



**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 13-Dec-2016 | Report No: PIDISDSC19629



**BASIC INFORMATION**

**A. Basic Project Data**

Country Cambodia	Project ID P160929	Project Name Cambodia Southeast Asia Disaster Risk Management Project	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 15-Dec-2016	Estimated Board Date 06-Apr-2017	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Borrower(s) The Kingdom of Cambodia	Implementing Agency Ministry of Economy and Finance, Ministry of Rural Development	

Proposed Development Objective(s)

The Project Development Objective (PDO) for the Southeast Asia Disaster Risk Management program is to reduce the impacts of natural hazards – in Cambodia this will entail improving climate resilient rural road connectivity in select provinces and providing immediate and effective response to an Eligible Crisis or Emergency.

Components

- Resilient Rural Corridors
- Disaster Risk Financing and Insurance
- Project Management
- Contingent Emergency Response Component

**Financing (in USD Million)**

Financing Source	Amount
Borrower	13.00
Global Facility for Disaster Reduction and Recovery	1.00
International Development Association (IDA)	60.00
<b>Total Project Cost</b>	<b>74.00</b>

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



**Note to Task Teams:** End of system generated content, document is editable from here.

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- 1. Following more than two decades of strong economic growth, Cambodia has attained the lower-middle income status as of 2015, with Gross National Income (GNI) per capita reaching US\$1,070.** Cambodia grew by an average annual rate per capita of 7.8 percent during 2004 and 2014, ranking among the top 15 economies in the world in terms of economic growth. The GNI per capita increased by more than threefold in just two decades. The main drivers of growth have been garment, manufacturing, agriculture, tourism and, more recently, construction. Between 2004 and 2013, the poverty incidence under the national poverty line declined from 50.2 percent to 10.1 percent of the population. Despite this progress, the vast majority of the families that rose above the poverty line did so by a small margin, leaving them at risk in the event of an adverse shock. Poverty reduction in Cambodia has been accompanied by shared prosperity—the real consumption growth of the bottom 40 percent of the distribution was larger than that of the top 60 percent—and a decrease in inequality, with the Gini coefficient going down from 0.372 to 0.258 between 2007 and 2013.<sup>1</sup>
- 2. Cambodia is predominantly a rural, subsistence economy, with 79 percent of the population living in rural areas, where limited connectivity and repeated disasters lead to barriers in development.**<sup>2</sup> A vast amount of Cambodia’s productive resources – labor, land, and natural resources – are located in rural areas and are still unused or underutilized. Tapping into these resources and drawing them into productive uses is critical to unlocking sustainable, broad-based economic growth and development. Agricultural employment constitutes 51 percent of the total labor force, and agricultural gross domestic product (GDP) represents 25.6 percent of the total GDP, so that agricultural growth will be critical for continued poverty reduction.<sup>3</sup> Upgrading rural roads and improving the logistics chains between farms, markets and basic services will help reduce the poverty rate in rural areas where 91 percent of the poor live.<sup>4</sup>
- 3. Disasters in Cambodia drain government resources.** The 2016 World Risk Index ranks Cambodia the ninth most disaster prone country in the world.<sup>5</sup> Floods, storms and droughts are the most prevalent hazards in the country, which are expected to become more pronounced and severe under the influence of climate change.<sup>6</sup> Typhoon Ketsana in 2009, the floods in 2011 and floods in 2014 caused damages and losses of US\$132 million, US\$625 million, and US\$357 million respectively. The El Niño climatic pattern also impacts Cambodia,

<sup>1</sup> World Bank. Forthcoming. *Cambodia Systematic Country Diagnostic*, Washington, DC.

<sup>2</sup> World Bank. 2016. World Bank Country Data website: Rural Population data (2015).

<sup>3</sup> World Bank. 2015. *Cambodian Agriculture in Transition: Opportunities and Risks*.

<sup>4</sup> World Bank. 2013. *Where Have All the Poor Gone? Cambodia Poverty Assessment*.

<sup>5</sup> World Risk Report, 2016. <http://weltrisikobericht.de/english/>.

