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Report No: PAD1094

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR18.2 MILLION
(US$25.06 MILLION EQUIVALENT)

TO THE

KINGDOM OF CAMBODIA

FOR A

LAND ALLOCATION FOR SOCIAL AND ECONOMIC DEVELOPMENT PROJECT II (LASED II)

April 25, 2016

Agriculture Global Practice
East Asia and Pacific Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of February 29, 2016)

Currency Unit	=	Cambodian Riel (KHR)
KHR1	=	US$0.00025
US$1.00	=	KHR4,012
SDR1	=	US$1.38131

CAMBODIA FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AC	Agricultural Cooperative
ADB	Asian Development Bank
ADMAC	Agricultural Development in Mine-affected Areas of Cambodia
AEA	Agro-Ecosystem Analysis
AWPB	Annual Work Plan and Budget
CAF	Community Agriculture Facilitator
CDD	Community Driven Development
CDF	Community Development Facilitator
CDP	Commune Development Plan
CEF	Civic Engagement Framework
CFD	Community Fund for Development
CIP	Commune Investment Plan
COM	Community Operations Manual
C/S	Commune/Sangkat
DOA	District Office of Agriculture
DWG	District Working Group
EA-EMP	Environmental Assessment and Environmental Management Plan
ECOP	Environmental Code of Practice
EMP	Environmental Management Plan
ERM	Emergency Response Manual
FBA	Farm Business Agent
FBS	Farm Business School
FFS	Farmer Field School
FMS	Farmer Marketing School
FO	Farmer Organization
GAP	Good Agricultural Practices
GDA	General Directorate of Agriculture
GIZ	German International Cooperation (Gesellschaft fuer Internationale Zusammenarbeit)
GSSLC	General Secretariat for Social Land Concession
IA	Implementing Agency
IDA	International Development Association

IDPoor	Poverty Identification Process
IEC	Information, Education and Communication
IFAD	International Fund for Agriculture Development
IFR	Interim Financial Reports
IPA	International Procurement Agent
IP3	First Three-Year Implementation Plan of National Program
IRM	Immediate Response Mechanism
IRR	Internal Rate of Return
JSDF	Japan Social Development Fund
KfW	German Development Bank (Kreditanstalt für Wiederaufbau)
LASED	Land Allocation for Social and Economic Development (Project)
LR	Land Recipient
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MFI	Microfinance Institutions
MIS	Management Information System
MLMUPC	Ministry of Land Management, Urban Planning and Construction
MoI	Ministry of Interior
MoU	Memorandum of Understanding
MRD	Ministry of Rural Development
MTR	Mid-Term Review
MTT	Master Trainer Team
NBC	National Bank of Cambodia
NCB	National Competitive Bidding
NCDD	National Committee for Sub-National Democratic Development
NCDDS	National Committee for Sub-National Democratic Development Secretariat
NCSLC	National Committee for Social Land Concession
NGO	Non-Government Organization
NPV	Net Present Value
O&M	Operations and Maintenance
PA	Provincial Administrations
PDA	Provincial Department of Agriculture
PDO	Project Development Objective
PIM	Project Implementation Manual
PLUAC	Provincial Land Use and Allocation Committee
PLUP	Participatory Land Use Planning
PMT	Project Management Team
RF	Revolving Fund
RILGP	Rural Investment and Local Governance Project
RPF	Resettlement Policy Framework
SCG	Savings and Credit Group
SLC	Social Land Concession
SoE	Statement of Expenditures
SOP	Standard Operating Procedures
SORT	Systematic Operations Risk-Rating Tool

TOT	Training of Trainers
UXO	Unexploded Ordinance
VEW	Village Extension Worker
VAHW	Village Animal Health Worker

Regional Vice President:	Victoria Kwakwa
Country Director:	Ulrich Zachau
Senior Global Practice Director:	Juergen Voegele
Practice Manager:	Nathan M. Belete
Task Team Leader:	Mudita Chamroeun

KINGDOM OF CAMBODIA

LAND ALLOCATION FOR SOCIAL AND ECONOMIC DEVELOPMENT PROJECT II
(LASED II)

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Cambodia

KH-Land Allocation for Social and Economic Development Project II (P150631)

PROJECT APPRAISAL DOCUMENT

EAST ASIA AND PACIFIC

Agriculture Global Practice

Report No.: PAD1094

Basic Information		
Project ID P150631	EA Category B - Partial Assessment	Team Leader Mudita Chamroeun
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]	
	Financial Intermediaries [ ]	
	Series of Projects [ ]	
Project Implementation Start Date 19-May-2016	Project Implementation End Date 30-Jun-2021	
Expected Effectiveness Date 01-Jul-2016	Expected Closing Date 31-Dec-2021	
Joint IFC No		

Practice Manager/Manager	Senior Global Practice Director	Country Director	Regional Vice President
Nathan M. Belete	Juergen Voegele	Ulrich Zachau	Victoria Kwakwa

Borrower: KINGDOM OF CAMBODIA			
Responsible Agency: Ministry of Land Management, Urban Planning and Construction			
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Responsible Agency: Ministry of Interior			
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Responsible Agency: Ministry of Agriculture, Forestry and Fisheries (MAFF)			
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Project Financing Data(in USD Million)

[ ]	Loan	[ ]	IDA Grant	[ ]	Guarantee
[X]	Credit	[ ]	Grant	[ ]	Other

Total Project Cost:	26.86	Total Bank Financing:	25.06
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	1.80
International Development Association (IDA)	25.06
Total	26.86

Expected Disbursements (in USD Million)

Fiscal Year	2017	2018	2019	2020	2021	2022				
Annual	0.10	3.00	4.00	5.00	7.00	5.96				
Cumulative	0.10	3.10	7.10	12.10	19.10	25.06				

Institutional Data

Practice Area (Lead)

Agriculture

Contributing Practice Areas

Cross Cutting Topics

[X] Climate Change
[ ] Fragile, Conflict & Violence
[X] Gender
[ ] Jobs
[ ] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %

Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	60		
Public Administration, Law, and Justice	Sub-national government administration	20		
Transportation	Rural and Inter-Urban Roads and Highways	20		
Total		100		

☑ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Rural development	Rural services and infrastructure	60
Environment and natural resources management	Land administration and management	20
Social dev/gender/inclusion	Participation and civic engagement	20
Total		100

Proposed Development Objective(s)

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

Components

Component Name	**Cost (USD Millions)**
Component 1: Infrastructure and Livelihood Systems	22.71
Component 2: Project Management	4.15
Component 3: Contingent Emergency Response	0.00

Systematic Operations Risk- Rating Tool (SORT)

Risk Category	**Rating**
1. Political and Governance	High
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Low
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	High
7. Environment and Social	Moderate

8. Stakeholders	Substantial
9. Other	Low
OVERALL	Substantial

Compliance

Policy

Does the project depart from the CAS in content or in other significant respects?	Yes [ ] No [X]
Does the project require any waivers of Bank policies?	Yes [ ] No [X]
Have these been approved by Bank management?	Yes [ ] No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ] No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X] No [ ]

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**

Legal Covenants

Name	Recurrent	Due Date	Frequency
Institutional Arrangements (Section I.A, Schedule 2 of Financing Agreement)	**X**		CONTINUOUS

Description of Covenant

Obligation of the Recipient to maintain, throughout the implementation of the Project, the NCSLC, GSSLC, NCDD, NCDD-S, MAFF-GDA, Provincial Land Use and Allocation Committees (PLUACs), LASED II Provincial Teams, Provincial Administrations, District Working Groups (DWGs) and Commune Councils, all with composition, functions, staffing and resources satisfactory to IDA.

Name	Recurrent	Due Date	Frequency
SLC Sub-decree and PIMs (Section I.B, Schedule 2 of Financing Agreement)	**X**		CONTINUOUS

Description of Covenant

Obligation of the Recipient to carry out the Project in accordance with the SLC Sub-decree and the Project Implementation Manual (PIM).

Name	Recurrent	Due Date	Frequency
Annual Work Plans and Budgets (Section I.C, Schedule 2 of Financing Agreement)	X		Yearly

Description of Covenant

Obligation of the Recipient to prepare and furnish to IDA, for its approval, the annual work plans and budgets containing all activities and eligible expenditures to be included in the Project in each fiscal year of the Recipient. Due date is November 30 of each year.

Name	Recurrent	Due Date	Frequency
Sub-projects (Section I.D, Schedule 2 of Financing Agreement)	X		CONTINUOUS

Description of Covenant

Obligation of the Recipient to ensure that all Community Grants for SLC sub-projects have been prepared, approved and implemented in accordance with the eligibility criteria, guidelines and procedures specified in the PIM, and under Community Grant Agreements with each beneficiary commune council on terms and conditions acceptable to IDA and set out in the Financing Agreement.

Name	Recurrent	Due Date	Frequency
Environmental and Social Safeguards (Section I.E, Schedule 2 of Financing Agreement)	X		CONTINUOUS

Description of Covenant

Obligation of the Recipient to carry out the Project in accordance with the Environmental Assessment and Environmental Management Plan (EA-EMP), and Resettlement Policy Framework (RPF), as specified in the safeguard provisions of the Financing Agreement.

Conditions

Source Of Fund	Name	Type
IDA	Contingent Emergency Response Implementation (Schedule 2, Section IV.B.1 (b) and Schedule 2, Section 1.G)	Disbursement

Description of Condition

Obligation of the Recipient to adopt a satisfactory Emergency Response Manual for Component 3 of the Project and, in the event of an eligible crisis or emergency, ensure that the activities under said component are carried out in accordance with such plan and all relevant safeguard requirements.

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Mudita Chamroeun	Team Leader (ADM Responsible)	Senior Rural Development Specialist	Task Team Leader	GFA02

Sreng Sok	Procurement Specialist (ADM Responsible)	Procurement Specialist	Procurement	GGO08
Reaksmey Keo Sok	Financial Management Specialist	Consultant	Financial Management Specialist	GGODR
Andreas Groetschel	Team Member	Consultant	Project Preparation, Institutional Development	GSU06
Bunlong Leng	Safeguards Specialist	Environmental Specialist	Environmental Safeguards	GEN02
Carmenchu D. Austriaco	Team Member	Finance Officer	Disbursement Specialist	WFALN
Dzung Huy Nguyen	Team Member	Disaster Risk Management Specialist	Irrigation and Water Management	GSU08
Guzman P. Garcia-Rivero	Peer Reviewer	Consultant	Reviewer, GP's Quality Assurance	GFA04
Jonathan Mills Lindsay	Peer Reviewer	Lead Counsel	Other Reviewer, LEGEN	LEGEN
Josefo Tuyor	Peer Reviewer	Senior Environmental Specialist	RSS Reviewer, Senior Environmental Specialist	OPSPF
Jun Zeng	Safeguards Specialist	Senior Social Development Specialist	Social Safeguards	GSU06
Manush A. Hristov	Counsel	Senior Counsel	Senior Counsel	LEGES
Maria Theresa G. Quinones	Team Member	Senior Operations Officer	Project Preparation, Rural Development, Agrarian	GFA02
Marianne Grosclaude	Peer Reviewer	Lead Agriculture Economist	Lead Agriculture Economist	GFADR
Ms. Anis Wan	Team Member	Operations Officer	M&E Specialist	GEN02
Narya Ou	Team Member	Program Assistant	Administrative and Logistical Support	EACSF
Peter Leonard	Peer Reviewer	Regional Safeguards Adviser	RSA Reviewer, Regional Safeguard Adviser	OPSPF

Ratchada Anantavrasilpa	Peer Reviewer	Senior Financial Sector Specialist	Other Reviewer, Senior Financial sector Specialist	GFM02
Samnang Hir	Team Member	Consultant	Infrastructure Specialist	GTIDR
Sarin Khim	Team Member	Consultant	Project Preparation, Stakeholders/NGO Coordination	GEDDR
Saroeun Bou	Team Member	Communications Officer	Communications and IEC	EAPEC
Sitaramachandra Machiraju	Peer Reviewer	Sr. Water & Sanitation Spec.	Sr. Water and Sanitation Specialist, CDD	GWASP
Son Thanh Vo	Team Member	Senior Rural Development Specialist	CDD, Livelihood and Agriculture	GFA02
Steven N. Schonberger	Peer Reviewer	Practice Manager	Practice Manager, Agriculture and Water Global Practice	GWA05
Surhid P. Gautam	Peer Reviewer	Environmental Specialist	RSS Reviewer, Environmental Specialist	OPSPF
Valens Mwumvaneza	Peer Reviewer	Senior Agriculture Economist	Senior Agriculture Economist	GFA13
Vilija Kostelnickiene	Peer Reviewer	Senior Operations Officer	Other Reviewer, Senior Operations Officer, EAPDE	EAPDE
Ximing Zhang	Team Member	Sr. Water Resources Spec.	Dam Safety and Sr. Water Resources Specialist	GWA02

Extended Team

Name	Title	Office Phone	Location
Chanthy Srey	Consultant, Agricultural Livelihoods, M&E	+855 98 373 799	
Emile Jurgens	M&E Specialist (FAO)		
Kazim Kemal-ur-Rahim	Marketing & Agribusiness Specialist - Horticulture Sp.	39-06-5705-6851	Rome

Ousmane Seck	Peer Reviewer and Senior Rural Development Specialist		
Takayuki Hagiwara	MIS Specialist, FAO		Rome
Yasuo Konishi	Lead Value Chain and Market Development Specialist		USA

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Cambodia	Kratie	Kratie	**X**		
Cambodia	Kampong Thom	Kampong Thom	**X**		
Cambodia	Kampong Speu	Kampong Speu	**X**		
Cambodia	Kampong Chhnang	Kampong Chhnang	**X**		
Cambodia	Tbong Khmum	Tbong Khmum	**X**		

I. STRATEGIC CONTEXT

A. Country Context

1. **Cambodia has experienced remarkable economic growth and macroeconomic stability since the early 2000s.** It grew by an average annual rate per capita of 7.8 percent during 2004–2014, ranking among the top 15 economies in the world in terms of economic growth. The gross domestic product (GDP) per capita according to the Atlas Method increased by more than fourfold, from US$300 in 1995 to around US$1,020 in 2014. The main drivers of growth have been garment, manufacturing, agriculture, tourism and, more recently, construction and real estate. Economic growth eased in the aftermath of the 2009 global crisis while remaining strong at 7.2 percent during 2010–2014, on average. Growth eased slightly to 7.0 percent in 2015, in the context of a slowdown in China and appreciating U.S. dollar; stronger domestic demand, boosted by a construction boom, low oil prices, and fast credit growth, which partly offset the moderation in the garment, tourism, and agriculture sectors.

