous surface treatment (DBST), but in flood zones and market areas, a 20 cm thickness of reinforced concrete pavement is proposed.

² ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Kingdom of Cambodia for Rural Roads Improvement Project*. Manila (Loan 2670-CAM).

³ ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Grants to Kingdom of Cambodia for Rural Roads Improvement Project II*. Manila (Loan 3151-CAM).

⁴ As of end October 2017, progress of civil works packages for the entire project was about 31% against the planned 26%, 5% ahead of the schedule.

11. Second, more ownership of road asset management for rural roads should be taken by the PDRDs. MRD has acquired road asset management capacity through the upstream projects. Under the ongoing RRIP II, asset management will be gradually taken over by PDRDs with support from consultants. Even after the takeover by PDRDs, appropriate budgetary support and allocation is needed for maintaining completed paved rural roads. In addition, effective axle load control is important for road asset management. Although axle load controlling has been improved during the upstream projects (e.g., violation of overload truck in the project provinces of RRIP reduced to 50% from 2011 to 2015 against the target of 40%), physical installation of overhead control gate will bring more strict control of overloaded vehicles. Coordination with provincial and district government authorities is also needed for effective axle load control.

12. Third, sustainability of activities of SEO should be ensured. RRIP and RRIP II had consultants to implement the programs to increase awareness and application of road safety for project beneficiaries. SEO staff has been strengthening their capacity through the implementation of RRIP and RRIP II. SEO has become a role model as government body in addressing cross-cutting issues including safeguard and gender. SEO also demonstrates a good practice through equal participation of women. The SEO received trainings and guidance about their functions relevant to safeguards and gender mainstreaming, monitoring and preparation of reports (with sex-disaggregated data). Those activities, however, was extensively supported by ADB. Implementation of HATAPP and labor gender action plan (LGAP) has also been led by ADB and its consultants. In the future, it is expected that SEO staff will implement, monitor, and report on road safety program and gender elements with minimum external support.

13. Fourth, more women participation should be sought out not only in the project-related works but also in the society along the developed rural roads. The implementation of LGAP in RRIP and RRIP II have contributed to challenge male domination in the construction works by creating employment for unskilled women. Further, improved rural roads in upstream projects enhanced livelihood opportunities for women. Those impacts should be extended geographically through the proposed project. Details of lessons on gender perspective from the previous projects are in Supplementary Appendix 2.

14. **Strategic context.** The proposed project is in line with the strategy of the Government. The Government's Rectangular Strategy Phase III for 2014–2018 (the four overarching objectives of Growth, Employment, Equity, and Efficiency) placed priority on stepping up the construction of national, provincial, and rural roads, particularly by targeting the paving of 300 km–400 km of additional roads per year with asphalt or concrete pavement.⁵ The paving of rural roads improves all-year and all-weather access to markets, farms, schools, pagoda, health centers and local community, which will contribute to achieve one of the impacts indicated in the strategy: “serve the needs of the population, promote economic development”.

15. ADB's country partnership strategy for Cambodia for 2014–2018 emphasizes rural-urban-regional links.⁶ By increased connectivity between rural communities and urban growth centers, rural communities will benefit from improved access to markets and social services. Rehabilitating rural roads and making them more resistant to effects of climate change under the overall project will support inclusive economic growth, help ease poverty, and enhance social development and equity.

⁵ Royal Government of Cambodia. 2013. “Rectangular Strategy” for Growth, Employment, Equity and Efficiency, Phase III. Phnom Penh.

⁶ ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018*. Manila.

B. Proposed Solutions

16. The outputs of the proposed project are (i) rural roads improved (about 840 km of rural roads rehabilitated into paved condition by DBST and concrete); (ii) road asset management improved; and (iii) awareness of road safety and potential social problems strengthened.

17. **Output 1: rural roads improved.** For the proposed RRIP III, beneficiary provinces are 10 in total: Kampong Cham, Kampong Chhnang, Kampong Speu, Kampot, Kandal, Kratie, Prey Veng, Svay Rieng, Takeo, and Tboung Khmum. MRD included 5 new provinces and all provinces are selected through criteria that MRD developed during the design of RRIP II. MRD has selected the beneficiary provinces initially based on those with high poverty incidence. Thereafter, the project roads will be selected based on MRD's criteria such as realizing economic potential, enhancing access of rural communities, and supplementing road network built by RRIP and RRIP II. In the selection process of the roads under RRIP III, synergies with ADB rural development projects will be explored in such subsectors as water management and irrigation, and agriculture value chain development.

