

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA8958

Project Name	KH-Land Allocation for Social and Economic Development Project II (P150631)
Region	EAST ASIA AND PACIFIC
Country	Cambodia
Sector(s)	General agriculture, fishing and forestry sector (60%), Sub-national government administration (20%), Rural and Inter-Urban Roads and Highways (20%)
Theme(s)	Rural services and infrastructure (60%), Land administration and management (20%), Participation and civic engagement (20%)
Lending Instrument	Investment Project Financing
Project ID	P150631
Borrower(s)	KINGDOM OF CAMBODIA
Implementing Agency	Ministry of Land Management, Urban Planning and Construction, Ministry of Interior, Ministry of Agriculture, Forestry and Fisheries (MAFF)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	13-Jan-2016
Date PID Approved/Disclosed	14-Jan-2016
Estimated Date of Appraisal Completion	15-Jan-2016
Estimated Date of Board Approval	17-Mar-2016
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

Cambodia has experienced remarkable economic growth and macroeconomic stability over the past years. Its growth rate averaged 7.9% per annum over 2003–2013, the 17th fastest in the world over that period. Per capita income in current prices has more than doubled over the past decade, reaching US\$1,084 in 2014 from US\$405 in 2004.

In 2014, Cambodia's economic growth is estimated to reach 7.1 percent despite the adverse effects from post-election political uncertainty and labor unrest. This growth has been led by the expansion of the construction sector, and continued growth in garment exports, and tourism, and agriculture.

The external position remains stable, supported by healthy foreign direct investment although the

current account deficit (excluding official transfers) is expected to widen slightly, reaching 11.7 percent of gross domestic product this year due to rising imports. The foreign direct investment inflows are increasing with the return of greater labor market stability and investors' renewed appetite for the construction and real estate sectors, leading to rising construction materials imports. Consumption goods imports have also picked up, driven mainly by vehicle and petroleum product imports. Gross international reserves have risen rapidly, reaching a record level of US\$4.6 billion or about 4.0 months of imports by end-2014. With continuing depressed food prices and the recent decline in oil prices, inflation eased significantly to 1.2 percent year-on-year by end-2014, compared to 4.6 percent at the end of 2013.

As a result of strong growth, the level of poverty was more than halved over seven years from 53 percent in 2004 to 18.6 percent in 2012, and far exceeding the country's Millennium Development Goal. This performance has been achieved after Cambodia managed its historical transition from a planned economy towards a market-based economy and ended its decades long of conflicts and wars. Cambodia's openness began with its membership in the Association of Southeast Asian Nations in 1999 and its accession to the World Trade Organization in October 2004.

Despite the very impressive economic progress, Cambodia is still one of the poorest countries in Southeast Asia. In addition, in spite of the large reduction in poverty, these hard won gains remain fragile. The vast majority of the families who were lifted out of poverty did so only by a small margin, implying that those families moved from being poor to being just "near-poor" and are at high risk of falling back into poverty. For example, the loss of just 1,200 riel per person per day in income (about US\$0.30) would throw an estimated three million people back into poverty, doubling the country poverty level to 40 percent from 20.5 percent.

The World Bank has not engaged in any new lending to Cambodia since 2011.

Following formal request by the government that LASED II will feature among priority future projects under the WBG's upcoming CEN, preparation activities for the LASED II Project have been well underway. Ongoing projects, such as the Land Allocation for Social and Economic Development (LASED) Project, were continued but no new project financing have since been approved. The delays and potential interruption in the processing of the proposed project, however, pose a significant threat to the sustainability and the achievements of the LASED Project and the objective of long-term poverty reduction among the existing project beneficiaries.