2. **The sustained economic performance has lifted a large proportion of the population above the national poverty line, but Cambodia is still one of the poorest countries in the Southeast Asia region.** Between 2004 and 2012, the poverty incidence under the national poverty line declined from 50.2 percent to 17.7 percent of the population. Most of the poverty reduction occurred between 2007 and 2009, when the poverty headcount rate declined by 20 percentage points, driven by a significant hike in the price of rice, the main agricultural product of Cambodia. 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 0.351 to 0.308 between 2008 and 2012.

3. **The overall welfare of households, described by nonmonetary indicators, improved significantly throughout the 2004 to 2014period but, several challenges remain.** Cambodia achieved most of the Millennium Development Goal targets, including those related to poverty reduction, child mortality, and maternal mortality. Targets have been nearly achieved in primary education, whereas areas such as gender equality and environmental sustainability have seen less progress. Moreover, the incidence rate and death by tuberculosis remain high. Cambodia's Human Development Index in 2013 was 0.58, well below the East Asia and Pacific average of 0.70 and also below the medium-income country average of 0.63.

B. Sectoral and Institutional Context

4. 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.

5. Improving access to agriculture and residential land remains a key issue in Cambodia's development agenda as 80 percent of the total population lives in rural areas.[1] In 2011, about three million Cambodians lived under US$1.15 per day and the near-poor who lived under US$2.30 per day numbered about 8.1 million, with about 90 percent of them living in rural areas. The majority (66 percent) of the rural population[2] 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.

6. The Bank-supported 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. Four Bank-managed 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, the Government is 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 the 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.

7. 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.

8. Sustainability is a high priority for 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.

[1] 2011 Cambodia Socio-Economic Survey, the National Institute of Statistics, Ministry of Planning.
[2] 2011 Cambodia Socio-Economic Survey, the National Institute of Statistics, Ministry of Planning.

C. Higher Level Objectives to which the Project Contributes

9. The project is an important contribution to support the implementation of Cambodia's SLC Program, which highlights the distribution of land to the landless and land poor as a key component of its strategy to enhance equitable growth in and through the agricultural sector. It ensures the sustainability of the activities which were started during the original pilot phase and fine-tunes and streamlines implementation procedures which would be used by the Government to scale-up the SLC Program using their own resources, and potentially attracting larger donor support under the next Country Partnership Framework.

10. The project is fully in line with the government policies and poverty reduction objectives laid out in the National Strategic Development Plan and the Rectangular Strategy, wherein government committed to "accord priority to the strengthening of land tenure rights of the people who need small lots for settlement and family production within the SLC framework, as a mechanism to assist poor households and vulnerable groups". These policies stress the importance of distributing and using state lands for private and public purposes in a transparent and equitable manner that responds to the needs of the population. The project was designed based on broader consultation with relevant stakeholders and is one of the priority projects identified in the forthcoming World Bank Group Cambodia Country Engagement Note (FY2016-2017) which is scheduled for Board discussion on May 19, 2016.

11. The project supports the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. Through the established beneficiary identification process, the project selects land recipients from the bottom 40 percent of the income distribution. Benefitting also from the financial support services, the project would enable 5,141 families to improve their livelihoods, address poverty, and increase the welfare in their communes. Beneficiaries' exposure to disaster and climate risks, in particular droughts and flooding, would be mitigated through water management and irrigation investments.

12. About a third of beneficiary families are female-headed households, highlighting the project's importance and achievements in gender-focused development. In collaboration with partners this would also be the entry point to improving nutrition-related outcomes. Targeted support would be provided and results monitored in a gender-sensitive way.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

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

B. Project Beneficiaries

14. The target beneficiaries are some 5,141 families in the project communities in rural areas who previously were landless or land-poor population groups. The project would cover a total of 14 SLC sites in the five provinces of Kratie, Tbong Khmum (formerly part of Kampong Cham), Kampong Thom, Kampong Chhnang and Kampong Speu. These sites include the eight (8) sites

under the LASED Project, five[3] (5) sites in projects 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, benefitting some 5,141 families. The project would make specific provisions to support vulnerable households and would give particular attention to livelihood activities and particularly those that benefit women. The activities financed under the project would continue to utilize the inclusive consultation process established under the LASED Project to identify and meet the needs of targeted households. In addition, the population living outside the SLC sites would benefit as they would have access to the project's public infrastructure (rural and agriculture roads, access tracks, schools and health posts), education and health services, and improved agricultural technology.

C. PDO Level Results Indicators

15. The achievement of the project development objective would be measured through the following indicators: (a) Eligible families that have received support for land tenure security (percentage); (b) Public infrastructure and other services provided as elaborated in the Annual Work Plans and Budgets (AWPB) (percentage); and (c) Number of targeted beneficiaries are satisfied with agricultural services, (disaggregated by gender); and (d) Number of targeted clients (disaggregated by gender).

III. PROJECT DESCRIPTION

A. Project Components

16. Project activities will support the achievement of the PDO by: (a) strengthening community groups to better identify and prioritize technology and infrastructure investments; (b) financing priority productive and social community infrastructure; and (c) scaling up agricultural and livelihood support activities.

17. The project would build on the successful implementation and experience 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. The project would have two main components plus a contingent emergency response component, summarized below, and would be implemented over a five-year period. Based on experience, the project duration is the minimum time required to achieve the desired outcomes and results, as well as the sustainability of investments and livelihoods. Annex 2 describes the two main components in detail.

Component 1: Infrastructure and Livelihood Systems (total estimated cost US$22.71 million; to be fully financed by IDA Credit)

18. **Sub-component 1.1: Social Land Concession Investment Planning and Prioritization (total estimated cost US$3.44 million; to be fully financed by IDA Credit).** This would support the planning and prioritization of investments in participating SLC sites in the project provinces, including: (a) participatory preparation (for the new site) and updating (at existing sites) of SLC

[3] A peri-urban site in Battambang, which was funded under a separate JSDF grant, is not included in this proposed project. The RGC advised that they would use their own resources to continue supporting activities at that site

plans, including land surveying, detailed land use planning, processing of requests for land allocation, sensitization and communication on SLC processes and implementation of participatory review processes by communal authorities, land allocation and demarcation of and within the participating SLC sites, and facilitation of the land titling process in the participating SLC sites; and (b) identification, prioritization and planning of appropriate SLC sub-project technology and infrastructure investments, including the carrying out of a baseline survey, agro-ecosystem analysis, water management planning, assessment of environmental and social safeguards implications, and establishment of SLC-related management information system as input to the SLC planning and prioritization. For the new site in Dong commune, Kampong Thom province, activities will follow established procedures as in the first LASED project. The other existing SLC communities under the LASED project will benefit from second generation planning, land preparation, and related support activities under LASED II.

19. **Sub-component 1.2: Land Preparation and Infrastructure Development (total estimated cost US$14.80 million; to be fully financed by IDA Credit).** This would support the provision of technical assistance and community grants to beneficiaries for preparation and implementation of prioritized infrastructure sub-projects in the participating SLC sites, including: (a) provision of settling-in assistance to new land recipients; (b) provision of initial land preparation assistance including a first cover crop; and (c) provision of productive and social community infrastructure such as rural roads, small-scale irrigation systems, rural water supply and sanitation, education facilities, health posts and community centers, among others.

20. **Sub-component 1.3: Agriculture and Livelihood Development (total estimated cost US$4.47 million; to be fully financed by IDA Credit)**. This would support the provision of technical assistance and community grants to beneficiaries for the purposes of consolidation and improvement of agricultural production systems and improvements in the livelihoods, food security and nutrition status of land recipients, including: (a) conduct of community organizing and development activities; (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 organizations, agriculture cooperatives, production and marketing groups and other community interest groups; and (e) establishment of a community development fund and provision of community grants to strengthen successful local initiatives in the participating SLC sites.

Component 2: Project Management (total estimated cost of US$4.15 million; of which about US$2.35 million would be financed by IDA Credit)

21. This component would support the provision of technical and operational assistance for the overall project administration and coordination, including: (a) social and environmental safeguards management; (b) procurement planning and contracts management; (c) financial management, disbursement and audit; and (d) monitoring, evaluation and communication.

Component 3: Contingent Emergency Response (US$0.00 million)

22. This component, with 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 for the IDA IRM. The preparation and acceptance of the ERM is a condition prior to disbursement of any funds reallocated to this component. In the event that the IDA IRM is activated using funding through this Contingent Emergency Response component, the Project Development Objective and results framework may be amended as needed through a formal restructuring to reflect the provision of immediate and effective response to the eligible crisis or emergency.

B. Project Financing

23. The total estimated project cost is about US$26.86 million. This includes the Bank's financing of the equivalent to US$25.06 million of IDA Credit and the Government's in-kind contribution of US$1.8 million, including for office space, staff time and utilities expenses.

Table 1: Breakdown of Project Cost by Component

Project Components	Project Cost (in Million US$)	IDA Financing (in Million US$)	Government's in-kind contribution (in Million US$)
1. Infrastructure and Livelihood Systems	**22.71**	**22.71**	-
1.1 Social Land Concession Investment Planning and Prioritization	3.44	3.44	-
1.2 Land Preparation and Infrastructure Development	14.80	14.80	-
1.3 Agriculture and Livelihood Development	4.47	4.47	-
2. Project Management	**4.15**	**2.35**	1.80
3. Contingent Emergency Response	**-**	**-**	**-**
Total Project Cost	**26.86**	**25.06**	**1.80**
Total Financing Required	**25.06**		

C. Lessons Learned and Reflected in the Project Design

24. The design and approach of the project build on the experience and lessons learned from the LASED Project and the three JSDF-funded NGO projects, as well as the experiences documented by GIZ which is the LASED Project's technical assistance partner. These include the following:

(a) Land Tenure Security. The provision of land titles to project beneficiaries assures their ownership and thus improves cultivation of and investments on the allocated land. The project would finance the costs of activities to facilitate the processing of titles to eligible land recipients.

(b) Access to Quality Extension Services and Technical Advice. The project beneficiaries were former landless and land poor people. While some of them have been farm workers/laborers, the great majority does not have sufficient technical experience and

know-how as regards land cultivation and agricultural technology. These gaps would be addressed primarily under the project by adopting a pluralistic service delivery system that responds to the needs and demands of project beneficiaries. The supported agricultural extension system would follow the Farmer Field School (FFS) model.

(c) Start-Up Land Preparation Assistance. The land recipients belong to the bottom 40 percent of the population and most do not have capital to undertake initial land preparation activities. Where necessary, the project would finance the first-time preparation of agricultural land, including the planting of the first cover crop.

(d) Capacity Building of Community Groups. The presence of a community and/or agriculture development facilitator significantly accelerates an inclusive and comprehensive local development process. The project would finance the deployment of these service providers in the project communities.

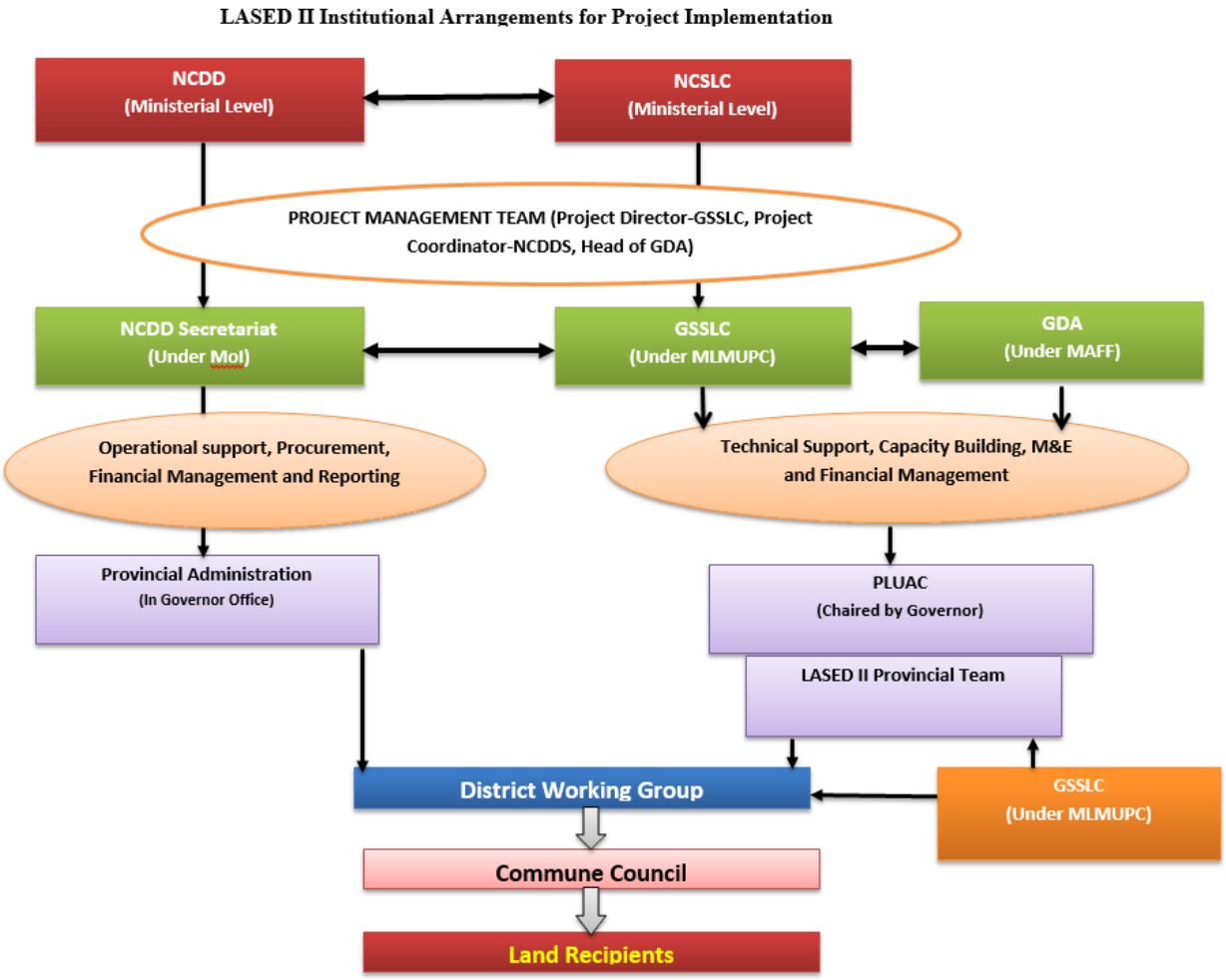
(e) Access to Finance. Initial capital is needed for the procurement of agricultural production inputs, tools and equipment. The project would support the organizational strengthening and capacity building of community groups (savings and credit groups, cooperatives, etc.) for them to serve as conduits of small community grants. Successfully tested approaches (such as that of IFAD, ADB, etc.) on grants implementation and working with savings and credit groups in Cambodia would be adopted in the project.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

25. The project builds on the same institutional arrangements, implementation structure and operating guidelines used 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.