18. In the proposed project, contractors will hire more women for positive employment and gender impacts in the rural communities. SEO will be in charge of implementing, monitoring, and reporting on LGAP.

19. **Output 2: rural road asset management improved.** While routine maintenance is being conducted by PDRDs through a systematic series of activities, budgetary support for maintaining already paved rural roads will be adequately secured and allocated by MRD. Some roads under the proposed project will be maintained by PDRD based on annual budget planning. In addition, overload control gates will be installed in the proposed project for effective axle load control based on the lessons learned from upstream projects.

20. **Output 3: awareness of road safety and potential social problems strengthened.** With acquired capacity through upstream projects, SEO plans to use own staff resources with some support from recruited facilitators to implement a community-based road safety awareness program, including education program for schools, all road users, and the community. SEO will also be implementing, monitoring, and reporting on an HATAPP; and a sex-disaggregated baseline socioeconomic survey of beneficiaries, using its own resources. For the above purposes, MRD will increase the number of the SEO staff.

21. These outputs will result in the outcome of all-weather access in rural areas of the 10 project provinces improved. The project will be aligned with the following impact: the needs of the population served, economic development promoted. The design and monitoring framework is in Appendix 1.

22. **ADB's value addition.** ADB's value addition has been and will continue for: (i) long-term systematic support in the sector development for MRD; and (ii) gradual institutional strengthening for capacity building in road asset management, road safety and HATAPP, as well as transformation of road asset management from MRD to PDRD.

C. Proposed Financing Plans and Modality

23. The proposed project is estimated to cost \$132.00 million. ADB will finance \$60.00 million from ordinary capital resources (concessional loan). The government funding will be \$12.00 million for taxes and duties. KEXIM is considered as a parallel cofinancier, with an indicative

financing amount of \$60.000 million. The total cost includes physical and price contingencies, and interest and other charges during implementation. The tentative financing plan is presented in Table 1.

Table 1: Indicative Financing Plan

Source	Financing Amount (\$ million)	%
Asian Development Bank		
Ordinary capital resources (concessional loan)	60.00	45.45
Cofinancier*		
Export-Import Bank of Korea	60.00	45.45
Government	12.00	9.10
Total	132.00	100.00

* Parallel cofinancing.

Source: Asian Development Bank.

24. Climate adaptation is estimated to cost \$20 million, which is an indicative amount, and will be revised in the later stage, together with ADB's financing share of adaptation costs.

D. Implementation Arrangements

Table 2: Indicative Implementation Arrangements

Aspects	Arrangements
Indicative implementation period	March 2019–December 2025
Indicative completion date	31 December 2025
Management	
(i) Executing agency	Ministry of Rural Development
(ii) Key implementing agencies	Ministry of Rural Development Provincial Department of Rural Development

Source: Asian Development Bank.

II. PROJECT PREPARATION AND READINESS

25. The feasibility study and a part of the detailed design for the proposed project has been on-going since September 2017, financed under the ongoing loan proceeds of RRIP II. The study includes the technical preparation of the project, drafting the documentation for ADB loan processing (e.g., procurement plan, safeguards assessment, climate risk assessment, and gender specific analysis), and procurement assistance. All studies will be completed by February 2018.

26. Although the majority of civil works will be designed after the loan approval, the following advance actions for project readiness is expected: (i) at least one contract for open competitive bidding (about \$3 million) be ready for procurement through the detailed design mentioned in the previous paragraph before Board Consideration; and (ii) the terms of reference for detailed design and implementation supervision (DDIS) consulting services will be ready at the fact-finding mission, aiming for the contract for the DDIS consultants to be ready to be awarded by the loan effectivity date.

III. DELIBERATIVE AND DECISION-MAKING ITEMS

A. Risk Categorization

27. The project is considered as low risk, following the determinants in para. 5 of the Staff

Instructions on Business Processes for Sovereign Operations.