<sup>6</sup> World Bank. 2016. *Climate Change Knowledge Portal. Cambodia. Risk Screening Overview*. Accessed September 2016.



bringing severe drought to the country in 2015-2016, impacting sectors dependent on water resources. A preliminary financial risk assessment<sup>7</sup> estimated high annual economic losses for Cambodia due to natural disasters equivalent to 0.9 percent of GDP.<sup>8</sup> An analysis based on historical data indicates that every year Cambodia faces average costs from floods for emergency response alone of US\$54 million.

**4. The high reconstruction costs in the transport sector and the lack of short-term liquidity of to finance disaster response and relief are undermining economic progress.** The transport sector is the most vulnerable sector of the economy. It was the hardest hit, accounting for 41 percent of total economic losses, in the last three main events in 2009, 2013, and 2014 with a cost of US\$454 million to the country.<sup>9</sup> The integration of risk management solutions into public investment planning, in particular the transport sector, is needed to reduce the costs of disasters. At the same time, appropriate disaster response financing instruments, which help the government to quickly respond to a disaster, are lacking. These instruments are needed, for example, to finance social protection in post-disaster situations to avoid people falling back into poverty. Household income loss from the 2013 floods added up to about US\$36.6 million, around 18 percent of total losses, and burdened the poor and vulnerable the most.

#### Sectoral and Institutional Context

**5. Southeast Asia is highly exposed to natural disaster impacts underlining the importance of mainstreaming risk reduction into development and strengthening the region's capacity and cooperation in the field of disaster risk management (DRM).** To contribute to the resilient and sustainable development of the region, the World Bank is assisting Cambodia, Lao PDR, and Myanmar through a series of interdependent DRM projects. This series of projects seeks to reduce the vulnerability of people and assets to natural hazards in selected areas through an integrated package of structural and non-structural investments. Targeting beneficiaries who are facing a common set of development issues, the series represents a new phase of DRM engagement in the region. It will strengthen the respective ministries of finance and economic planning as well as line ministries to support systematic and long-term investments in resilience. The regional approach combines investments and activities at the country level and activities at the regional level. Under this approach, the Southeast Asian countries will benefit from regional approaches prioritized investments in resilience and retrofitting of key-public assets to meet international recognized resilience standards. The projects will also strengthen post disaster response capacity and financial protection through national and regional financial instruments (see Annex 6).

**6. Recognizing the links between development, sustainability and resilience, Cambodia has started to incorporate disaster and climate resilience priorities into its national strategies but the implementation remains a challenge.** The National Action Plan for Disaster Risk Reduction 2014-2018<sup>10</sup> sets out the

<sup>7</sup> World Bank / Global Facility for Disaster Reduction and Recovery. 2012. *ASEAN. Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation*. The annual expected fiscal burden for the RGC due to natural disasters is estimated at 0.5 percent of total public expenditure. In the event of a 200-year disaster, Cambodia could face bills totaling 18 percent or more of total public expenditure

<sup>8</sup> World Bank / Global Facility for Disaster Reduction and Recovery. 2012. *ASEAN. Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation*.

<sup>9</sup> Royal Government of Cambodia. 2014. *Cambodia Post-Flood Early Recovery Needs Assessment Report*.

<sup>10</sup> Royal Government of Cambodia. 2014. *Cambodia National Action Plan for Disaster Risk Reduction, 2014-18*.



Government's priority to "build a resilient nation and local communities to pursue sustainable development". The plan and Law on Disaster Management<sup>11</sup> outline the main responsibilities of the National Committee for Disaster Management (NCDM) in coordinating disaster preparedness and response. Yet, weak capacity, lacking resources, insufficient analytics and a focus on disaster response hamper the implementation of these plans. Mainstreaming of resilient principles across sectors is not systematized but rather conducted in an ad-hoc manner, constrained by technical knowledge and budget allocations for DRM.