Figure 1: LASED II Organizational Structure



26. 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, including liaison regarding processing and issuance of land titles. The Secretariat of the National Committee for Sub-National Democratic Development (NCDDS) of the Ministry of Interior (MoI) would be responsible for major procurement and overall financial management reporting.

27. 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.

28. 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.

29. Existing institutional arrangements, such as the National Committee for Social Land Concession (NCSLC) with coordination among MRD, MLMUPC, and MoI representatives, 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 evolving 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.

30. 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.

31. 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.

32. 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).

33. 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.

34. Coordination with Development Partners. Close coordination and cooperation would be continued with German International Cooperation (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 infrastructure 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.

B. Results Monitoring and Evaluation

35. Monitoring and Evaluation (M&E) Design. A baseline survey would be undertaken at the start of implementation to establish and/or update the socio-economic situations in the project sites. The project M&E system would also cover: (a) implementation progress, including physical and financial status; (b) achievement of intermediate and PDO outcome indicators as specified in the results framework; and (c) impact evaluation. The first two aspects focus on the plans and targets and are mandatory to monitor in order to measure the achievement of the PDO and the success of the project. The impact evaluation would be carried out to evaluate the socio-economic situation and status of the project beneficiaries, and help assess the overall achievement that can be attributed to the project interventions. The impact evaluation would be conducted by an independent institution at mid-term and project completion.

36. Institutional Arrangement and Utilization of M&E. The GSSLC would be responsible for planning and coordinating the project's M&E activities, with support and inputs from NCDDS and GDA. Quarterly provincial implementation reviews would be undertaken to assess the physical and financial progress and performance based on the Annual Work Plan and Financial Budget (AWPB), and address issues and constraints in implementation and management. A semi-annual M&E report would be submitted to the Bank according to the agreed dates, usually in time for the implementation support missions. The project M&E system would be supported by a computerized management information system (MIS) that is supported by database, software and dedicated national and provincial M&E Officers. Community-based approach would be used, wherever feasible, to help strengthen transparency, ownership and accountability. The M&E would be used

to inform management of the project performance, guide budget allocation, planning and decision making.

C. Sustainability

37. The project builds on the good practices and achievements under the LASED and JSDF-funded projects. The consolidation, replication, scaling up and a stronger focus on agriculture livelihoods would pave the way towards sustainability of communities and individual households' livelihood. Considering all factors and conditions in the project sites and the required behavioral changes to materialize, the proposed five-year project duration would be the appropriate time frame to achieve project sustainability. Below are the key sustainability measures that the project would adopt:

(a) Land Titling. A core project activity is to facilitate the preparation and processing of land titles by MLMUPC to the eligible beneficiaries once they reach the five-year occupancy requirement. Securing land ownership for beneficiaries would facilitate sustainable cultivation and investments in the allocated land.

(b) Technology Transfer (through extension and advisory support). This is a major input and strategy aimed at improving the agronomic and farm management practices, especially considering that many beneficiaries have traditionally been laborers and not farmers. The agronomic knowledge and practices would carefully consider and take into account the difficult resource base that is generally provided under the project. Soil amelioration and water management measures would be key support activities to increase and maintain agriculture production and productivity. Small livestock systems would also be introduced, on a demand basis, to diversify the farming systems. The delivery mechanism to beneficiaries would be streamlined and continued to use a mixture of public and private service providers, but ensuring the delivery of a consistent package to project participants. The GDA would take the lead in providing support through the Provincial Department of Agriculture (PDA), using master trainers, community development facilitators and lead farmers. They would provide farming skills training to enable the lead farmers to share the knowledge to other project beneficiaries using the FFS approach. This would be complemented by productive investments on a cost sharing basis, where applicable.

(c) Infrastructure Operation and Maintenance (O&M). Strategies and arrangements for the regular conduct of O&M activities for completed infrastructure would be established. These would include O&M skills training as well as preparation of O&M plans at the SLC site level. It is important that maintenance of access roads is absorbed into the commune budgets to ensure their continuing operation.

(d) Market Linkages. One of the target end results of the project would be for the beneficiaries to sell their agricultural produce through profitable value chains. In support, the project would facilitate the creation of linkages to input suppliers and wholesale markets.

(e) Water Management. Land recipients would be able to strengthen resilience of their farming systems through improvements in water management in the project communities.

Where feasible, the project would support investment in small-scale irrigation infrastructure that would increase and stabilize yields.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings

Table 2: Risk Ratings Summary Table

Risk Categories	Rating
1. Political and governance	High (H)
2. Macroeconomic	Moderate (M)
3. Sector strategies and policies	Low (L)
4. Technical design of project	Moderate (M)
5. Institutional capacity for implementation and sustainability	Substantial (S)
6. Fiduciary	High (H)
7. Environment and social	Moderate (M)
8. Stakeholder	Substantial (S)
9. Other	Low (L)
Overall	**Substantial**

B. Overall Risk Rating Explanation

38. The overall risk to achieving the PDO is considered substantial. The project builds on the experiences and lessons learned under the LASED Project and other SLC and rural development projects/programs in Cambodia. In this regard, the project has identified and incorporated in the design the potential risks and challenges such as the capacity of the different stakeholders vis–à–vis the new approaches to be adopted, the agricultural-ecosystem situations in the project sites and the increased scope and coverage requiring sustained and improved fiduciary responsibility. In addition, while the country's political and governance situation does not have a direct impact on the project, the land sector remains prone to corruption and fraud despite an evolving favorable policy and regulatory framework. This particular risk would be addressed by the project, as in the case of the LASED Project, by adhering to the agreed PIM and fully complying with the accompanying fiduciary and safeguards policies and guidelines. These would be supported through project workshops to discuss the various guidelines as well as conduct regular reviews and coaching sessions. Below are the mitigation measures incorporated in the project design to address the other key risks identified.

39. Strengthening Local Level Institutional Capacity for Implementation. The technical design of the project focuses on an intensive approach to agriculture extension that would be introduced in the beneficiary communities. This new approach is a significant change over the established delivery of standard extension packages through often under-staffed and not sufficiently-resourced government institutions. New extension methodologies (FFS approach, village extension workers, etc.) and the involvement of NGOs and private sector in delivering extension services have been successfully tested in other projects. However, some of these would be new to the local level government institutions involved in the project, including their new role as oversight and supervisory bodies, thus putting an additional burden on them.

40. The project would also support significant investments in infrastructure, requiring close technical supervision to ensure quality delivery and minimizing follow-up costs on early repair and maintenance. Shifting to more commune level procurement activities would place further burden on some inexperienced local level administrations. In addition, although the project's technical design is not very complicated, it would require extra time and effort particularly from the local level institutions.

41. The technical capacity of local level implementation teams would be broadened and strengthened by the inclusion of the MAFF-GDA as an implementing partner. This would reduce implementation risks arising from the strong and urgent need of technically sound agriculture support services. Private sector and NGO partners involved in delivering services to project beneficiaries would do this in close collaboration and coordination with sub-national government institutions, ensuring at the same time knowledge transfer and learning opportunities. With growing capacities and an increasing understanding of the technical side of services and infrastructure delivery, the risks stemming from the above two issues are expected to decrease during project implementation.

42. Promotion of Climate Smart Agriculture. The project is not expected to have any negative effects on the environment. However, the success of agriculture livelihoods would be influenced by the resilience of farming systems to natural calamities and weather-related extreme events such as droughts and floods. As these risks are outside the control of the project, technology on climate smart agriculture would be promoted and viable water management investments would be supported under the project.

43. Continued Capacity Building of Project Staff. The project has strong and experienced teams at national and provincial level where the LASED Project has been operating already, i.e., there have been no reported cases of misuse of project funds. In the new provinces, teams have been recruited and trained. Capacity building in project management and technical aspects would be part of project activities as well as during Bank implementation and technical support missions. Strong monitoring and supervision would accompany implementation, ensuring continued compliance with fiduciary procedures and safeguards requirements. Strong participatory processes are applied in all project planning and implementation activities, in particular at local level.

44. Implementation of a Communication Strategy. There remains a risk of obstruction and negative press created by some external stakeholders, in particular those that oppose the World Bank's involvement in the land sector projects. The project has developed a Communication Strategy as part of the risk management for awareness raising and to minimize internal and external misconceptions. The core of the strategy is to create continued positive and supportive views of internal and external project stakeholders.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

45. The project is expected to have a substantial positive impact on the lives of the direct project beneficiaries. The implementation experience of the LASED Project has shown that access

to agricultural land, improved rural infrastructure and adoption of improved agricultural technologies and soil management practices promoted by the project have resulted in high rates of return[4]. These services are all important public goods that are justified for the provision by the Government to correct market failures and improve equitable outcomes. New project beneficiaries can expect similar gains.

46. Financial benefits for the project beneficiaries, both with and without irrigation investments, would be affected by many factors, with the most important being crop choices, yields and prices. The profits of different cropping models (defined as gross revenue less total costs) range from US$268 to US$790 per ha without irrigation; and from US$268 to US$815 with irrigation. The project's Net Present Value (NPV) without irrigation investments is estimated at US$7.24 million, NPV with irrigation investments is estimated at US$8.93 million, at a discount rate of 12 percent.

47. The sensitivity analysis suggests for both with and without irrigation scenarios that encouraging the project beneficiaries to cultivate the right crop mix and cultivating most of their allocated land, would serve as a buffer against poor outcome. A second crop after an irrigated rice harvest would also result in increased returns. This requires that the extension service equip the project beneficiaries with necessary information, knowledge and skills for them to make a good decision. Viability of investment in irrigation system is expected to be a function of location and the scale of the system. In this regard, a detailed site-specific cost-benefit analysis would be undertaken to assess the economic viability of a potential investment in irrigation.

B. Technical

48. To support the achievement of the project development objective and increase sustainability of investments, the following technical approaches and strategies have been considered in the design of the project:

49. Infrastructure Design and Implementation. The design of infrastructure investments would continue to be based on acceptable detailed engineering and design as well as constructed according to the required technical standards and specifications. Design considerations would also include other important factors such as climate proofing and resiliency.

50. Extension Service. The primary vehicle for extension under the project would be the Farmer Field School (FFS) approach. The FFS approach is consistent with the Good Agricultural Practices (GAP) and would be disseminated by GDA to lead farmers, through the master trainers. The GAP would include, among others: (a) integrated pest management; (b) on-farm soil and water management; and (c) post-harvest management. Recommendations would include activities including extension messages related to tree/crop density, nutrients for crops, fertilizers, optimal irrigation practices (if possible), harvesting and storage development, and post-harvest handling techniques. The FFS approach to extension is a sustainable model currently in use with farmers, and MAFF would play a major role in continuing its support to farmers through general extension and through the FFS model. The provision of extension services would also be undertaken in close coordination with GIZ.

[4] IRR for different cropping models in the LASED Project were in the range of 16-21 percent.

51. Technology Investment Packages. The technology and extension service would be accompanied by an input package support to ensure that the beneficiaries are able to adopt the learning from the training and extension service. Village Extension Workers (VEWs) would establish their managed fields, which would be used as demonstration farms for the FFS. Input package support to the VEW-managed fields would be supported by the project. Farmers can access these packages on a demand basis. Farmers wishing to access these packages would require appropriate farm plans that are developed with technical support jointly provided by VEWs and community-based agriculture facilitators. Where feasible, the provision of the input package would use a cost-sharing modality, in which farmers would be expected to contribute to the cost of investment. The demand driven, appropriate farm investment planning and cost-sharing approach would strengthen sustainability.

52. Market Responsiveness and Quality Improvement. The project would assist farmers improve their incomes by growing the varieties demanded in the market. Technical support to address the required market quality would be provided, including improved post-harvest handling procedures. Where there is demand from farmers, financing can be provided to cover part of the costs of building storage sheds to ensure the quality of produce and to facilitate transport and bulk sales to markets and processors. Storage development would be linked to the introduction of new varieties with greater storage potential. The process would be farmer-driven and financed in part by them for sustainability.

53. Livelihood Support. Other livelihood activities (farm and non-farm) would be supported by the provision of technical assistance and community grants to pilot and/or expand community livelihood activities. Special consideration would be given to women, widows and most marginalized members of the community.

C. Financial Management

54. **The financial management (FM) risk specific to the project is assessed as high** given its decentralized nature and involvement of Communes/Sangkats and communities at the sub-national level which have weaker capacity including FM capacity. The assessment concludes that MLMUPC/GSSLC and NCDD have a satisfactory FM system to carry out their duties assigned under the project. The MAFF/GDA would have to implement some actions to be able to meet the Bank's requirements. The project would follow established financial management arrangements and procedures for the national level and with some modification for the arrangement at the sub-national level integrating with the good practice and procedures that are being implemented under the "First Three-Year Implementation Plan of National Program" (IP3). One full time national FM Consultant to be based at NCDD would support all the implementing agencies at the national level. The FM consultant's role would focus on budget preparation, consolidation, financial report analysis and capacity building in the form of hands-on support and guidance; while day-to-day operations of the FM would be handled by counterpart staff. This would be a more effective way to build capacity of the Government's counterpart staff. The residual FM risk after mitigating measures is substantial.

55. Relevant FM manuals have been updated to take into account new aspects of the project, including the roles and responsibilities of the MAFF/GDA as a new implementer. The Peachtree accounting software would be further enhanced by using a consolidation module to avoid reposting

of transactions from sub-national level and by using Job function to monitor activity in the AWPB to minimize the work on modifying the chart of accounts and designing financial reports annually. Training on updated FM procedures and accounting software would be provided to all implementing units by the FM consultant.

56. FM and disbursement procedures for a new activity on community grants, the implementation of CFD, have been developed as an integral part of the COM. The COM includes clear guidelines and procedures governing the approval of community grants including the eligibility criteria to be used for the identification and selection and the terms and conditions for approval of the grants, steps for preparation of micro investment/procurement plans, as well as the related accounting and financial management processes, recording and financial reporting and complaint handling. The hands-on support to the community would also be formulated by having the Community Development Facilitators in the sub-national team whose role is to assist the project communities in implementing the COM.