Sectoral and institutional Context

The Cambodian Constitution (1993) guarantees the right to private property, including full ownership of land to Khmer citizens. The Land Law (2001) provides the legal basis to achieve legal recognition of ownership rights to land. The 2002 Interim Paper on Strategy of Land Policy Framework, the 2003 Policy Paper on Social Concessions in the Kingdom of Cambodia and the 2009 Declaration of the Royal Government on Land Policy underline the importance of distribution of state lands to landless and land poor households. The government's national development strategy (the Rectangular Strategy for Growth, Employment, Equity, and Efficiency) recognizes land reform as a priority for growth in the agricultural sector, and targets for land reform and distribution are set in the National Strategic Development Plan 2009-2013.

Improving access to agriculture and residential land remains a key issue in Cambodia's

development agenda as 80% of the total population live in the rural areas. In 2011, Cambodia's poor people who lived under US\$1.15 per day were about 3 million and the near-poor who lived under US\$2.3 per day were about 8.1 million, with about 90 percent of them living in rural areas. The majority or 66 percent of the rural population depends on agriculture for their livelihood, however more than 10 percent are landless and a large share of the rural population cultivates less than 0.5 ha which on average provides for less than half of the basic nutritional needs for a typical rural family. Two thirds of the country's rural households still face seasonal food shortages each year. Improving productivity and increasing production are important issues for all of Cambodia's farmers.

The Bank-assisted LASED Project and associated Japan Social Development Fund (JSDF) grant-funded project activities have been a cornerstone of Cambodia's Social Land Concession (SLC) Program. These four Bank-funded projects, (a) LASED Project; (b) Wathnakpheap's "Strengthening Good Governance in Land Distribution Project" (TF091833); (c) Habitat for Humanity International - Cambodia's "Strengthening Civil Society - Government Partnership to Deliver Land Tenure Security Project" (TF091836); and (d) Life with Dignity's "Community Empowerment through Access to Land Project" (TF091839), have supported the distribution of state private lands to landless and land poor people. In addition to these, the government is also implementing a large-scale land distribution to retired soldiers of the armed forces and their families. The program aims to transfer several hundred thousand hectares of private state land through SLCs to landless and land poor. Recipients are selected using the established poverty identification process (IDPoor), with beneficiaries being within the bottom 40% of the population. The government has recognized the significant and potential contribution of SLCs to poverty reduction and is committed to scaling up the program.

The process for updating the Land Policy is ongoing and initial drafts highlight the importance of SLCs for poverty reduction and development. The land and services link is recognized, emphasizing the need for infrastructure development and (agriculture) livelihood support services. A renewed approach of state land identification and mapping has also been announced, in line with the objective to secure state assets. This would, in the medium and long term, open the door for new land allocation approach, including SLCs of different forms.

Sustainability is at the center of government, as well as of the LASED Project. SLC projects do not only allocate land but are expected to provide the required infrastructure and deliver the necessary support services to ensure benefits from the land allocated. These key features are reflected in the government's agricultural extension policy and the attention and support that agricultural cooperatives and related savings and credit groups receive. The project would reinforce these and further improve the sustainability measures in the beneficiary sites.

II. Proposed Development Objectives

The project development objective is to help improve the target beneficiaries' access to agriculture resources and selected infrastructure and social services in project communities.

III. Project Description

Component Name

Project Description

Comments (optional)

The project would cover a total of 14 SLC sites in the five provinces of Kratie, Kampong Cham, Kampong Thom, Kampong Chhnang and Kampong Speu. These sites include the eight (8) sites under the LASED Project, five (5) sites funded under the Bank-administered Japan Social Development Fund (JSDF) and one (1) new site in Kampong Thom Province. The total area to be covered is approximately 17,000 hectares, benefiting some 5,150 families. The project would build on the successful implementation and experiences of the previous projects and good practices in the sector. It would address the remaining priority needs of beneficiaries by providing a package of agricultural technology assistance and infrastructure support to make their lands productive and sustainable.

Component Name

Component 1: Infrastructure and Livelihood Systems

Comments (optional)

N/A

Component Name

Sub-Component 1.1: Social Land Concession Investment Planning and Prioritization

Comments (optional)

This would support the: (a) participatory preparation and updating of SLC plans for the new and existing sites, respectively; (b) identification, prioritization and planning of appropriate technology and infrastructure investments, including the overall project baseline data and monitoring requirements; and (c) processing of land titles for eligible land recipients in the existing sites.