**7. The role of the Ministry of Economy and Financing (MEF) in DRM is still limited, but global experience suggests that high-level Government agencies need to play a critical role in increasing resilience.** MEF's contribution and leadership is currently marginal in critical areas such as convening line ministries, creating DRM awareness, prioritizing strategic risk reduction investments, allocating necessary resources for DRM, and promoting disaster risk finance tools to secure access to immediate funding for disaster response and recovery. In particular, two areas require increased capacity-building to tackle the increasing disaster and climate risks: (i) mainstreaming resilience into investment planning, and (ii) strengthening disaster risk financing.

**8. Mainstreaming resilience into investment planning is critical to ensure the country's assets and services develop in a safe, resilient and sustainable way so that they can bring the desired benefits to its peoples.** There is need for the ongoing and future development to take into account the existing and future risks by avoiding high risk areas through proper land-use, mitigating physical risks through design, construction and proper maintenance and coordination, and increasing institutional capacity and preparedness. MEF in its overarching and coordinating role is well-placed to promote resilient investment decisions, implemented by respective line ministries. Policies and technical guidance is still lacking to protect key economic sectors and assets at risk, including the transport network.

**9. The transport sector is the most affected by natural disasters and the impacts are expected to become more pronounced under the influence of climate change.** In 2011, the sector sustained the largest impact among sectors amounting to US\$344 million or 57 percent of the total damages and losses caused by the floods.<sup>12</sup> Similarly in 2013, transport recorded the largest sectoral damages totaling US\$79.6 million or 52 percent of the total flood damages.<sup>13</sup> Flooding in 2011 and 2013 damaged 1,842 km and 1,557 km of rural roads with reconstruction costs of US\$127 million and US\$53 million, respectively.<sup>14</sup> Over 80 percent of rural roads in Cambodia are still unpaved, causing significant problems during the wet season due to road destruction and high operation and management costs. Flood waters cut off communities who are unable to access economic corridors that connects them to markets and social services.

**10. Transport sector is of strategic importance to the development of the country with both passenger and cargo transport predominantly depended on the country's road network.** The road network comprises of approximately 50,000 km, including about 12,200 km of national and provincial roads and approximately 38,500 km of rural roads (see Annex 1). The Ministry of Public Works and Transport (MPWT) is responsible for the national and provincial road network, while the Ministry of Rural Development (MRD) is in charge of rural

<sup>11</sup> Royal Government of Cambodia. 2015. Law on Disaster Management. NS/RKM/0715/007.

<sup>12</sup> Asian Development Bank. 2012. Flood Damage Emergency Reconstruction Project, Preliminary Damage and Loss Assessment, March 2012.

<sup>13</sup> Royal Government of Cambodia. 2014. *Cambodia Post-Flood Early Recovery Needs Assessment Report*.

<sup>14</sup> Asian Development Bank. 2012. Flood Damage Emergency Reconstruction Project, Preliminary Damage and Loss Assessment.



roads, which account for about 77 percent of the total road network. The rural road infrastructure provides important links for the country's predominantly rural population.

11. **Strengthening disaster risk financing would help Cambodia to systematically manage the financial impact of disasters and improve its post-disaster response financing capacity.** Cambodia has limited financial capacity to respond to disaster events. A general contingency budget - approximately US\$115 million over the past 5 years - held by the Office of the Council of Ministers, can be used to finance unforeseen expenditure, including post-disaster expenditure. The MEF estimates that less than 10 percent of this budget is used annually for disasters. Emergency response costs, particularly floods, can cause significant short-term funding gap and divert the use of public funds. Given the limited ability of the government to access domestic and international credit sources, insurance markets, or raise tax revenue after disasters, recovery and reconstruction costs of past disasters have been partially met through budget reallocation by line agencies and donor assistance, which is often unpredictable or reallocated from existing projects. This causes delays in government response and impacts financing of development priorities. When major disaster costs remain unaddressed, they are absorbed by the affected populations, making the most vulnerable traditionally worse off.