57. For Component 3, disbursements would be made either against a positive list of critical goods and/or against the procurement of works, and consultant services required to support the immediate response and recovery needs of Cambodia. The details of eligible expenditures and disbursement arrangements will be further defined in the Emergency Response Manual, which will be developed early during Project implementation and before any disbursements under that component can be released.

D. Procurement

58. Procurement under the project will be governed by *Bank Procurement Guidelines: Procurement of Goods, Works, Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers* and *Consultant Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers dated January 2011, revised July 2014.* Government Standard Operating Procedures and Procurement Manual issued under Sub Decree 74 dated May 22, 2012 will apply for procurement under national competitive bidding subject to the improvement included in the NCB annex to the project credit agreement. At sub-national levels (Commune/Sangkat and Community), provisions of the Project Implementation Manual (PIM) dated March 30, 2016 which has been agreed by the Bank will apply. Procurable items under the project will include construction and upgrading of earth roads, vehicles, office equipment and advisory services for implementation of the various components. The expected value of contracts under the project will be small and not to exceed US$3 million per package. The National Committee for Subnational Democratic Development (NCDD) secretariat will be responsible for all procurement except for those at the sub-national levels. The Commune/Sangkat councils and community groups will be responsible for procurement of goods, works, non-consulting services and services related to their subprojects. The NCDD has experience in procurement under Bank financed projects having implemented the predecessor project to LASED II.

59. Key procurement risks identified include: (i) activities at community level are scattered and the community does not have adequate capacity to understand and implement procurement activities; (ii) Commune/Sangkat Fund PIM does not include clear and detailed procedures for the community participation in procurement; (iii) NCDD has limited number of experienced

procurement staff; (iv) possible delay due to slow technical inputs for procurement start up; and (v) governance-associated risks.

60. **The procurement risk is assessed as High**. The high risk emanates from the scattered nature of activities at sub-national levels, limited number of experienced procurement staff and governance associated risk at all levels. Risk mitigation measures have been discussed and agreed with Government and detailed in an action plan in Annex 3. The residual procurement risk under the project is considered to be substantial.

61. In the event that Component 3 may finance goods, works and/or consultant services required for an eligible crisis or emergency, the applicable procurement methods and procedures under the relevant provisions of the World Bank's procurement guidelines will be further detailed in the Emergency Response Manual.

E. Social (including Safeguards)

62. The project's primary beneficiaries are landless and land poor households, with special emphasis on the poor and vulnerable households. The project gives particular attention to livelihood activities that benefit women. The activities financed under the project would continue to utilize the inclusive consultation process established under the LASED Project to address the needs of targeted households.

63. Involuntary Resettlement OP/BP 4.12. The Resettlement Policy Framework (RPF) used under the LASED project was updated based on the experience gained for use under the LASED II. It was reviewed by the Bank and found to be in line with the Bank's OP 4.12 and Recipient's laws and regulations. It provides the process and approach to minimize potential loss of land or assets as a result of SLC processes: (a) in case a local resident who is a legal owner of land as defined under the Land Law loses fixed assets or access to agricultural land in the planned SLC area, he/she is entitled to receive compensation for land and assets at the replacement value; (b) the planning of SLCs would include practical measures to avoid that poor unauthorized local residents, whose livelihood is dependent on use of land in the planned SLC area, lose fixed assets or access to agricultural land due to the SLC program; (c) land loss within a designated SLC area by any unauthorized poor local resident whose livelihood is dependent on use of land in the planned SLC area, and who began to use this land before the cut-off date, would be eligible to obtain land within the SLC not exceeding the land allocation fixed for regular SLC applicants; (d) land speculators enjoying unauthorized use of land in an SLC area would not be entitled to apply for land within the SLC, and may only receive compensation for investments made on up to five hectares of the land illegally occupied within the SLC area; and (e) the project-supported social land concession programs are not used as a form of compensation to mitigate the resettlement impacts from other projects.

64. Women represent a key group of project beneficiaries which have been provided with equal opportunities in land allocation and in developing their livelihood skills. Female-headed households were 34 percent of beneficiary households under the LASED Project. The project would continue to mainstream gender equality in the distribution of land as well as in the livelihood development support. Gender responsive training courses would be incorporated in the training plan. Specific topics to address specific needs of women training participants would be delivered

through the Department of Women's Affairs, MAFF-GDA and NGOs. At the same time, training materials and other capacity building activities would be tailored to ensure understanding of the target beneficiaries given the high illiteracy rate among the targeted female farmers.

65. The project's Community Development Facilitators (CDFs) would be equipped with relevant facilitation skills to work with women groups as relevant. The project's monitoring and information system (including the baseline survey, mid-term review and impact evaluation) would also record disaggregated data by gender for all indicators as applicable and relevant. This is to help project management and implementation ensure project inclusiveness.

66. The new infrastructure investments might require limited land acquisition. Exact locations where new infrastructure would be build could not be determined during project preparation. A Resettlement Policy Framework (RPF) was prepared by the client to address potential impacts from land acquisition and asset loss. The RPF used under the LASED Project has been updated based on the experience gained and would be used under the project.

67. Indigenous Peoples OP/BP 4.10. Ethnic minorities are not present in current SLC sites under LASED. For the new SLC site, ethnic screening was conducted and did not find any Indigenous Peoples community (the Khmer Loeu or "hill tribes") in project areas (including its potential recruited villages). Therefore, the policy is not triggered.

F. Environment (including Safeguards)

68. Environmental Assessment-Environmental Management Plan (EA-EMP) OP/BP4.01. The project would likely finance small-scale irrigation systems including construction of small upstream embankments (i.e., weir or water storage) for small-scale gravity irrigation. The exact sites and number of these embankments are yet to be determined. During the implementation stage, any investments on weir or irrigation embankment would be subjected to an additional environmental screening by the NCDDS to determine if an additional environmental assessment report is necessary, in line with applicable safeguards procedures in the EA-EMP. The project investments such as small scale community infrastructure and agricultural and livelihood activities are expected to have minimal environmental and social impacts during works implementation. Typical impacts of small scale civil works include limited land clearance, temporary erosion and sedimentation of water bodies, dust and waste generation, etc. Given the small scale nature of these activities, impacts as experienced under the LASED Project were temporary and irreversible, and should be managed using the Environmental Management Plan (EMP) prepared for small scale infrastructure.

69. Natural Habitats OP/BP 4.04. The land use plan implementation and the small scale infrastructure investments may impact on the natural habitat such as wetlands, natural ponds or remaining forest patches. However the impact of small-scale civil works on natural habitats will be avoided through the Land use planning. The land use planning process will also identify different land uses within the SLC and delineate natural habitats (e.g. forest patches or wetlands or natural ponds) for community protection and preservation, as practiced under LASED. There were no known protected areas during LASED implementation and the new site screening.

70. Forests OP/BP 4.36. The infrastructure investments and the development of new SLC site may impact on remnant forests. However, the practice under the LASED Project of including and delineating different land uses, including the community forest, in land use planning would be continued. Remnant forests, if any, would be delineated and reserved for community protection and conservation as per the Land Use Planning and Implementation provided for in the EA-EMP.

71. Physical Cultural Resources OP/BP 4.11. The community infrastructure investments may impact unknown, physical cultural resources. Procedures to address chance find during project implementation are part of the EA-EMP. No issue has been encountered under the LASED Project.

72. Safety of Dams OP/BP 4.37. The policy is triggered since the project may finance construction of embankments (i.e., weir or water storage facility) for small scale gravity irrigation in the prioritized communities, which would be identified during project implementation. The exact sites and number of these embankments are not determined yet. Therefore, during the implementation stage, the implementing agencies (e.g. NCDDS) or its consultant will conduct environmental safeguard screening in order to determine if each small scale irrigation or weir investment will require any additional environmental assessment. A Dam Safety Specialist was also included in the Task Team to support project preparation and monitor the generic dam safety and environmental protection measures during project implementation. Activities would include: (a) review of the TOR and evaluation of the bidding documents to ensure qualified dam engineers are recruited for weirs and embankments design; (b) review of the design and investigation reports and procurement documents; and (c) monitoring of construction activities as required under OP/BP 4.37.

73. In addition, agricultural and livelihood activities although small scale and done manually may have some impacts on land and soil. This would be addressed with the project promoting soil and water conservation, hence impacts are expected to be minor and would be manageable by using these conservation measures together with proper land use planning. There may also be some remnant forests/remaining patches of forests within the new SLC site that maybe affected during the land development. The experiences under the LASED Project would be taken into account by carefully including different land uses in the land use planning and mapping processes and delineate forest patches as communal forests for protection and conservation. These have been proven successful under LASED project and would continue to be adopted under LASED II Project.

74. All the existing LASED and JSDF-funded sites have been screened and cleared from unexploded ordinances (UXO). The new proposed SLC site in Dong Commune was screened and confirmed to have no UXO during the implementation support missions in October 2013 and November 2014.

75. The project would build on established mechanisms for implementation and monitoring of infrastructure subprojects with regard to potential negative impacts. Access to grants by credit and savings groups would also be subject to commitment by beneficiaries not to engage in practices that harm the environment. Budget has been allocated for further capacity development and mentoring of sub-national level staff on safeguards implementation and environmental protection awareness. In respect of any potential emergency response activities financed through Component 3, as part of the IDA IRM, the Emergency Response Manual approved by the Bank will detail the

applicable environmental and social safeguard arrangements and instruments, consistent with the Bank's safeguard policies.

76. All the safeguard instruments used on the project were consulted with the stakeholders during technical support mission – appraisal preparations from June 15 to July 3, 2015, and stakeholders' consultation workshop conducted on June 23-24, 2015. The final safeguards instruments were disclosed locally in Khmer and in English on March 30, 2016 at http://www.ncdd.gov.kh. The final English version of the safeguards instruments were disclosed via the World Bank's external website on March 30, 2016. Consultations will continue through Board submission and during implementation as well.

G. **World Bank Grievance Redress**

77. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Country: Cambodia

Project Name: KH-Land Allocation for Social and Economic Development Project II (P150631)

Results Framework

Project Development Objectives								
PDO Statement								
The project development objective is to help improve target beneficiaries' access to agriculture resources and selected infrastructure and social services in project communities.								
These results are at	Project Level							
Project Development Objective Indicators								
		Cumulative Target Values						
Indicator Name	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**YR6**	**End Target**
Eligible families that have received support for land tenure security (Percentage)	0	80	100	100	100	100	100	100
Public infrastructure and other services provided as elaborated in AWPB (Percentage)	0	80	80	80	80	90	90	90
Targeted clients satisfied with agricultural services (percentage) (Percentage) - (Core)	0	50	55	60	65	70	70	70
Targeted clients satisfied with agricultural services - male (number) (Number - Sub-Type: Supplemental) - (Core)	0	1365	1501	1638	1774	1911	1911	1911
Targeted clients satisfied with agricultural services - female (number) (Number - Sub-Type: Supplemental) - (Core)	0	455	500	546	591	637	637	637
Targeted clients- male (number) (Number - Sub-Type: Supplemental) - (Core)	3375	3375	3375	3900	3900	3900	3900	3900

Targeted clients – female (number) (Number - Sub-Type: Supplemental) - (Core)	975	975	1300	1300	1300	1300	1300	1300
Intermediate Results Indicators: Component 1: Infrastructure and Livelihood Systems								
Sub-Component 1.1: Social Land Concession Investment Planning and Prioritization								
		Cumulative Target Values						
Indicator Name	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**YR6**	**End Target**
Target population with use or ownership rights recorded as a result of the project (Number) - (Core)	4697	4697	5141	5141	5141	5141	5141	5141
Sub-Component 1.2: Land Preparation and Infrastructure Development								
Land prepared and planted with cover crop (Percentage)	25	25	100	100	100	100	100	100
Sub-Component 1.3: Agriculture and Livelihood Development								
Land under productive agriculture (Percentage)	30	40	40	50	60	80	80	80
Land area where sustainable land mgt. practices were adopted as a result of project (Hectare(Ha)) - (Core)	500	700	1500	2500	3500	5000	5000	5000
Clients who have adopted an improved agriculture technology promoted by the project (Number) - (Core)	1350	1380	1380	2080	2600	3640	3640	3640
Clients who adopted an improved agriculture technology promoted by project – female (Number - Sub-Type: Breakdown) - (Core)	350	390	390	650	700	910	910	910
Targeted clients who are members of an association (percentage) (Percentage) - (Core)	8	20	40	60	70	90	90	90
Targeted clients who are members of an association - male (number) (Number - Sub-Type: Breakdown) - (Core)	312	780	1560	2340	2730	3510	3510	3510
Targeted clients who are members of an association – female (number) (Number - Sub-Type: Breakdown) - (Core)	104	260	520	780	910	1170	1170	1170
Household Food Insecurity Access Scale (HFIAS) (Index) (Self-assessment of beneficiaries' food and nutrition security)	100	95	90	80	70	50	50	50

Beneficiaries that feel project investments reflected their needs (percentage) (Percentage) - (Core)	0	75	75	75	75	75	75	75
Beneficiaries that feel project inv. reflected their needs - female (number) (Number - Sub-Type: Supplemental) - (Core)	0	731	731	731	731	731	731	731
Beneficiaries that feel project inv. reflected their needs - male (number) (Number - Sub-Type: Supplemental) - (Core)	0	2531	2925	2925	2925	2925	2925	2925
Intermediate Results Indicators: Component 2: Project Management								
Reporting to NCDD, NCSLC and Bank on time (Number) (Number)	0	2	4	6	8	10	10	10
MIS system developed and information regularly updated and publicly available	0	N/A	Yes	Yes	Yes	Yes	Yes	Yes