B. Project Procurement Classification

28. The proposed project procurement classification is B (Appendix 2).

C. Scope of Due Diligence

Table 3: Scope of Due Diligence

Due Diligence Outputs	To be undertaken by
Development coordination	Staff
Economic analysis	Staff, Consultant
Financial management assessment, financial evaluation, and financial analysis	Staff, Consultant
Safeguard screening and categorization results	Staff
Initial poverty and social analysis	Staff
Project administration manual	Staff, Consultant
Risk assessment and management plan	Staff
Safeguard documents on environment, involuntary resettlement, and/or indigenous peoples	Staff, Consultant
Sector assessment	Staff
Summary poverty reduction and social strategy	Staff, Consultant
Gender analysis	Staff, Consultant
Climate risk assessment	Staff, Consultant

Note: Consultant means the DDIS consultant for RRIP II.

Source: Asian Development Bank.

D. Processing Schedule and Sector Group's Participation

Table 4: Processing Schedule by Milestone

Milestones	Expected Completion Date
Concept clearance	Q1 2018
Loan fact-finding	Q1 2018
Staff review meeting	Q2 2018
Loan negotiations	Q2 2018
Board consideration	Q3 2018
Loan signing	Q4 2018
Loan effectiveness	Q1 2019

Q = quarter.

Source: Asian Development Bank.

E. Key Processing Issues and Mitigation Measures

Table 5: Issues, Approaches, and Mitigation Measures

Key Processing Issues	Proposed Approaches and/or Mitigation Measures
Enhancement of procurement readiness	Monitoring closely the progress of the feasibility study preparation under RRIP II.

RRIP = Rural Roads Improvement Project.

PRELIMINARY DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with The needs of the population served, economic development promoted (Rectangular Strategy) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>Outcome All-weather access in rural areas of the 10 project provinces improved</p>	<p>By 2026</p> <p>a. Average travel times per trip on project roads decreased by XX minutes (2017 baseline: XX minutes)</p> <p>b. Share of people who have all-year round access increased by 4.7% (2017 baseline: 1.3%)</p> <p>c. Average number of days per year that the project roads are accessible increased to 365 days (2017 baseline: 280 days)</p>	<p>a. Field traffic surveys: MRD</p> <p>b. Annual reports: MRD</p> <p>c. Annual reports: MRD</p>	<p>Project roads suffer severe damage from unexpectedly severe and frequent natural disasters.</p>
<p>Outputs 1. Rural roads improved</p> <p>2. Rural road asset management improved</p>	<p>1a. About 840 km of rural roads rehabilitated by 2025 (2017 baseline: 0 km)</p> <p>1b. Average roughness of project roads decreased to 2–3 by 2025 (2017 baseline: 6–14)</p> <p>1c. Women hired by contractors for 20% of the required unskilled labor days by 2025</p> <p>1d. LGAP implemented, monitored, and reported by SEO by 2025</p> <p>1e. The number of SEO staff increased by XX by 2019 (2017 baseline: 7)</p> <p>2a. Annual operation and maintenance budget for project roads increased</p>	<p>1a-1e. MRD project progress reports and ADB completion report</p> <p>2a-2c. MRD project progress reports and ADB completion report</p>	<p>Delay in construction due to weather condition.</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
3. Awareness of road safety and potential social problems strengthened	<p>to \$400 per km by 2025 (2017 baseline: \$310 per km)</p> <p>2b. 2,640 km project roads maintained by PDRD based on annual budget planning by 2025 (2017 baseline: 0)</p> <p>2c. 2,640 km project roads equipped overload control gates by 2025 (2017 baseline: 0)</p> <p>3a. 40% share in community (50% are women) participated in road safety awareness programs by 2025 (2017 baseline: 0)</p> <p>3b. 40% of residents (50% are women) in project provinces and all contractors' personnel participated in a HATAPP before and during civil works construction by 2025 (2017 baseline: 0)</p> <p>3c. Sex-disaggregated baseline socioeconomic data established by 2020 (2017 baseline: not established)</p>	3a-3c. MRD project progress reports and ADB completion report	