12. **This project will support key Government agencies in mainstreaming of DRM into development and strengthening financial resilience.** The project will support the technical capacity of MEF to develop stronger DRM analytics and strengthen its policies and guidelines for public investment planning to facilitate integration of resilient principles into sectoral development. It will also help MEF to develop a DRFI strategy and financing instruments to help protect government finances. These upstream regulatory planning tools will be complemented with downstream implementation in the transport sector. The proposed project will help to strengthen MRD to integrate disaster resilience in its policies and systems. The resilient approaches will be demonstrated through the rehabilitation of rural roads along the Mekong and Tonle Sap to withstand regular flooding, reducing regular reconstruction costs, and improving the connectivity of communities to market allowing for all-weather access. This project will leverage a comprehensive approach to making road sector investments resilient to the impacts of natural disasters. Structural investments will be complemented with institutional capacity-building to help mainstream resilience with a long-lasting positive impact on the development of the sector. Communities' capacity for risk management will be strengthened through improvements in last-mile early warning and community-based disaster risk management (CBDRM).

### C. Proposed Development Objective(s)

**Note to Task Teams:** The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

13. The Project Development Objective (PDO) for the Southeast Asia Disaster Risk Management program is to reduce the impacts of natural hazards – in Cambodia this will entail improving climate resilient rural road connectivity in select provinces and providing immediate and effective response to an Eligible Crisis or Emergency.



#### Key Results

14. The achievement of the PDO will be measured through the following key indicators:
  - i. Number of beneficiaries benefitting from all-season rural roads (no.); of which are poor (%); of which are female (%).
  - ii. Cambodia has access to sovereign disaster risk insurance (Y/N).
  - iii. Disaster risk analytics used to inform public investment planning (Y/N).

#### D. Project Description

15. **The Cambodia Southeast Asia Disaster Risk Management Project will support key Government agencies in mainstreaming of DRM into development and strengthening financial resilience.** The proposed project will help mainstream disaster resilience in the rural roads along the Mekong and Tonle Sap to withstand regular flooding, reducing regular reconstruction costs, and improving the connectivity of communities to market allowing for all-weather access. Structural investments will be complemented with institutional capacity-building and the development of technical guidelines to help mainstream resilience with a long-lasting positive impact on the development of the sector. Communities' capacity for risk management will be strengthened through improvements in last-mile early warning and community-based disaster risk management (CBDRM). Early warning systems and community preparedness planning will strengthen the preparedness of rural households. To enhance the capacity of Cambodia to finance disaster response, the project will support technical capacity of MEF and help to develop a national DRFI strategy and financing instruments to help protect government finances, including a solution on a regional scale where Cambodia will participate in a regional risk pooling mechanism joined by Lao People's Democratic Republic, and the Republic of the Union of Myanmar. With stronger analytics, capacity and awareness on the importance of investing in DRM, the proposed project will support the MEF in strengthening its policies and guidelines for public investment planning to facilitate integration of resilient principles into sectoral development.

#### **Component 1. Resilient Rural Corridors (US\$60 million IDA Credit, US\$3 million Counterpart Financing)**

16. This component will focus on resilience of rural road corridors through upgrading rural roads and strengthening the preparedness of surrounding communities. It will be implemented by MRD in Stung Treng, Kratie, Kampong Cham, Tbong Khmum, Siem Reap, and Kandal, six highly flood-prone provinces along the Mekong and Tonle Sap basins.
17. *Sub-component 1.1. Resilient Rural Roads Rehabilitation and Maintenance (US\$57 million):* This component will finance the climate resilient rehabilitation and maintenance of about 250 km of rural roads that are regularly damaged from recurrent flood events.
18. Sound engineering designs, sufficient drainage, and greening approaches will be applied to enhance the resilience of the road structures. Where appropriate, labor-intensive methods and green construction materials will be supported for construction and maintenance. Traffic safety measures, particularly near schools, will be included. Opportunities for dual purpose infrastructure will be sought, whereby the rural road networks function as water control measures, by raising the road levels or introducing water gates to control water flows in dry and wet seasons. These works will be complemented with a safe villages program that combines road safety training with community based disaster risk management (CBDRM). The CBDRM program will strengthen risk reduction and preparedness in the communities adjacent to the roads. Throughout the project cycle, local communities will



be consulted so that their knowledge of the area and concerns are integrated into the project design and implementation. Criteria used to prioritize rural roads for upgrading under this project are provided in Annex 1.