Indicator Description

Project Development Objective Indicators				
Indicator Name	**Description (indicator definition etc.)**	**Frequency**	**Data Source / Methodology**	**Responsibility for Data Collection**
Eligible families that have received support for land tenure security (Percentage)	Percentage of eligible land recipients who have received support for land tenure security. Data need to be gender-disaggregated (individual owners, co-signatories).	Semi-Annually	Progress reports & MLMUPC records	GSSLC
Public infrastructure and other services provided as elaborated in AWPB	Percentage of amount disbursed vs. budget allocated for the year as per the approved AWPB.	Semi-Annually	MLMUPC records	GSSLC
Targeted clients satisfied with agricultural services (percentage)	This indicator measures the percentage of clients who expressed satisfaction with the services provided in the project areas based on formal or informal survey.	MTR and End of Project	Impact Evaluation Survey	GSSLC
Targeted clients satisfied with agricultural services - male (number)	No description provided.	MTR and End of Project	MLMUPC records	GSSLC
Targeted clients satisfied with agricultural services - female (number)	No description provided.	MTR and End of Project	Impact Evaluation Survey	GSSLC
Targeted clients- male (number)	No description provided.	Semi-Annually	MLMUPC records	GSSLC
Targeted clients – female (number)	No description provided.	Semi-Annually	MLMUPC records	GSSLC

Intermediate Results Indicators				
Indicator Name	**Description (indicator definition etc.)**	**Frequency**	**Data Source / Methodology**	**Responsibility for Data Collection**
Target population with use or ownership rights recorded as a result of the project.	This indicator measures the population targeted by the project whose land tenure rights (use or ownership) are recorded in the land admin system (where in a register/registry, a cadaster, or any relevant organization where the information on land tenure rights is held).	Annually	Progress reports & MLMUPC records	GSSLC
Land prepared and planted with cover crop	Percentage of total agriculture land that has been cleared and planted for the first time. The total agriculture area in all sites is approximately 8000ha.	Annually	Progress reports	GSSLC
Land under productive agriculture	Percentage of agriculture land under production for home consumption and/or marketing (excluding fallow land). The total agriculture area in all sites is approximately 8000ha.	Annually	Survey Progress reports (A survey would be conducted with a simple questionnaire that farmers would complete in or after sessions with the village/agriculture support staff. This data collection method would also serve other indicators).	GDA

Land area where sustainable land mgt. practices were adopted as a result of project	This indicator measures the land area that as a result of the Bank project incorporated and/or improved sustainable land management practices. This indicator can track progress toward sustainability at farm scale and at landscape scales within agro-ecological zones, watersheds, or basins. The baseline value for this indicator is expected to be zero.	Annually	Survey Progress Reports	GSSLC
Clients who have adopted an improved agriculture technology promoted by the project	This indicator measures the number of clients of the project who have adopted an improved agricultural technology promoted by the project.	Annually	Survey Progress Reports	GDA
Clients who adopted an improved agriculture technology promoted by project – female	No description provided.	Annually	Survey Progress Reports	GDA
Targeted clients who are members of an association (percentage)	This indicator measures the share of clients (may include farmers or members of a business) who have become members of a relevant association as a result of project activities.	Annually	Survey Progress Reports	GDA
Targeted clients who are members of an association - male (number)	No description provided.	Annually	Survey Progress Reports	GDA
Targeted clients who are members of an association – female (number)	No description provided.	Annually	Survey Progress Reports	GDA
Targeted clients - male (number)	No description provided.	Semi-Annually	MLMUPC records	GSSLC
Targeted clients - female (number)	No description provided.	Semi-Annually	MLMUPC records	GSSLC

Household Food Insecurity Access Scale (HFIAS) (Index) (Self-assessment of beneficiaries' food and nutrition security)	Changes in perceived, self-assessed food and nutrition insecurity - using HFIAS calculated score (index) (Indicator has been introduced by GIZ in LASED Project)	Annually	Survey	GSSLC
Beneficiaries that feel project investments reflected their needs (percentage)	This will measure the extent to which decisions about the project reflected community preferences in a consistent manner.	Annually	Survey Progress Reports (Survey to cover, where applicable both, husband and wife).	GSSLC
Beneficiaries that feel project inv. reflected their needs - female (number)	No description provided.	Annually	Survey Progress Reports	GSSLC
Total beneficiaries - female (number)	No description provided.	Semi-Annually	MLMUPC records	GSSLC
Total beneficiaries - male (number)	No description provided.	Semi-Annually	MLMUPC records	GSSLC
Beneficiaries that feel project inv. reflected their needs - male (number)	No description provided.	Annually	Survey Progress Reports	GSSLC
Reporting to NCDD, NCSLC and Bank on time (Number)	Number of Semi-Annual Reports which include the physical and financial progress reports and accompanying supporting documents.	Semi-Annually	Project Reports	GSSLC, NCDDS, GDA
MIS system developed and information regularly updated and publicly available	Semi-Annual Reports prepared based on updated/current MIS data; and the dis-closable project data uploaded in the project website.	Semi-Annually	Project Reports	GSSLC

Annex 2: Detailed Project Description

CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

1. The project development objective is to help improve target beneficiaries' access to agricultural resources and selected infrastructure and social services in project communities. It would cover a total of 14 SLC sites in the five provinces of Kratie, Tbong Khmum (formerly part of Kampong Cham), Kampong Thom, Kampong Chhnang and Kampong Speu. These sites include the eight (8) sites under the LASED Project, five (5) sites under projects 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, benefitting some 5,141 families. Annex 9 provides the details on the different project sites.

2. 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. The project would have two main components and would be implemented over a five-year period. Based on experience, the project duration is the minimum time required to achieve the desired outcomes and results, as well as the sustainability of investments and livelihoods.

Component 1: Infrastructure and Livelihood Systems (total estimated cost US$22.71 million; to be fully financed by IDA Credit)

Sub-Component 1.1: Social Land Concession Investment Planning and Prioritization (total estimated cost US$3.44 million; to be fully financed by IDA Credit)

3. This would support the planning and prioritization of investments in participating SLC sites in the project provinces, including: (a) participatory preparation and updating of SLC plans, including land surveying, detailed land use planning, processing of requests for land allocation, sensitization and communication on SLC processes and implementation of participatory review processes by communal authorities, land allocation and demarcation of and within the participating SLC sites, and facilitation of the land titling process in the participating SLC sites; and (b) identification, prioritization and planning of appropriate SLC sub-project technology and infrastructure investments, including the carrying out of a baseline survey, agro-ecosystem analysis, water management planning, assessment of environmental and social safeguards implications, and establishment of SLC-related management information system as input to the SLC planning and prioritization. For the new site in Dong commune, Kampong Thom province, activities will follow established procedures as in the first LASED project. The other existing SLC communities under the LASED project will benefit from second generation planning, land preparation, and related support activities under LASED II.

(a) Participatory Preparation/Updating of SLC Plans

4. For the new SLC site, activities would include providing facilitation support under the ten-step SLC processing such as land surveying, detailed land use planning, land allocation request processing, participatory review by the commune authorities, and land allocation and demarcation of and within the SLC area. These activities would result in the selection of SLC beneficiaries and the preparation of the corresponding SLC plan. For the 13 existing SLC sites, the focus would be the review and updating of the of SLC plans based on the agricultural-

ecosystem situations and the priority needs of the beneficiaries in terms of social services, infrastructure and livelihood support.

5. Since each SLC site will be part of an existing commune, the SLC Plans would be incorporated in the existing Commune Development Plans[5] (CDP) and Commune Investment Plans (CIP), which are updated every year. Additional investment needs, identified during planning and implementation of the project would be included in the succeeding CDPs/CIPs. Community representatives, with support from Community Development Facilitators and line department staff, would work with the relevant Commune Councils to expand and improve the CDPs/CIPs. It is expected that where SLC areas and their needs are reflected in the CDP/CIP, the likelihood of strengthening the sustainability of the infrastructure and services is strengthened as this would open up new funding possibilities.

(b) Identification, Prioritization and Planning of Appropriate Technology and Infrastructure Investments

6. To provide the technical and economic basis for the detailed preparation or updating of the SLC plans including the prioritization of corresponding investments, the baseline study and the following activities would be undertaken: (a) agro-ecosystem analysis (AEA) which would be conducted by a specialized unit in MAFF/GDA at national level; (b) participatory land use planning (PLUP); (c) technical studies to determine the area's potential and options for water management and small-scale irrigation systems; and (d) assessment of relevant environmental and social safeguards implications.

7. The PLUP would go beyond the usual land use mapping by using relevant surveys and studies to identify the suitability of land zones for different purposes as well as the potentially irrigable area. The project would also support a comprehensive assessment and planning for water management activities, in particular small-scale, gravity irrigation schemes. These assessments would be conducted in relevant sites with results feeding directly in the land use planning exercises and the prioritization of infrastructure investments. Improving the planning basis and subsequently the quality of the agriculture service delivery, would improve agriculture productivity and encourage more intensive but also sustainable production. Where necessary, these technical assessment and planning works would be assisted by consultant inputs.

Sub-Component 1.2: Land Preparation and Infrastructure Development (total estimated cost US$14.80 million; to be fully financed by IDA Credit)

8. This would support the provision of technical assistance and community grants to beneficiaries for land preparation and implementation of prioritized infrastructure sub-projects in the participating SLC sites, including: (a) provision of settling-in assistance to new land recipients; (b) provision of initial land preparation assistance including a first cover crop; and (c) provision of productive and social community infrastructure such as rural roads, small-scale irrigation systems, rural water supply and sanitation, education facilities, health posts and community centers, among others. Close coordination and cooperation would be pursued with KfW, which would provide parallel funding to other infrastructure that would complement the project investments.

[5] Commune Development Plans (CDP) are five-year development plans prepared for the entire community.

(a) Provision of Settling-In Assistance

9. Land recipients in the new project site in Dong Commune would receive a residential start-up package consisting of basic housing construction materials (e.g., zinc sheets, posts, etc.) and some cooking utensils, pails, etc. To facilitate the initial agriculture production activities, the beneficiaries would also receive an agriculture start-up package which includes seeds, seedlings, and a set of small agriculture tools. These start-up packages have been appreciated and have been quickly put to productive use in the existing SLC sites.

(b) Land Preparation Assistance

10. The project beneficiaries come from the bottom 40 percent of the population and most do not have capital to undertake initial land preparation activities. This limitation as well as the lack of time and skills to grow an agriculture crop has been identified as major constraints for most land recipients to cultivate their allocated agriculture land. The majority of the land recipients are not able to clear much of the agricultural lands because these are degraded forestlands and most are still covered by stumps, shrubs, bushes and undergrowth. Clearing the land by hand is extremely difficult and consumes too much time and resources. In this regard, the project would fund the contracting of land preparation services that would include the clearing, plowing, and cultivation of the first cover crop (likely to be legumes). Land preparation assistance would be applied on lands that have not yet been brought under cultivation. This assistance would enable the project beneficiaries to have their lands in cultivable condition.

(c) Provision of Productive and Social Community Infrastructure Investments

11. Productive and Social Community Infrastructure Investments. The project would provide additional productive and social community infrastructure investments. These include access-related infrastructure such as laterite roads, internal earth roads, culverts and bridges. Social infrastructure would include schools, teacher's houses/quarters, health posts and community centers, among others. The five (5) existing SLC sites established through JSDF funding have identified the need for additional roads and social infrastructure as these have not been covered before given the limited funding. The project would also fund the construction of teachers' houses/quarters in SLC sites where due to the remoteness of the communities, it was difficult to attract education and health personnel. If feasible, small-scale gravity irrigation schemes would also be supported in prioritized communities. The proposed schemes would be thoroughly assessed through the survey of proposed irrigable area, detailed land use plan development and water resources availability, which would be conducted as part of Sub-Component 1.1.

12. The detailed allocation would be decided after a prioritization exercise, determining the highest potential for productivity increases and cost-benefit ratios. The outputs would be reflected in the SLC Plans, which would be integrated in the respective CDPs/CIPs. To promote the sustainability of investments, community involvement in construction of community infrastructure would be encouraged. For example, project would finance the construction of water storage headwork, while community provides labor to dig earth canal systems as a voluntary community contribution.

13. Infrastructure Technical Planning and Implementation Support. The project would be supported in each province by two technical officers, one at district level and the other at provincial level. They would be tasked by the Provincial Department of Rural Development

to support the LASED II Provincial Team. In addition, a technical officer would be selected to carry out daily technical-related works. These technical officers would assist the LASED engineers (to be recruited by GSSLC) to carry out the infrastructure needs assessment and technical data collection for the province. The LASED engineers would then prepare technical and safeguards documents including technical drawings, specifications and bills of quantities, which would form as technical parts of bidding documents. In addition, a procurement specialist (to be recruited by NCDDS) would prepare the commercial parts of the bidding documents and would be responsible for the entire procurement process, i.e., from preparation of bidding documents up to signing of the contracts.

14. During construction, in cooperation with technical officers, the LASED engineers would provide assistance to the LASED II Provincial Teams in: (a) monitoring all works, including materials testing, verification of construction schedules, verification of quantities, adherence to stipulated standards, and conformance with approved engineering designs and specifications; (b) reviewing contractors' claims; (c) preparation of quarterly physical and financial progress reports on contracts and contract management for submission to GSSLC and NCDDS, for submission to IDA; (d) ensuring compliance of contractors to safeguards requirements/provisions of the contract; and (e) providing on-the-job training for technical officers. Training and assistance would also be provided to the infrastructure maintenance groups established in each community.

15. Coordination with KfW. Close coordination and cooperation would be pursued with KfW, which would provide parallel funding to other infrastructure that would complement the project investments. GSSLC (MLMUPC) has prepared a Memorandum of Understanding (MoU) with the Ministry of Rural Development (MRD), KfW's government partner institution. Prioritization of infrastructure investments would take into account the implementation of the KfW agreed works packages.

Sub-Component 1.3: Agriculture and Livelihood Development (total estimated cost US$4.47 million; to be fully financed by IDA Credit)

16. This would support the provision of technical assistance and community grants to beneficiaries for the purposes of consolidation and improvement of agricultural production systems and improvements in the livelihoods, food security and nutrition status of land recipients, including: (a) conduct of community organizing and development activities; (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 organizations, agriculture cooperatives, production and marketing groups and other community interest groups; and (e) establishment of a community fund and provision of community grants to strengthen successful local initiatives in the participating SLC sites.

(a) Community Organizing and Development

17. Engagement of Community Development Facilitators (CDF). One of the key elements to ensure the success of the decentralization is the support and coordination provided by the CDFs. Some CDFs have been deployed by the implementing NGOs under the completed JSDF-supported SLC projects. The Implementation Completion and Results Report (ICR) for the RILGP emphasized the important roles of the CDFs but raised certain lessons learned as regards the need for sustained support to the communities. The project would start the process of recruitment of the CDFs as early as possible so that they could be oriented and familiarized

before they are deployed in the SLC sites in time for the start of the project, especially in the new SLC site in Duong Commune.