Key Activities with Milestones

- 1. Rural roads improved**
 - 1.1 MRD selects detailed design and construction supervision consultants: by June 2018
 - 1.2 MRD prepares tender documents and selects contractors: by December 2018
 - 1.3 MRD completes 840 km of road rehabilitation: by 2025
- 2. Rural road asset management improved**
 - 2.1 MRD prepares sufficient budget for road maintenance: by 2025
 - 2.2 MRD delegates some of the maintenance of project roads to PDRD: by 2025
 - 2.3 MRD installs overload control gates: by 2025
- 3. Awareness of road safety and potential social problems strengthened**
 - 3.1. MRD implements the road safety program: by 2025
 - 3.2. MRD implements the HATAPP: by 2025
 - 3.3 MRD completes the baseline socioeconomic survey with sex-disaggregated data: by 2020

Key Activities with Milestones
Project Management Activities Project management and construction supervision consultants recruited Procurement packages awarded
Inputs ADB: \$60.00 million (loan) Cofinancier: \$60.00 million Government: \$12.00 million
Assumptions for Partner Financing Parallel cofinancing from KEXIM (\$60.00 million).

ADB = Asian Development Bank; HATPP = HIV/AIDS and trafficking awareness and prevention program; km = kilometers; KEXIM = Export Import Bank of Korea; LGAP = labor gender action plan; MRD = Ministry of Rural Development; PDRD = Provincial Department of Rural Development; PMU = project management unit; Q = quarter; SEO = Social and Environment Office.

^a Royal Government of Cambodia. 2013. Rectangular Strategy for Growth, Employment, Equity and Efficiency, Phase III. Phnom Penh.

Source: Asian Development Bank.

PROJECT PROCUREMENT CLASSIFICATION

Characteristic	Assessor's Rating:
Is the procurement environment risk for this project assessed to be <i>high</i> based on the country and sector and/or agency risk assessments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Both and sector risk assessments are rated as "Moderate"
Are multiple (typically more than three) and/or diverse executing agencies and/or implementing agencies envisaged during project implementation? Do they lack prior experience in implementation under an ADB-financed project?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown The EA/IAs have prior experience in ADB projects
Are multiple contract packages and/or complex and high-value contracts (compared with recent externally financed projects in the developing member country) expected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown
Does the project plan to use innovative contracts (public-private partnership, performance-based, design and build, operation and maintenance, etc.)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Are contracts distributed in more than three geographical locations?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown
Are there significant ongoing contractual and/or procurement issues under ADB (or other externally) financed projects? Has misprocurement been declared in the DMC?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown
Does the DMC have prolonged procurement lead times, experience implementation delays, or otherwise consistently fail to meet procurement time frames?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Yes, however transport sector is one of the better performing sectors
Do executing and/or implementing agencies lack capacity to manage new and ongoing procurement? Have executing and/or implementing agencies requested ADB for procurement support under previous projects?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown EA and IA (PMU) has experience in ADB-funded procurement. No previous request for support has been received from the EA/IA.
Regional department's overall recommendation (Takeshi Fukayama)	
Overall project categorization recommended	<input type="checkbox"/> Category A <input checked="" type="checkbox"/> Category B
Project procurement risks are assessed as moderate with no significant specific risk. The executing agency has prior experience with ADB under RRIP and RRIP II projects. Contracts will not comprise innovative features. Recommended project procurement classification is B.	
OSFMD's recommendation (Keiko Koiso)	
Supports the project team's recommendation on category B.	

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia	Project Title:	Rural Roads Improvement Project III
Lending/ Financing Modality:	Project loan; Ordinary capital resources	Department/ Division:	Southeast Asia Department/ Transport and Communications Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The government's poverty reduction strategy for 2014–2018 (the Rectangular Strategy for Growth, Employment, Equity and Efficiency, Phase III) emphasizes generating economic growth through the private sector, with rehabilitation and development of the country's physical infrastructure as a necessary precondition. The project supports this strategy, particularly as it enhances connectivity, economic exchange, and access to social services and cross-border transport and trade in remote areas of southeastern Cambodia. Thus, it is included in the Country Operations and Business Plan 2014–2018 as a core project in the transport sector.