Component Name

Sub-Component 1.2: Land Preparation and Infrastructure Development

Comments (optional)

This would support the settling-in requirements as well as the required land preparation and prioritized infrastructure investments in the SLC sites. These include the: (a) provision of settling-in assistance to newly-installed land recipients; (b) provision of initial land preparation assistance including a first cover crop; and (c) provision of productive and social community infrastructure investments such as rural roads, small-scale irrigation systems, rural water supply, school buildings, teachers' houses, health posts and community centers, among others.

Component Name

Sub-Component 1.3: Agriculture and Livelihood Development

Comments (optional)

This would support the consolidation and further improvement of agricultural production systems, livelihoods and food security of land recipients, including facilitation and provision of support services and technical assistance. These would include support for the: (a) community organizing and development; (b) provision of agricultural service and extension support following a pluralistic service provider approach; (c) establishment of farmer-managed demonstration plots and model farms; (d) establishment and/or strengthening of farmers organization, agriculture cooperatives, production and marketing groups and other community interest groups; and (e) provision of community fund to strengthen successful local initiatives.

Component Name

Component 2: Project Management

Comments (optional)

This component would support project administration and coordination activities. It would ensure in

particular the timely and transparent flow of funds, procurement, auditing and reporting. It would also support project implementing entities at all levels (including communes) to further strengthen their fiduciary, administrative and reporting capacities. Specific attention and support would also be provided to strengthen the project's M&E system, and enhance the project and SLC-related management information system as input to the SLC planning and prioritization. Support would include technical assistance, training, incremental operating costs, vehicles and equipment, among others.

Component Name

Component 3: Contingent Emergency Response

Comments (optional)

An initial allocation of zero dollars, is part of IDA's support to an Immediate Response Mechanism (IRM) in Cambodia. The IRM allows reallocation of a portion of undisbursed balances of IDA-financed investment projects for recovery and reconstruction support following a formal Government request in the event of an eligible emergency. With IDA's support, Cambodia is developing its Emergency Response Manual (ERM). The ERM will detail eligible uses, financial management, procurement, safeguard and any other necessary implementation arrangements. The preparation and acceptance of the ERM is a condition prior to disbursement of any funds reallocated to this component. The ERM will also serve as the component's operation manual. If activated, PDO and RF may be amended under Level 2 restructuring.

IV. Financing (in USD Million)

Total Project Cost:	26.86	Total Bank Financing:	25.06
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			1.80
International Development Association (IDA)			25.06
Total			26.86

V. Implementation

The project builds on the same institutional arrangements, implementation structure and operating guidelines under the LASED Project, but with some additional activities and stakeholders to reflect the focus on supporting sustainable development of the SLC households. The shift of focus, however, would not depart much from the original design, which had benefited from substantial consultations and discussion with the government and other stakeholders. As such, the project would be implemented within the overall framework of existing guidelines, Project Implementation Manual (PIM) and Community Operations Manual (COM), which have been updated to operationalize the project design and achieve its development objective.

NATIONAL LEVEL

The General Secretariat for Social Land Concession (GSSLC) of the Ministry of Land Management, Urban Planning and Construction (MLMUPC) would continue to be responsible for the overall coordination and management of the project, with the Secretariat of the National Committee for Sub-National Democratic Development (NCDDS) of the Ministry of Interior (MoI) responsible for the major procurement and overall financial management reporting.

With the project's focus on supporting agriculture-based livelihood systems (Component 1.3), the existing implementation arrangements would expand to include the Ministry of Agriculture, Forestry and Fisheries (MAFF) - General Directorate of Agriculture (GDA) as a new national level implementing partner. Together with their counterpart Provincial Departments of Agriculture, they would be responsible for the planning, coordination and implementation of agriculture support activities and quality assurance of goods and services that would be provided to project beneficiaries. The GDA would also be responsible for coordinating and tapping the technical expertise of other technical departments within the MAFF, including engagement and supervision of required national technical consultants to support the implementation of sub-projects. These would be complemented by third party service providers/delivery organizations (e.g., NGOs), which would be contracted for the provision of front-line support activities to help improve the livelihoods and food security situation in the SLC sites.