19. *Sub-component 1.2. Institutional Strengthening for Disaster Resilience (US\$3 million):* This sub-component will finance institutional strengthening within the rural road sector. In particular, this component will (i) develop resilient roads design, construction, and maintenance guidelines, (ii) support quality control through field laboratories, and (iii) upgrade the rural road inventory to improve prioritization and road asset management.

**Component 2. Disaster Risk Financing and Insurance (US\$10 million Counterpart Funding + US\$1 million TF Grant)**

20. The objective of this component is to increase the disaster resilience of Cambodia by enhancing MEF's capacity to integrate disaster and climate resilience into development, and enhance the Government's capacity to meet post-disaster funding needs. This component will be implemented by MEF.

21. *Sub-component 2.1. Support for Strengthening Disaster Resilience (US\$1 million TF Grant):* This sub-component will: (i) build capacity MEF to systematically mainstream disaster and climate resilience into public investment planning and development processes, in coordination with other relevant line Ministries and NCDM, (ii) build capacity on disaster risk financing and insurance within MEF, including supporting the preparation and implementation of a national disaster and climate risk finance strategy; and (iii) facilitate the country engagement in the preparation and implementation of a regional disaster risk pooling mechanism, such as the establishment of the Southeast Asia Disaster Resilience Insurance Fund (SEADRIF), designed to provide participating countries with effective and affordable post-disaster rapid response financing. This sub-component will be financed through recipient-executed trust fund grants.

22. *Sub-component 2.2. Payment of Disaster Risk Insurance Premium (US\$10 million Counterpart Funding):* This sub-component will assist the Government in securing access to sovereign disaster risk insurance by financing its premium for three years to an international risk carrier such as the newly established SEADRIF or through the World Bank Treasury. This sub-component is important to show commitment of Cambodia in moving this initiative forward, especially as significant donor funding will be required to establish SEADRIF.

**Component 3: Project Management (US\$3 million IDA Credit)**

23. The objective of this component is to support the day-to-day implementation of the project. It will finance institutional support and capacity development for project management, coordination, procurement, financial management, technical and safeguards aspects, monitoring and evaluation (M&E), and reporting.

**Component 4: Contingent Emergency Response Component (US\$0)**

24. This component will allow for a reallocation of credit proceeds from other components to provide emergency recovery and reconstruction support following an eligible crisis or emergency. An Emergency Response Operations Manual will be developed for the specific eligible disaster, detailing financial management, procurement, safeguard, and any other necessary implementation arrangements.



## E. Implementation

### Institutional and Implementation Arrangements

25. **Coordination:** MRD will be responsible for overall technical supervision, execution and management of the project. A Project Coordination Steering Committee (PCSC) will be set up to ensure inter-ministerial coordination. The PCSC will include members at the Director General Level and representatives from the project provinces. The MRD Secretary of State will be the Project Coordinator. The MEF will be the coordinating entity of activities under Component 2.

**Implementation:** For Component 1, an inter-departmental management coordination team at MRD will be established, led by the Director General of the Technical Affairs Department, who also oversees the Rural Roads Department, to be responsible for all aspects of component management, including procurement and fiduciary aspects, M&E and reporting, compliance with environmental and social safeguards, support to implementing agencies and donor coordination. Project management and implementation will build on the existing structure and capacity of the ministry and draw on consultants support to augment this capacity where needed, including for surveys, design and supervision. Community feedback will be sought for the design and implementation of the project. Component 2 will be overseen by MEF. A National DRFI Working Group will be established, chaired by MEF. To foster regional collaboration, a Regional DRFI Working Group was set up with representatives from the relevant finance ministries of Cambodia, Lao PDR, and Myanmar. Links to ASEAN will be explored to maintain higher-level political coordination between the countries. Component 3 will be jointly overseen by MRD and MEF. For Component 4, an emergency operations manual will be developed which will detail the implementation of emergency activities, including aspects related to procurement, FM, M&E, and safeguard compliance. Detailed institutional and implementation arrangements will be described in the Project Operation Manual (POM) which will be finalized before project negotiations.