B. Targeting Classification

- | | |
|--|--|
| <input checked="" type="checkbox"/> General Intervention | <input type="checkbox"/> Individual or Household (TI-H) |
| <input type="checkbox"/> Geographic (TI-G) | <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.) |

This project does not have a direct impact on poverty, thus classified as general intervention.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The main project beneficiaries are rural-based communities and road users in nine provinces of Cambodia. The incidence of poverty in Cambodia (based on the national poverty line), is estimated at 35%, of which more than 90% live in the rural areas. Cambodia's poverty is rooted in its large agricultural sector, which has low productivity and low growth, but provides livelihood to the vast majority of the country's population. As well as living in rural areas, the poor tend to have low levels of education and limited access to land and other productive assets.

2. Impact channels and expected systemic changes.

Improving the estimated 840 kilometers of rural roads to climate resilient paved condition will increase access to markets and employment opportunities, as well as goods and services. Improved road conditions would reduce travel time and vehicle operating costs, both of which would reduce transportation costs. Reduced transportation costs in turn are expected to contribute to reduced prices for goods and services in the project areas. Reduced input costs for agriculture and improved access to markets for farm produce are expected to have a positive impact on farming incomes. Road construction will prioritize employment of locally-sourced labor, including a target of 25% women for unskilled labor.

3. Focus of (and resources allocated in) the PPTA or due diligence.

A Poverty and Social Assessment (PSA) will prepare a socioeconomic baseline and analyze the incidence and causes of poverty in the project areas. The PSA will also assess negative impacts and propose necessary mitigation measures, as well as analyze positive impacts and means of maximizing pro-poor features in the project design. Project risks are to include increased risk of HIV/STI transmission, human trafficking, and road accidents along with other risks identified through the PSA. Positive impacts and opportunities are to include improve access and mobility, as well as project related employment. The gender analysis will explore gender-related risks, opportunities, and required conditions will be set out in a Labor Gender Action Plan (LGAP) and Gender Strategy based on results of a gender analysis. Other social issues to be addressed include guarantees for adherence to Core Labor Standards and ensuring meaningful participation through the preparation of a communications and participation plan.

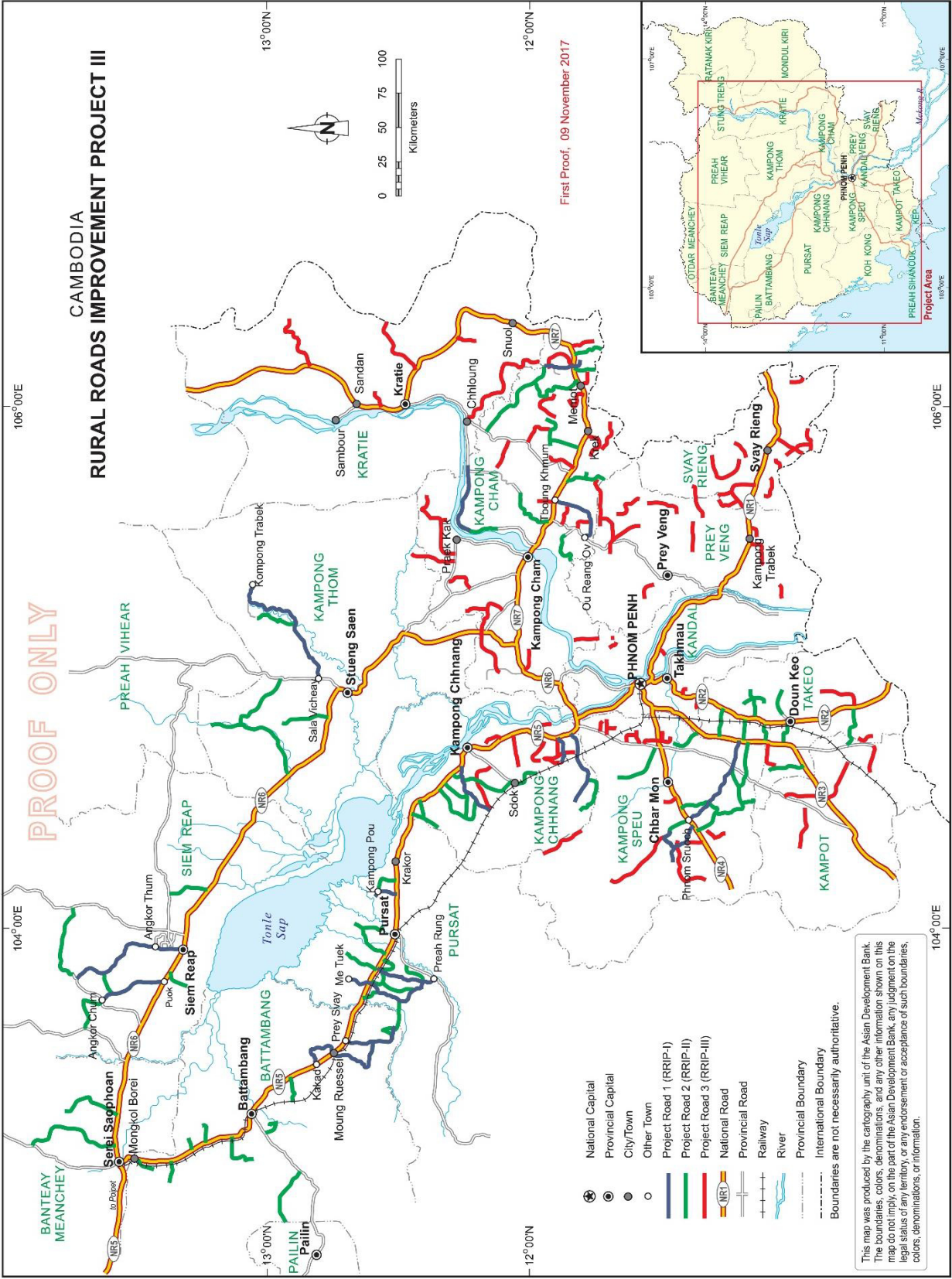
II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