The distribution of tasks is organized along the ministries' and departments' technical responsibilities. In order to further strengthen an effective and efficient implementation of project activities, and address any arising issues in a timely manner, regular monthly meetings of the Project Management Team (PMT) would take place. The PMT would comprise the heads of the three main implementation partners, i.e., the LASED II Project Director (GSSLC), the LASED II Project Coordinator (NCDDS), and GDA Director General. The PMT would provide the overall guidance to the project staff and address problems and constraints, especially where coordinated action from the national level is required.

Existing institutional arrangements, such as the National Committee for Social Land Concession (NCSLC) where MRD, MLMUPC, and MoI representatives meet and discuss, would ensure a coherent financing. The project has also taken into account the existing institutional structures involved in the government's Social Land Concession Program. Within the developing deconcentration and decentralization framework of the government, the project would continue to consider ways to align with government reforms and adapt to the new institutional directives for NCDD and GSSLC that might emerge during the implementation phase.

One of the expected key challenges for timely and high quality provision of infrastructure and services is the lack of experts to prepare detailed engineering and designs, agriculture development plans, and other livelihood support, including the supervision and quality assurance of implementation activities. In response to staffing constraints on the side of the concerned government agencies, and in order to ensure timely delivery of high quality infrastructure and services, the project implementing partners at national and sub-national level would be assisted by national consultants and contracted staff, as necessary, for smooth implementation. National capacities and experiences would be supplemented and further strengthened by employment of international consultants to provide specific technical and managerial capacity building inputs.

SUB-NATIONAL LEVEL

At the provincial level, the respective Provincial Land Use and Allocation Committees (PLUACs), chaired by the Provincial Governors, would carry overall responsibility for implementation matters. Technical support to the implementing District Working Groups (DWGs) would be provided by LASED II Provincial Team from the provincial technical line departments. Frontline implementation would be supported by contracted third party service providers. As the project would cover two new provinces (Kampong Chhnang, and Kampong Speu), which were not part of

the LASED Project, corresponding LASED Provincial Teams have also been established. These new teams, as well as the existing teams and other stakeholders, would receive continued capacity building and orientation on the project policies and guidelines.

The Commune Councils and communities would be responsible for procurement of infrastructure and services, in line with the Commune/Sangkat Fund PIM and the COM, respectively, and as referred to in specific provisions indicated in the LASED PIM. They would also be responsible for the sustainability (operation and maintenance) of completed infrastructure. This would be done through the establishment of infrastructure maintenance groups and the incorporation of all planned and potentially complementary (project) investments in the annual Commune Development Plans and Commune Investment Plans (CDP/CIP).

The project would continue to adopt the Civic Engagement Framework (CEF) that has been successfully tested and introduced in the LASED Project. The CEF is part of the LASED PIM Manual and describes the principles and processes for public information dissemination and disclosure, encouraging public participation, ensuring transparency, accountability, and conflict resolution.

COORDINATION WITH DEVELOPMENT PARTNERS

Close coordination and cooperation would be continued with Gesellschaft fuer Internationale Zusammenarbeit (GIZ) through their “Improvement of Livelihoods and Food Security Project” being implemented with the MLMUPC through GSSLC. Their technical assistance on food security and livelihood support activities in the original LASED communities would complement the project’s activities, including those on improved agricultural production and nutrition. The project team would also work closely with the implementing unit in the Ministry of Rural Development (MRD) and the KfW (Kreditanstalt für Wiederaufbau or German Development Bank) in view of the complementary project funding for infrastructures in some project communities under the “Economic Infrastructure Programme to Sustain Land Reform Implementation”. Coordination would focus on ensuring coherence with processes in the projects’ planning and implementation.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37	x	
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

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