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## F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The physical works of the project, under Component 1, will entail the rehabilitation, repair and maintenance of road sections in six provinces, namely Kandal, Kampong Chan, Tboung Khmum, Kratié, Siem Reap and Steung Treng. These are six high flood-prone provinces along the Mekong and Tonle Sap basins, which were most affected by the most recent major flood events.

Each province has its own rich and diverse ethno-cultural characteristics. Ethnic minorities are present in Stung Treng, and potentially in small numbers in other provinces. The rehabilitation of roads will benefit the population of the targeted provinces equally.

The proposed road strengthening could have some impacts on nearby habitats, wildlife corridors, wetlands, or river basins at the Component 1 project locations. Roads may alter water flow from one side to the other. This can result in flooding on one side of the road and water shortages on the other one, altering vegetation and associated ecosystems. Hydrologic studies will be undertaken and construction will be designed in a way to minimize any potential impacts.

An indirect positive consequence of the project could be the mitigation of drought impacts in the targeted communities.



Concerns were expressed regarding the lack of water for livestock, homestead gardens and potable water during the dry season. These concerns could be mitigated as an indirect result of the proposed project, for instance, through the conveyance of borrow pits into environmentally-friendly community water retention ponds.

Given that specific sub-projects and locations are not known at the time of appraisal, the Government prepared an ESMF provides guidelines to ensure that the project is implemented in an environmentally and socially sustainable manner in with World Bank and Government safeguards regulations.

Component 2 on disaster risk financing and insurance will support the government to entrance fees and/or insurance premiums. The component does not finance any downstream physical investments but it finances the premium for the government to purchase catastrophe risk insurance for 3 years, therefore no safeguards are triggered by this Component

**G. Environmental and Social Safeguards Specialists on the Team**

Sybounheung Phandanouvong, Makathy Tep

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The proposed road rehabilitation will be implemented on the existing right of way. Significant negative environmental impacts are not anticipated and impacts will be limited to dust, noise, household business disturbance (in populated communities), sourcing of materials, and waste during construction. These issues are minor and site specific. They can be managed by applying good construction practices. The use of materials for the construction will be monitored.
Natural Habitats OP/BP 4.04	Yes	The proposed road strengthening under component 1 could have some impacts on nearby habitats, wildlife corridors, wetlands, or river basins, therefore Natural Habitats is triggered as a precautionary measure. Sub-projects will be designed in a way to maximize flood resilience, while minimizing natural habitat disruption and site-specific ESMPs will be developed to help mitigate this risk.
Forests OP/BP 4.36	No	While Stung Treng and Stung Treng include a Ramsar site and rich of forest resources, the project or any sub-projects do not impact forests, wildlife animals, and non-timber forest products degradation.
Pest Management OP 4.09	No	The project will not lead to an increased use of pesticides.



Physical Cultural Resources OP/BP 4.11	Yes	There is a possibility that physical cultural resources could be found during eventual construction of infrastructure that is to be studied and designed through this project, especially in the indigenous people's areas. For such a case, a chance-finds-procedure has been included in the Environmental and Social Management Framework (ESMF).
Indigenous Peoples OP/BP 4.10	Yes	The Environmental and Social Management Framework (ESMF) and consultations conducted during the project preparation suggest that ethnic minorities are present in Stung Treng and Kratie, and potentially in small numbers in other provinces. They may be directly or indirectly impacted by the proposed project investments in target provinces. In view of this, OP/BP4.10 is triggered by the project. The Ethnic Groups Development Framework (EGDF) is prepared to address potential adverse social impacts to the ethnic minorities that may occur due to the implementation of the project. This policy framework requires that special measures be established to ensure that the interest of ethnic minorities are protected and that they are engaged in a process of free, prior, and informed consultation which results in broad community support to the project.
Involuntary Resettlement OP/BP 4.12	Yes	The project triggers the OP/BP4.12 policy on Involuntary Resettlement. Land acquisition and structure relocation are expected to be minor and temporary since a minimization of resettlement is a criteria used in road selection and since the project roads will be upgraded on the existing alignment and the right of way. The project may impact also shops and small businesses along the roads. The Resettlement Policy Framework (RPF) will be applied by all subprojects to address potential adverse social impacts due to involuntary acquisition of assets and changes in land use. RPF includes provision for compensation and rehabilitation assistance, and if land donation is involved, procedures for land contributions.
Safety of Dams OP/BP 4.37	No	The project does not involve construction of dams, reservoir dykes or other facilities that would impact downstream and upstream resources.
Projects on International Waterways OP/BP 7.50	No	The sub-projects are minor and localized with no impact on international waterways.