18. CDFs would be assigned to cover respective SLC sites and act as the interface between the communities and the District/Provincial LASED Teams. The CDFs would play a key facilitation role in community consultations that would initially be organized by village authorities. The participatory consultation and planning process is aimed at reviewing existing SLC Plans (or developing an SLC Plan as in the case of Duong Commune) to be able to assess the community needs and prioritize activities and investments. These would inform the annual implementation, procurement and financial plans of the project. The Project Implementation Manual (PIM) would provide detailed guidance on participatory community consultations and planning, which has been applied and stipulated in the Commune/Sangkat Guidelines.

19. Building and/or Strengthening Social Capital. The project supports a sustainable livelihood approach whereby the role of collective actions is vital for livelihood and poverty reduction. As part of this approach, and based on the good experience under the JSDF-funded projects, community development would be facilitated as a key process to achieve the expected results. Building on the initial social cohesion or community spirit in the original LASED and JSDF project communities, the project would harness this important social capital for promoting further decentralization through community-based and community-led activities. As such, the land recipients in the SLC communities would be encouraged to strengthen or organize into groups, representing their interests and ambitions. In addition to social activities, such groups would be expected to receive early project support to carry out, where feasible, activities such as participation in land preparation through force account or other incentive system, or making boundary markers/concrete poles, concrete footings for shelters, concrete rings for latrines or formation of walls for water wells. In the course of the project, a number of other groups would be established, including groups that would be concerned with infrastructure maintenance work. These would not require highly specialized skills and the communities could handle these activities through the community participation in procurement method. Such local groups could also be organized to participate in community procurement of seeds, fertilizers, farm materials, etc. that would be supported by the project.

20. Strengthening linkages between livelihoods, nutrition and sanitation. There is evidently strong correlation between poverty and poor conditions of sanitation and maternal and child nutrition, especially child stunting. In order to enhance the project impacts, the project would systematically incorporate and build synergies between livelihoods, nutrition specific and nutrition sensitive activities as well as water, sanitation and hygiene (WASH). SLC planning process would also be informed of nutrition and WASH improvement opportunities to prioritize investments such as rural WASH facilities and services including those in schools, health posts and community centers. Community-led total sanitation tools and methodologies would be adapted and embedded as necessary. Livelihood initiatives planned under the project, particularly agriculture production and productivity improvements, would enhance food and nutrition security of the SLC recipients. These would be supplemented by promotion of home garden, small livestock, etc. activities to address the critical nutrition requirements of the project households. Likewise nutrition groups would be assisted on awareness creation, behavior change communication and counseling on health, nutrition, hygiene and sanitation. Community representatives, with support from line department staff, would work with the relevant commune council (sub-) committees to expand and improve the CDP/CIP and these linkages would also figure in the yearly updates of these plans.

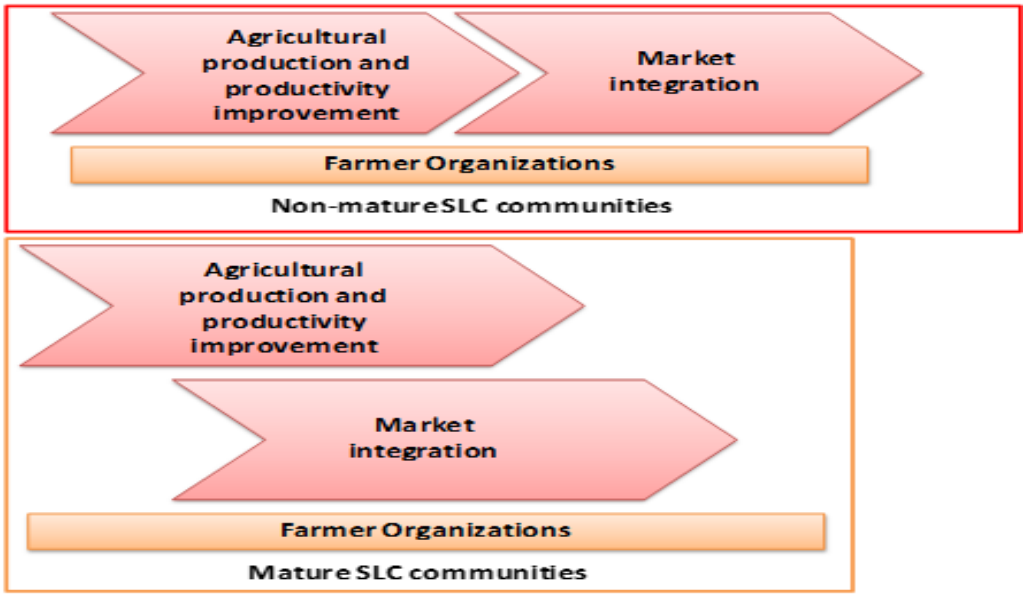
21. Supporting sustainable livelihoods, the project would also facilitate the formation and/or strengthening of livelihood groups or common interest groups such as savings groups, livestock group, corn/maize group, nutrition group, home garden group, etc. These groups could be organized within the current existing or evolving (agriculture) cooperatives in the SLC sites. The groups would need some support from Community Development Facilitators (CDFs) and/or Village Extension Workers (VEW), as well as from line departments or specialized NGOs, to develop group business proposals and group charter/regulations. Based on the groups' proposals the project would provide community grants (in kind and/or cash) to help them implement livelihood proposals, with some small matching fund from the groups. Extension services and technical assistance would also be channeled to and through these groups. Group members could use farmer-to-farmer extension methods to ensure that every group member would have access to new knowledge and technologies.

22. Devolving activities down to community level would empower the communities, help build their capacity, facilitate more social cohesion when they act collectively as groups and make use of available livelihood sources. To create an enabling environment for these to happen, the engagement of CDFs and the corresponding capacity building activities would be vital. This is fully aligned with the decentralization process that NCDD is leading. It would also increase the sustainability of the project results and outcomes. There are already legal frameworks and guidelines such as the Standard Operating Procedures (SOP) and Commune/Sangkat Fund Project Implementation Manual to facilitate these processes. The Community Operations Manual (COM) prepared under the project built on these legal frameworks and provides detailed guidelines for community-led activities. The good experiences of the completed Bank-funded CDD operation under the Rural Investment and Local Governance Project (RILGP) remain very relevant to the project and strongly promoted by NCDD.

(b) Agricultural Service and Extension Support

23. Service Delivery Approach**.** The agriculture support activities are key to project success as these would focus on improved food security and living conditions of the land recipients through increased and stabilized agricultural production and productivity. Key activities would focus on: (a) agricultural production and productivity improvements for food and nutrition security of the land recipients; (b) market integration that would promote sustainability of livelihoods; and (c) capacity building of farmer organizations that would get them empowered in local administrative, political and market systems. The first two activities can be implemented sequentially or simultaneously, depending on the maturity of the SLC communities (Figure 2.1).

Figure 2.1: Flow of support for differently mature SCL Communities



24. Where a large majority of the project beneficiaries in an SLC community are concerned with food and nutrition security, the agricultural productivity improvement effort would start first, followed by the market integration activities. Where an SLC community has already surplus of production, both activities would be implemented simultaneously. The third activity would create the actual entry points for the project's interventions and supporting structures for the first two activities. Specific attention and targeted approaches would be adopted to address the specific needs of women and female-headed households.

25. The project would build on structures, models and methodologies that have already been introduced successfully in Cambodia. The project would not support new innovations and inventions. Instead, it would scale-up and deepen the delivery of agricultural advisory services following a pluralistic approach. Examples of these are the International Fund for Agriculture Development's (IFAD) "Project for Agriculture Development and Economic Empowerment (PADEE)", Australian Department of Foreign Affairs and Trade's "Cambodia Agricultural Value Chain Program (CAVAC)", USAID's "Helping Address Rural Vulnerabilities and Ecosystem Stability Program (HARVEST)", GIZ's "Regional Economic Development (Green Belt) Project", FAO's "Improving Food Security and Market Linkages for Smallholders Project (MALIS)", among others. The approach is not new to Cambodia but it would be a new approach in the project SLC communities.

26. Capacity Building and Extension Services. These would focus on enhanced agricultural production and productivity improvement would be the key intervention under the sub-component. Activities would be based on capacity and training needs assessment which would be conducted as part of the baseline study. The needs assessment would be undertaken at all levels (from national down to the village level) to ensure that the capacity building and training activities are tailored according to the specific needs of each group.

27. *Master Trainer Team (MTT).* A MTT would be set up once the capacity needs assessment of the primary beneficiaries has been established. The MTT would be composed

of resource persons that would be pooled from GDA's technical departments and units, i.e., Department of Agricultural Extension (including its Office of Agricultural Cooperatives), Department of Industrial/Cash Crops, Rice Department, Department of Horticulture, Agricultural Land Department, Department of Animal Health and Livestock Production (DAHLP), and MAFF's Gender Unit.

28. *Training of Trainers (TOT).* The first level of training would be training of trainers to be conducted by MTT to sub-national/provincial level trainers, training teams and service providers. The participants would include but not limited to staff of the Provincial Departments of Agriculture (PDAs), District Offices of Agriculture (DOAs), NGOs, local universities; employees/owners of local agro-input supply firms/establishments; traders/consolidators, CDFs and Community Agribusiness Facilitators (CAFs). The wide composition of trainers, especially the service providers (which would eventually be contracted through a competitive bidding process) would ensure that capacity building services would remain available for the project's primary beneficiaries even after the project completion. The MTT would be responsible for quality implementation of training activities conducted by sub-national level trainers and/or training teams, provide them with technical backstopping support, and ensure that a system for feedback from the project's major beneficiaries or farmers is in place (Figure 2.2).

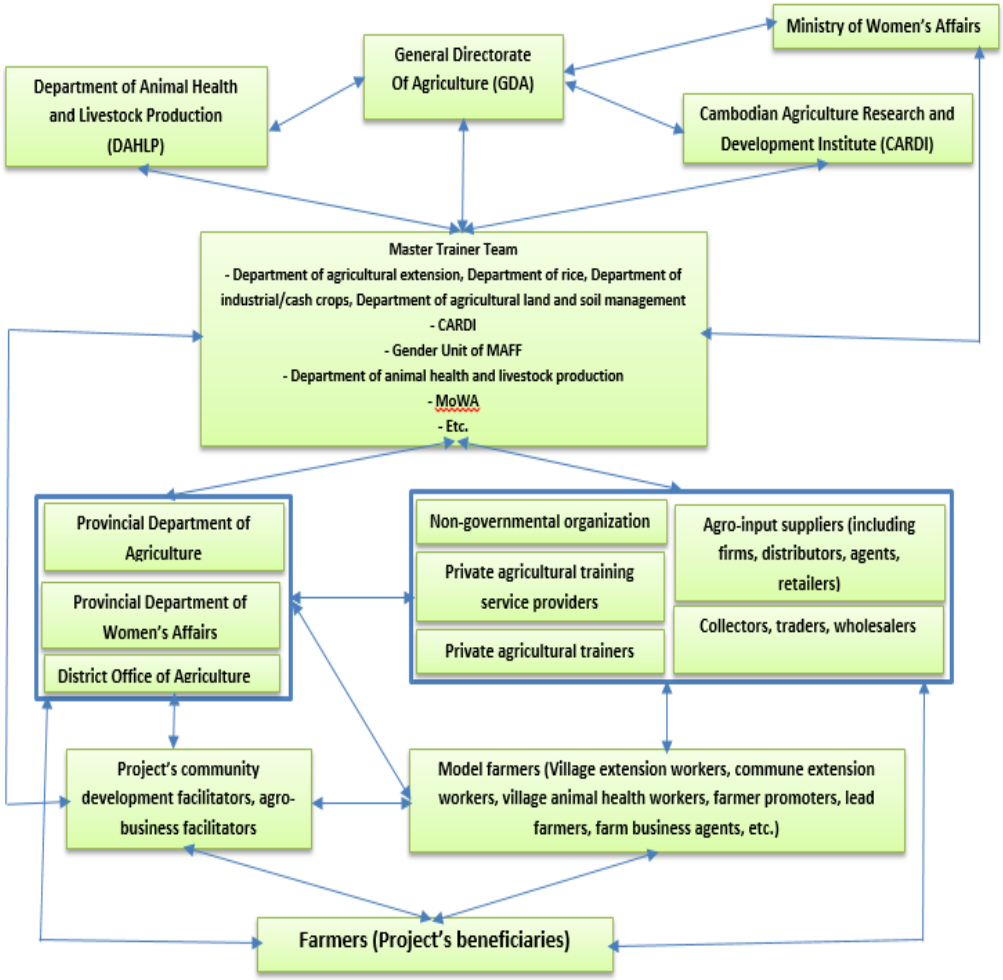


Figure 2.2: Flow of Capacity Building Process

29. *Training of Commune/Village Extension Workers (CEWs/VEWs), Village Animal Health Workers (VAHWs), Model Farmers, Farmer-Promoters, Lead Farmers/Farm Business A*gents[6]. The second level would be training provided to these group of workers. They are the hard-working farmers who tend to do well among their peers in their villages or communes. Usually, they are the innovative, creative and/or early adopter farmers. They are self-selected and volunteer for or are encouraged and chosen by projects or NGOs to be the catalysts in their communities. Their final selection and confirmation would be done by the farming communities or the groups they are working with. The training that would be given to them would be a combination of classroom type training (i.e., knowledge transfer), in-the-field practice or applied training (i.e., skills transfer) and field exposure.

30. *Farmer Field School (FFS).* The third level of training would adopt the FFS approach such as the farmer-to-farmer training and/or exposure to demonstration farms of lead farmers/workers where the project's promoted technologies and/or techniques are applied. These plots would demonstrate different farmer-managed models such as multiple cropping system models, or integrated crops-livestock system models, which would be of interest to the land recipients.

31. The FFS training methodology would be adapted and used for all SLC communities. The training would mainstream sustainable agricultural practices, Good Agricultural Practices (GAP), and gender, among others. In addition, the national GAP standards and instruments developed and issued by MAFF would be adopted and fine-tuned for the SLC communities, and would include: (a) integrated pest management; (b) on-farm soil and water management; (c) sustainable agro-forestry; and (d) post-harvest handling and management, among others. It would also include training in adoption of the "Healthy Livestock, Healthy Village, Better Life" Program promoted under the Bank-financed Avian Flu Project.