The needs of women as road users often vary considerably to those of men. Women typically are responsible for transporting their children to school and social services such as primary health care. Women are also dependent on reliable road transport to access reproductive and maternal health services. In many rural communities, women play an essential role in contributing to household income through marketing of their households' farm produce, as well as participating in informal sector livelihoods such as small businesses and casual labor—all of which are affected significantly by the quality of the road transportation.

<p>Improved road transportation is, therefore, likely to significantly contribute to women's health, improved capacity to contribute to household incomes, and reduction in time burden in managing both livelihood and reproductive (i.e. household maintenance) roles.</p> <p>During project implementation, women face specific risks and are likely to have a keener interest in various aspects of the project which need to be addressed in project design and implementation. Women in host communities are, in some respect, more vulnerable to HIV infection due to greater physiological susceptibility, as well as the need to ensure their partners do not engage in risky sexual practices. Women are likely to have a greater interest in road safety as their roles of primary caregivers of their children. The project also provides for short- to medium-term benefits during the implementation phase including potential opportunities for project-related work, participation in livelihood improvement programs and enhanced roles within the community during consultation and participation activities.</p> <p>A Gender and Social Development Specialist will be recruited during the project design to undertake a <u>poverty, gender, and social analysis and prepare an LGAP to maximize project benefits for women.</u></p>
<p>2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain.</p> <p>Improved road transportation will enhance improved access to services and livelihood opportunities, as well as potentially reduce their time burden. The project implementation will also set targets for women's participation in project-related work opportunities and implementation of community-based road safety programs.</p>
<p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Risks on women's interests will be carefully assess during the project design stage and addressed through LGAP and other relevant Social Action Plans.</p>
<p>4. Indicate the intended gender mainstreaming category:</p> <p><input type="checkbox"/> GEN (gender equity theme) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming)</p> <p><input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<p>III. PARTICIPATION AND EMPOWERMENT</p>
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.</p> <p>Main stakeholders include communities through which the roads traverse and road users in the project areas. Project stakeholders will participate in the consultations during the PSA and Gender Analysis which will, in turn, inform the design of project outputs such as the road safety and safeguards output, HIV and Human Trafficking Mitigation Program.</p>
<p>2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?</p> <p>A communication and participation plan will be prepared setting out information disclosure and consultation requirements throughout various stages of the project's implementation. Modes of project communication will include public meetings and focus group discussions. In addition to this, some project components (such as road safety) will be community-based, providing opportunities for participation and management of local communities in activities which directly affect them. A grievance redress mechanism (GRM) will also be established for the project. Lower levels of the project GRM will be located at the local administrative levels. Collaboration with existing community based organizations such as religious institutions, mass organizations and local government service providers (e.g. schools and health services) will also be incorporated in various project outputs involving outreach or community mobilization.</p>
<p>3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?</p> <p><input checked="" type="checkbox"/> Information generation and sharing <input checked="" type="checkbox"/> Consultation <input checked="" type="checkbox"/> Collaboration <input checked="" type="checkbox"/> Partnership</p>
<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input type="checkbox"/> Yes <input type="checkbox"/> No Please explain.</p> <p>Local communities will be consulted on the design of community-based programs as well as mitigation measures of anticipated social impacts. These consultations will be inclusive. Community-based programs will include participation of women as well as marginalized groups.</p>