Projects in Disputed Areas OP/BP 7.60	No	The sub-projects do not take place in disputed areas.
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## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

**Involuntary Resettlement (OP/BP4.12):** Land acquisition and structure relocation are expected to be minor and temporary since a minimization of resettlement is a criteria used in road selection and since the project roads will be upgraded on the existing alignment and the right of way. The project may impact also shops and small businesses along the roads.

**Indigenous Peoples (OP/BP4.10):** Ethnic minorities are present (Stung Treng, Kratie, and may be present in small numbers in other provinces) and may be directly or indirectly impacted by the proposed project investments in target provinces.

**Environmental Assessment (OP/BP4.01):** The proposed road rehabilitation will be implemented on the existing right of way. Significant negative environmental impacts are not anticipated and impacts will be limited to dust, noise, household business disturbance (in populated communities), sourcing of materials, and waste during construction. These issues are minor and site specific.

**Natural Habitats (OP/BP 4.04):** The proposed road strengthening under Component 1 could have some impacts on nearby habitats, wildlife corridors, wetlands, or river basins, therefore Natural Habitats is triggered as a precautionary measure.

**Physical Cultural Resources (OP/BP 4.1):** There is a possibility that physical cultural resources could be found during eventual construction of infrastructure.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:  
The investments under MRD are unlikely to create any significant negative environmental and social impacts, and the project is proposed to be classified as Category B. The proposed road rehabilitation will be implemented on the existing right of way and does not involve road widening. Based on the experience in similar projects elsewhere and the understanding of the nature and potential impact of the types of sub-projects envisaged under this project, significant negative environmental impacts are not anticipated and impacts will be limited to dust, noise, health and safety of workers and communities, household business disturbance (in populated communities), sourcing of materials, and construction waste during construction. These issues are temporary and site specific. The highest envisaged category is B. The project's safeguards approach is thus designed to ensure compliance and sustainability of category B (and C) sub-projects. In the unlikely case that a subproject of EA category A would be proposed, it would be considered ineligible for project's support as it would take time to prepare the ESIA's, which would delay the urgent response objective of the project.

The project road maintenance and spot improvement works may result in an increase in traffic, number of vehicles, driving speed, accidents and fatalities. To address these impacts, road safety considerations have been included in the



Environmental and Social Management Framework (ESMF). This recommendation is underlined by the findings of the Preliminary Environmental and Social Assessment (PESA) as part of the ESMF. Safeguard policy frameworks (ESMF, RPF, EGDF) to be applied under the project have been prepared by MRD with support from a consulting firm. These policy frameworks are designed to guide impact screening or assessment and identification of mitigation measures to be documented in subsequent instruments as required. The final versions of ESMF, RPF and EGPF were disclosed before appraisal.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Environmental and social considerations are being carefully considered throughout the project design and feasibility assessments. Greening approaches will be integrated into road construction designs in order to enhance environmental benefits and minimize adverse impacts. The use of multi-purpose design will be encouraged throughout the project so that the road infrastructure upgraded can integrate enhanced drainage or water retention features. Sourcing of materials will also be considered carefully to minimize negative impacts and maximize positive ones, such as using borrow pits for water retention or fish ponds.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Given that specific sub-projects and locations are not known at project appraisal, the RGC prepared an ESMF that provides guidelines to ensure that the project is implemented in an environmentally and socially sustainable manner in line with World Bank and Government safeguards policies. The ESMF provides a generic Environmental Management Plan (EMP), Resettlement Policy Framework (RPF), and a chance finds procedure to guide impact screening and identify measures/instruments to mitigate potential impacts of road rehabilitation. Expected safeguard instruments to be developed under the project include ESMPs/ ECoP, and limited ESIA which will be incorporated into the bidding documents to inform the contractors of their obligations to comply with the national and Bank safeguard policy requirements. As part of ESMP or a stand-alone document, Abbreviated Resettlement Action Plan (ARAP) and Ethnic Group Development Plans (EGDPs) will be prepared and applied as required. For Component 4, an emergency operations manual will detail implementation of emergency activities, including safeguards compliance. The Manual will be prepared during implementation and adopted by the RGC before making any request to access funds from this component.