32. The VEWs/VAHWs besides being involved in organizing, facilitating and running the FFS would also be encouraged to provide agricultural extension services to the primary beneficiaries. These volunteer workers would be supported and supervised by CDFs and CAFs, and with regular backstopping by PDA and DOA staff. They would also be required to spend a third of their time (maximum of 10 days per month) working with the project beneficiaries through both group and individual approaches; and would receive a remuneration and reimbursement of their expenses (e.g., for travel/fuel, training materials). They would work with four groups each with 15 project beneficiaries as members. Groups would always be the entry point and would allow for efficient work performance of the VEWs/VAHWs.

33. Many project beneficiaries, just like average Cambodian farmers, would not like multiple cropping system models. They would generally prefer practicing mono-cropping system (e.g., rice, cassava, etc.), crop + livestock/poultry system (e.g., rice + poultry), or just poultry production system (with scale). They would want to specialize in systems that they are good at and familiar with. The beneficiaries would be enabled to choose a model or models that help them maximize their objectives, especially incomes, based on results of up-to-date/current gross margin analyses, thus the project would provide them with training in basic farm management economics. This would be part of the market integration activities based on Farm Business School (FBS) and Farmer Marketing School (FMS) methodologies.

[6] Farm Business Agents (FBAs) are those who impute their agricultural extension service charge/fee through the sales of agro-inputs since farmers are not immediately convinced to pay for agricultural extension services. In Cambodia, the FBA approach follows the business model of VAHWs.

34. Market Integration and Quality Improvement**.** Market integration would be important for mature SCL communities, where the land recipients are able to attain food and nutrition security, and have achieved certain agricultural surpluses for sale. Under the FFS, non-mature SLC communities would initially be integrated with the market through linkage with private service providers and agro-input suppliers for their agricultural production needs. The FFS activities would generally be able to help them connect with service and factor markets, but not produce/product markets.

(c) Farmer-Managed Demonstration Plots and Model Farms

35. Field exposures would be organized for extension workers and farmers to visit and exchange with successful farmers who are dealing with similar agro-ecological systems and conditions in either the same or different provinces. Once equipped with new or better farming technologies and techniques introduced and/or promoted by the project, they would be expected to apply the newly learned skills or knowledge in their farms. In order to help them mitigate the risks involved in applying the promoted technologies or techniques, a small input package or a limited cash support would be granted to them.

36. The input package support would be for a model plot that the VEWs/VAHWs propose to establish and manage. This model plot would be used for training of the project's core beneficiaries. Maximum amount per model plot shall not exceed US$300 for a period of three years. A VEW/VAHW shall be allowed to establish and manage only one model plot for any particular year, with the amount of the package not exceeding US$100 per year. The input package would be provided only after: (a) the VEW/VAHW has undertaken the training; and (b) a technical and financial feasibility plan to establish and manage the model plot is jointly prepared by the VEWs/VAHWs and the trainer/s. The VEWs/VAHWs together with provincial level trainers and/or training teams would be responsible for organizing and conducting training to the rest of the project beneficiaries.

(d) Farmers Organizations, Agricultural Cooperatives and Other Production and Marketing Groups

37. In order for the project beneficiaries to have enough bargaining power in the market, they would need to work in groups. In this regard, the project would provide support to individual farmers/producers who would be interested to be organized into an association/cooperatives. For those who would like to be organized as an agricultural cooperative, the process and procedures are in place, with the GDA and PDAs tasked to provide assistance as per the Agricultural Cooperative Law.

38. The farmers' and producers' groups would also be provided with capacity building inputs in areas of leadership, governance, management and business planning as well as group facilitation. These are aimed for the groups to develop internal rules and regulations, and operational guidelines for their respective organizations. The objective is eventually to make them the apex governance body which would oversee various groups, including producers group, marketing group, savings and credit group, processors group, handicraft-making group in a village. Some farmer groups and agricultural cooperatives already exist as a result of the LASED Project and their capacity would be further strengthened. The existing and new groups would be the key entry points for project interventions.

39. Working in groups is beneficial to the project beneficiaries. However, they would also need to understand how the market works and how to manage their respective farm

enterprises/businesses. To address this, the project would support the conduct of capacity building in small agri-business planning and management, and agricultural marketing using existing methodologies such as FBS, FMS or Farmer-Trader Business Dialogue (FTBD). These were developed by MAFF-GDA and have been used successfully in many projects. Gender mainstreaming is also an integral part of both the FBS and FMS.

40. The FBS and FMS provide a platform for farmers and other market actors (including consolidators/traders, micro-finance agents, agro-processors, input suppliers) to learn from each other; share concerns, issues, information and knowledge; exchange experiences; build trust, and establish business relationships. At the same time, facilitators can provide relevant best practices, and technical and theoretical interventions to enrich their interactions. The project would adapt and use these methodologies in providing agro-business and marketing training to project beneficiaries.

(e) Community Fund for Development (Community Grants)

41. Community funds for development (CFD) have been promoted in Cambodia by IFAD since the mid-1990s, and replicated in ADB, CIDA and other projects, including in the "Healthy Livestock, Healthy Village, Better Life" program funded under the Bank-financed Avian Flu Project. Building on these, the project would set up a CFD for registered community groups in the SLCs. Each SLC community would be eligible for grants up to US$50,000 to support community development initiatives that would benefit community members, in particular vulnerable peoples such as families of indigenous peoples, disabled persons, widows, elderly, etc. A micro investment/procurement plan through a participatory process would be submitted to the project for consideration. Among eligible activities for funding include: (a) purchase of community assets such as tractor, rice milling machine, food processing machine, community warehouse, etc.; (b) marketing of community produce; (c) community handicraft making; (d) community rice bank; and (e) maintenance of community basic infrastructure such as community wells, health posts, etc., among others. The CDF would support qualified registered community groups based on the guidelines and procedures specified in the Project Implementation Manual (PIM).

42. The CFD would provide supplemental resources for the community groups to leverage their available resources and improve their bankability and later attract microfinance institutions (MFI). The project would also arrange for MFIs and/or NGOs such as Cambodian Center for Study and Development in Agriculture (CEDAC), Buddhism for Development (BfD), Cambodian Institute for Research and Rural Development (CIRD), Partnership for Development in Kampuchea (PADEK) to provide training to the community groups on financial literacy and governance. The linkage with and support from MFIs and NGOs would be facilitated through FMS, FBS and FFS.

Component 2: Project Management (total estimated cost US$4.15 million; of which US$2.35 million would be financed by IDA Credit)

43. This component would support the provision of technical and operational assistance for the overall project administration and coordination, including: (a) social and environmental safeguards management; (b) procurement planning and contracts management; (c) financial management, disbursement and audit; and (d) monitoring, evaluation and communication. It would also support project implementing entities at all levels (including communes) to further strengthen their fiduciary, administrative and reporting capacities.

(a) Project Implementation and Management

44. National Level. The project would support the overall management, operations and coordination activities of GSSLC and NCDDS. These include the technical and administrative planning and oversight, contract administration, financial management, procurement and reporting. MAFF-GDA as the new technical implementing agency would also be provided with the necessary support and equipment for their technical planning and supervision of agricultural service and extension support activities.

45. Sub-National Level. The project would support the staffing and strengthening of the various provincial and district working groups responsible for the project's overall operations, including financial management, procurement, contract administration and technical support.

(b) Project Monitoring and Evaluation

46. To improve project-specific planning, decision making and the further dissemination and use of project knowledge and experiences, the project would support the further development and improvement of the project and SLC-related management information system (MIS). Enhanced information collection, processing, and timely dissemination to project stakeholders would increase transparency, effectiveness and efficiency of project operations. Evidence-based planning would ensure that government resources are effectively and efficiently deployed for the maximum benefit of land recipients and their communities. An improved project MIS would be able to better track progress of financials, outputs and outcomes of the project, and the results framework indicators. The system is expected to help GSSLC, NCDD Secretariat, GDA and the World Bank to address issues and constraints that impede the project implementation in a timely manner. The project would continue to use the existing reporting tables, which are largely based on Microsoft Excel and Word formats, until the MIS is developed and in place.

Component 3: Contingent Emergency Response (total estimated cost US$0.00 million to be financed by IDA Credit)

47. Due to the high risk of catastrophic events in Cambodia, a contingent component is added under this project that allows for rapid reallocation of the credit funds during an emergency. In the event of a major crisis or disaster, the Government may request the Bank to reallocate project funds to support response and reconstruction under streamlined procedures using the IDA Immediate Response Mechanism (IRM). This component would draw resources from the other expenditure categories to partially cover emergency response and recovery costs such as financing a positive list of goods and/or specific works and services required for emergency recovery. An Emergency Response Manual will apply to the IDA IRM, detailing institutional, financial management, procurement, safeguard and any other necessary arrangements to ensure that funds are disbursed in a rapid and efficient manner following an eligible crisis or emergency.

Annex 3: Implementation Arrangements

CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

Project Administration Mechanisms

1. National Level. The project would build on the same institutional arrangements and implementation structure as the LASED Project. The General Secretariat for Social Land Concessions (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, including liaison with respective MLMUPC's units regarding the processing and issuance of land titles to eligible beneficiaries. The Secretariat of the National Committee for Sub-National Democratic Development (NCDDS) of the Ministry of Interior (MoI) would be responsible for the procurement and financial management aspects. (Figure 3.1)

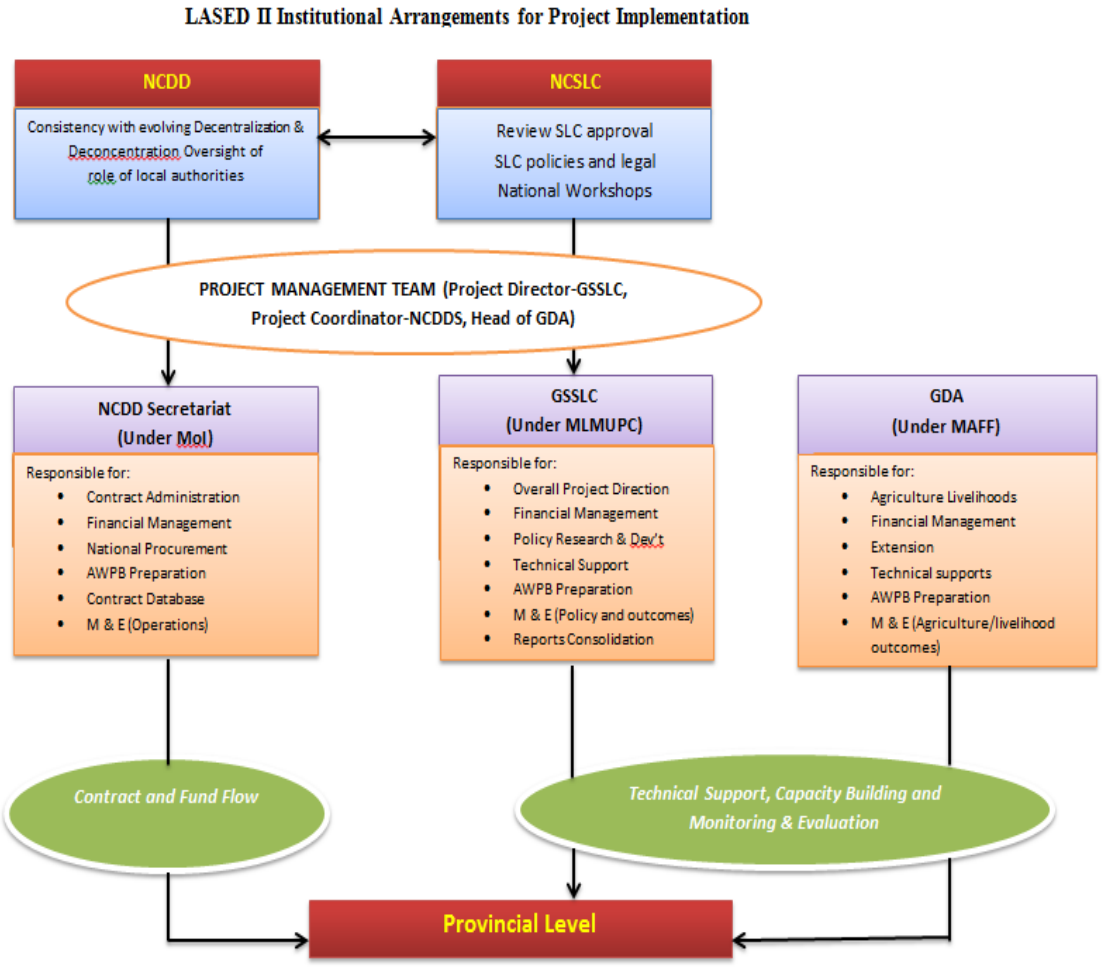


Figure 3.1: LASED II Implementation Arrangements: National Level

2. With the project's focus on supporting agriculture-based livelihood systems (Sub-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 partner. Together with the Provincial Departments of Agriculture (PDA), 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 and third party service providers/delivery organizations (e.g., NGOs).

3. The project team would work closely with the implementing unit in the Ministry of Rural Development (MRD) to ensure coherence with processes in planning and implementation. 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. Memoranda of Understanding (MoU) between the different institutions at national level have been prepared. 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 transition to the new institutional directives for NCDD and GSSLC that might emerge during the implementation phase.

4. 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 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 the national and sub-national level would be assisted by national consultants and contracted staff, as necessary. National capacities and experiences would be supplemented and further strengthened by employment of international consultants to provide specific technical and managerial capacity building inputs.

5. Project Management Team. The distribution of tasks is well 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 comprised the heads of the three main implementing partners: the LASED II Project Director (GSSLC), the LASED II Project Coordinator (NCDDS), and the GDA Director. The PMT would address problems, constraints and requests where advice or coordinated action from the national level is required.

6. Experiences in the LASED Project have shown the usefulness of regular coordination and exchanges between implementing partners at the national level. The PMT would be able to quickly address project-specific needs in terms of strategic direction, technical advisory and collaboration, financial and procurement management, etc. The PMT would also play a key role in ensuring smooth cooperation and coordination with other development partners (KfW, GIZ, and NGOs) working in the project communities.