IV. SOCIAL SAFEGUARDS	
A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. There will be no land acquisition and involuntary resettlement impacts are expected as the project design will utilize existing road pavement widths, i.e. no widening of the existing road widths is envisioned. Roadside vendors activities may be temporary disrupted during construction, though no such impacts have yet been identified.	
2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <input type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None As the contingency measure, the resettlement framework of the RRIP-II will be updated to address any potential unintended involuntary resettlement impacts. The updated resettlement framework will exclude subprojects which would result significant impacts on involuntary resettlement.	
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The proposed project's areas are located outsider of the ethnic minority's areas of Cambodia (based on the indigenous world report in 2016). Although it is noted that Cham peoples are in Kratie Province, Cham is not ethnic minority as they are living in Cambodia for long time and their living condition is same as Cambodian peoples. Therefore, no indigenous people impacts are expected.	
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None — No indigenous people's development framework is required.	
V. OTHER SOCIAL ISSUES AND RISKS	
1. What other social issues and risks should be considered in the project design? <input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input checked="" type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Affordability <input type="checkbox"/> Creating political instability <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Others, please specify _____ <input type="checkbox"/> Creating internal social conflicts	
2. How are these additional social issues and risks going to be addressed in the project design? An HIV and human trafficking awareness and prevention program will be prepared. Requirements for Core Labor Standards will be stipulated in bidding documents and civil works contracts.	
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT	
1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The project design consultants will have qualified international and national experts to carry out social impact assessment, resettlement due diligence and impact assessment. Budget will be allocated for social surveys, consultation, and disclosure activities.	
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? It is also included in the detailed design for implementation supervision consultant's terms of reference of Loan 3151-CAM.	



LESSONS ON GENDER PERSPECTIVE FROM PREVIOUS PROJECTS

1. The implementation of the Labor Gender Action Plan (LGAP) in the Rural Roads Improvement Project (RRIP) and RRIP II have contributed to challenging the male domination in the construction by creating employment for unskilled women. This effort has been made through gender sensitization on labor-based appropriate technology and gender mainstreaming in civil works. With the improved rural roads, both women and men are provided with faster and easier access to market, health care services, education and production sites with reduction of time and cost. Road shoulders are designed with sealed surfaces to enable carts with wheels to reduce the burden on women and girls. It also contributed directly to increase women participation in decision-making by creating an opportunities and space for women to freely articulate their concerns and interests during project planning, designing and implementation to ensure maximized positive impact for them. The LGAP's implementation also ensures that there is no potential downside impact of road corridors by implementing HIV and human traffic prevention program.

2. Improved roads have also provided better economic or livelihood opportunities for the local people including opening new shops, gas stations, small businesses (or stalls), markets located along the roads, in which are mainly operated by women. The jobs creation for women in construction and small enterprises in informal sector contributed to women economic empowerment through their role in income generating. The LGAP design features have contributed to address practical needs and changes in gender relations to the overall success of the project. The project gender action plan to be developed for RRIP III will use the lessons learned and build on the achievements made under RRIP and RRIP II regarding gender targets and LGAP implementation.