The MRD Environment and Social Office (ESO) has 10 staff implementing and monitoring safeguard requirements and compliance for MRD investments. Project's safeguard instruments will be implemented under ESO with the support of Ministry of Environment and General Department of Resettlement in MEF. Three staff from the ESO have been appointed as focal points for project safeguards; one staff with extensive knowledge and experience in World Bank and Government safeguards policies. Requirements for training and support in safeguards implementation and monitoring will be assessed. They will receive support through a consultant team that will assist in the implementation of the safeguard requirements while building staff capacity.

The central project team in MRD will review impact assessment reports prepared by subnational PMOs and prepare draft terms of reference for preparation of subsequent safeguard instruments, including ESMP/ ECoP. As required, a stand-alone EMP, limited ESIA, ARAP, and EGDP would be prepared for specific subprojects. These plans will be consulted and disseminated to concerned stakeholders, and their feedback will be incorporated. Documentation will be publicly disclosed and submitted to the World Bank for review.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.



MRD conducted two sets of public consultations with project stakeholders during June 10-17 and August 8, 2016. The first consultation discussed safeguard policies triggered and instruments namely the ESMF, RPF, and EGDF with concerned government ministries and civil society organizations. Local consultation were held in three of the six provinces (Kampong Cham, Tbong Khmum and Kratie) between June 13-17, 2016 to inform local stakeholders of project objectives, sub-project descriptions and potential project’s effects. The second public consultation was carried out on August 8, 2016 to discuss the proposed sub-projects, issues and concerns, the draft final ESMF, EGDF and RPF documents, and related measures. Results from this free, prior and informed consultation process suggests that stakeholders and potential project affected people largely support the project development and implementation.

Consultation and community engagement will continue throughout the design and implementation of the project to ensure that communities are adequately informed and that the needs of beneficiaries, including women, youth, and the elderly, particularly related to road safety and DRM are addressed. Component 1 foresees CBDRM approaches which would facilitate local communities engagement in DRM, such as development of community disaster preparedness plans engagement in construction, operations and maintenance. Improvements in last-mile early warning and road safety efforts will provide further opportunities for community consultations and engagement. Two intermediate indicators will monitor percentage of addressed grievances, and proportion of population satisfied with road condition, safety, and climate resilience of rehabilitated and maintained roads.

The ESMF preparation included separate consultations and a survey that identified specific concerns of women which are considered in project design, operations manual, and safeguards instruments. The road infrastructure selection criteria consider investments will benefit women and vulnerable groups in terms of enabling them to access social infrastructure which currently get cut off by bad road condition. The project operations manual will suggest options for equal participation of men and women in the planning, capacity-building, etc. Safeguards compliance would mitigate potential negative impacts related to women’s and children’s health and well-being. Gender aspects will be monitored in the RF.

**B. Disclosure Requirements**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission to InfoShop	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
22-Jul-2016	25-Jul-2016	

**"In country" Disclosure**

Cambodia  
25-Jul-2016

Comments

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank	Date of submission to InfoShop
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22-Jul-2016

25-Jul-2016

**"In country" Disclosure**

Cambodia

25-Jul-2016

Comments

**Indigenous Peoples Development Plan/Framework**

Date of receipt by the Bank

Date of submission to InfoShop

22-Jul-2016

25-Jul-2016

**"In country" Disclosure**

Cambodia

25-Jul-2016

Comments

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA



**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

No

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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**APPROVAL**

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**Note to Task Teams:** End of system generated content, document is editable from here.