7. Sub-National Level. At the provincial level, the Provincial Land Use and Allocation Committee (PLUAC), chaired by the Provincial Governor, would carry overall responsibility for implementation matters. Technical support to the implementing District Working Groups (DWG) 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 not part of the LASED Project (Kampong Chhnang and Kampong Speu), corresponding LASED Provincial Teams have already been established. These new teams as well as the existing teams and other stakeholders would receive continued capacity building to ensure adherence to project policies and guidelines. (Figure 3.2)

8. The Commune Councils and communities would be responsible for the procurement of infrastructure, goods, and services, in line with the Commune/Sangkat Fund Project Implementation Manual (C/S Fund PIM) and the Community Operations Manual (COM), respectively, and as referred to in specific provisions indicated in the LASED PIM. The Commune Councils and communities would also be responsible for the sustainability (operation and maintenance) of infrastructure investments. This would be done through the establishment of infrastructure maintenance groups and the incorporation of all planned and potentially complementary investments in the annual Commune Development Plans and Commune Investment Plans (CDP/CIP). The implementation at the community level would also be supported by contracted third party service providers (Agriculture Development Facilitators and Community Development Facilitators) who would provide technical and operations assistance to the communities.

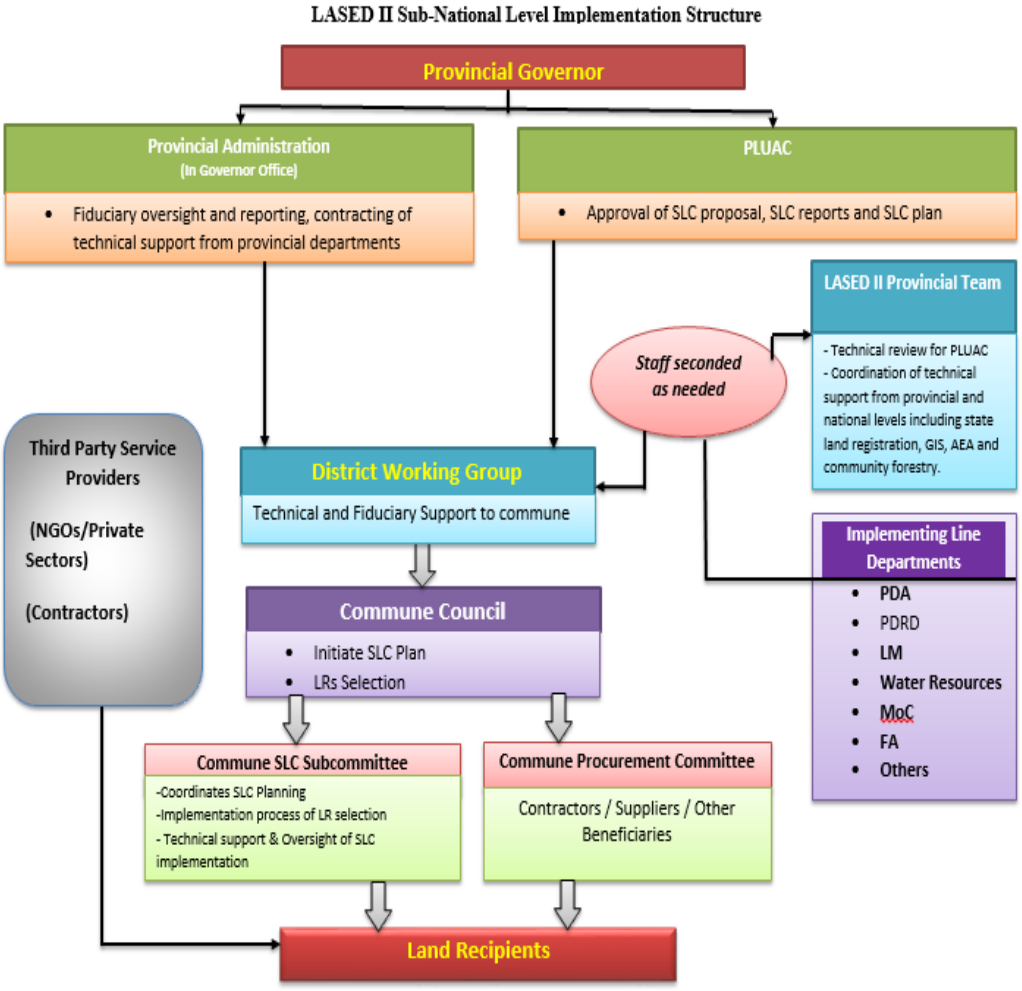


Figure 3.2: LASED II Implementation Arrangements: Sub-National Level

9. Coordination with Development Partner. The KfW would provide parallel and complementary funding for infrastructure investments, in particular roads and waters supply in some project communities, while GIZ would provide technical assistance on food security and livelihood support to project communities. Close coordination and collaboration would be made with both partners to ensure complementation of activities and investments.

10. Project Implementation Manual (PIM). The project would adopt the PIM of the LASED Project with some revisions and modifications to accommodate the changes and new activities to be implemented. Key areas that were modified/added in the PIM are: (a) roles and responsibilities of the new implementing partners and the corresponding changes/additions in funds flows to include MAFF/GDA, Commune Councils and communities; (b) provision of community funds for development to support local groups'/communities' initiatives; (c) potential inclusion of third party service providers as service delivery agents; (d) needs assessments for infrastructure; and (e) re-definition of road categories, among others. The PIM builds on the Standard Operating Procedures, Commune/Sangkat Guidelines, procurement policies and guidelines and financial management policies and guidelines that have been adopted under the LASED Project and the corresponding revisions/updates made to support and address the new/additional elements of the project.

11. Community Operations Manual (COM). Given the project's support to further decentralization with greater involvement of Commune Councils and communities, a COM has been prepared for use under the project. The COM provides detailed and step-by-step instructions to implement the decentralized project activities, including the procedures for community participation in procurement. The COM is an integral part of the PIM.

Financial Management

12. Financial Management (FM) Assessment. An assessment was conducted to determine the adequacy of the FM arrangements in the implementing institutions, as well as determine whether they meet the IDA's requirements per OP/BP10 for the project. The review concluded that: (a) GSSLC and NCDDS have adequate FM capacity based on the existing FM arrangements used under the LASED Project. However some additional mitigation measures have been proposed to strengthen it further; (b) GDA would require some FM actions to enable their systems to meet the Bank's requirements. These actions have been agreed with GDA and are outlined in the FM Action Plan; and (c) disbursement of the Community Fund for Development (CFD) is subject to satisfactory adoption of COM, recruitment of Community Development Facilitators to support the communities and orientation of CDF grantees on the COM.

13. Main risks identified include: (a) not fully committed FM counterpart staff to handle FM function; (b) community grants to be implemented by the groups/communities; and (c) cash advance given to the community under the community participation in procurement modality. Appropriate additional mitigation measures have been incorporated into the financial management arrangements to reduce the specific risks of the project to substantial level.

14. The NCDDS, GSSLC and GDA would maintain a separate Designated Account (DA) for their respective operations and financial management. NCDDS is responsible for providing cash advance to its sub-national level entities and to make major payments for goods, works and consultants for its sub-national level and for consolidating financial reports from these entities. GSSLC would be responsible for consolidating Interim Financial Reports (IFRs) from NCDDS, GDA and its own accounts for submission to the Bank, and preparing the annual

financial statements for audit. To address the risks identified and strengthen the FM system and structure of the project, the following actions were agreed as part of the project:

Table 3.1: Agreed Financial Management Actions

Action	Responsibility	Completed by
FM STAFFING AND SYSTEM		
NCDDS and the respective new Provincial Administrations (PAs) to issue an official memo appointing the FM staff (counterpart staff for Finance Officer and Cashier at the provincial level).	NCDDS and respective new PAs	Before signing financial agreement
GSSLC to appoint a counterpart staff to take responsibilities as petty cash custodian.	GSSLC	Before signing financial agreement
GDA to appoint suitable counterpart staff for positions of Finance Officer and Cashier to handle FM's responsibilities at the GDA.	MAFF	Before signing financial agreement
INTERNAL AUDIT		
Designate additional government staff to fill in the vacant position in the Internal Audit Unit.	NCDDS	Before signing financial agreement
Adoption of internal audit manual that was drafted with support from the International Internal Audit Advisor under the LASED Project.	NCDDS	Before signing financial agreement
Recruit International Internal Audit Advisor to provide on-the- job training and to conduct a risk based audit as per the approved internal audit manual.	NCDDS	Subject to appointment of government staff and putting into force the internal audit manual.
Internal audit reports to be submitted to the Bank as part of the IFRs.	NCDDS	45 days after each semester end.
Appoint an independent auditor acceptable to IDA to carry out the audit of annual project financial statements in accordance with TORs satisfactory to IDA.	NCDDS and MEF	6 months after effectiveness.
Community Grant: (i) Adopt COM acceptable to IDA. (ii) Recruit Community Development Facilitators to provide technical support to communities. (iii) Training courses to be provided to the communities.	NCDDS Secretariat	Before release of community grants to the community groups.

15. FM Staffing. At the MLMUPC/GSSLC, the existing finance unit with support from the national FM consultant based at NCDD would continue to implement the project using the current accounting software. However, since there is only one counterpart staff keeping both

the accounting records and the petty cash, GSSLC would appoint another staff to keep the cash and ensure better funds control and segregation of duties.

16. At the NCDD national level, the FM function would be managed by three counterpart staff (Finance Officer, Cashier and Administrative Assistant). One full time local FM consultant would provide support to the FM function of NCDD, MLMUPC/GSSLC and MAFF/GDA. At the sub-national level, the FM function in each Provincial Administration would compose of FM consultant, contracted Administrative Assistant (paid by the project) and a Finance Officer (counterpart staff). The FM consultant at the sub-national/province would also support Commune/Sangkat and communities in the province.

17. In implementing the project, MAFF/GDA would appoint two counterpart staff (Finance Officer and Cashier) to handle FM responsibility. Subject to satisfactory implementation of the following risk mitigating actions, the FM function of MAFF/GDA is assessed as sufficient: (a) appointment of the FM counterpart staff with suitable qualification, experience and English language; (b) installation of Peachtree accounting software, including designing financial reports; (c) development of procedures for accounting for receipts, payment, reporting, record keeping, responsibilities of each staff/management and other FM related aspect as part of the PIM; and (d) conduct of training on the Peachtree, FM and disbursement procedures to MAFF/GDA by the FM consultant.

18. The Communes/Sangkats (C/S) in the LASED provinces have been involved in implementing LASED activities in the form of getting cash advance for specific activities, requesting for technical staff from the Provincial Administration to certify works and requesting payments from PA. This procedure would continue to be applied under the project.

19. With the support from different NGOs, all the communities visited were found to have their committee structure with some formally registered with the provincial government. The committee structure generally comprises of the Chief, Deputy Chief, Finance Officer and the members. They were noted to have some kind of manual procedures and system for record keeping of cash received from rental of agriculture equipment, issuance of shares to members as capital for credit, and control of credit provided to members. The existing system would be taken into consideration in finalizing the Community Operations Manual.

20. Budgeting, Accounting and Information Systems. The budget cycle of the project would run from January 1 to December 31. The Annual Work Plan and Budget (AWPB) would be prepared and submitted to the Bank for review and no-objection. The process of AWPB's preparation and responsibility of different players (communities, C/S, PA, and IAs at the national level) is clearly stated in the PIM.

21. The accounting policies and internal control procedures under the LASED Project would be updated to account for MAFF/GDA, and other new aspects of the project. For accounting and reporting of the community grant, this would be included in the COM and training would be provided to the communities as part of capacity building.

22. The existing accounting software of NCDD and its sub-national Provincial Administration (Peachtree) and GSSLC (ACCPAC) would continue to be used under the project. It is suggested that MAFF/GDA also use Peachtree software and the project use the Job function in Peachtree to get financial reports by activity in the AWPB.

23. Since the majority part of the project would continue to be managed by NCDD using their existing structure, it is suggested that the same structure of chart of accounts, except for the activity code to be managed as described above, would continue to be used for the project.

24. Control of Soft Expenditures. Soft expenditures relate to fuel, per diems, accommodation, travel, training/workshops, stationery and maintenance costs, etc. A standard daily subsistence allowance rate of US$34 (US$14 for food and US$20 for accommodation) agreed with all development partners would be adopted for in-country travel for the project. For international travel, the IDA rates may be applied. Further controls and guidelines on soft expenditure would be incorporated in the updated FM section of the PIM.

25. Community Fund for Development (Community Grants). Grants would be provided on demand driven basis to registered/qualified community groups in LASED sites that meet the minimum criteria in terms of basic organizational structure and financial management. A micro investment/procurement plan through a participatory process would be developed. Clear guidelines and procedures governing the approval of community grants including the eligibility criteria to be used for the identification and selection and the terms and conditions for approval of the grants, steps for preparation of micro investment/procurement plans, as well as the related accounting and financial management processes, recording and financial reporting have been developed in detail in the Community Operations Manual (COM). When grants are disbursed, it is recognized as expenditure. The project would provide training and hands-on assistance to the community (through the Community Development Facilitators) to implement COM. The internal auditor would support in reviewing the implementation of the COM.

26. A database of approved community grants would be developed and disclosed as public information in the website of the project (or NCDD) and in the community. The database should include details such as the list of beneficiaries, locations, types of investment, total approved community grants, the portion disbursed and the undisbursed balance, a set of performance indicators and progress made in project completion.

27. Reporting and Monitoring. The Interim Financial Reports (IFRs) would be prepared semi-annually following cash basis of accounting. These would be submitted to IDA within 45 days after the end of each semester - starting from the first semester following the project's first disbursement. The format and contents of the IFR would be modified by the project and discussed with the Bank.

28. Internal Audit. There are internal audit units within the MLMUPC and the Ministry of Interior (MoI) but these are not yet fully functioning. An internal audit unit has been established at NCDD (chaired by the MoI Minister) to specifically review the programs/activities implemented by NCDD. The Chief of Internal Audit Unit of NCDD is reporting directly to the Director of NCDD.

29. The internal audit manual was developed with the above assistance, but it is still in the draft form as of the date of the FM assessment. The additional internal audit staff to fulfill the vacant position as per the structure suggested in the manual was requested by the Internal Audit Unit of NCDD but yet to be identified and fielded. NCDD would fill position of internal auditors as required and issue the internal audit manual. The international audit advisor would be recruited to assist Internal Audit Unit at NCDD and MLMUPC and to provide on the job training to conduct a risk based audit.

30. As part of the annual budget reviewing process and to enforce the internal audit work, the chief of the internal auditor unit is required to prepare the annual audit work plan for further integration with the AWPB and submit to the Bank for review and NOL. The internal audit report would have to be submitted to the Bank on a semester basis as part of IFR by not later than 45 days after each semester ends.

31. External Audit. The use of external audit firm would continue to be employed for the project. The auditor should be appointed within six months after the effectiveness of the project. This would allow the auditor be in a position to submit the audit report within the due date. The appointed auditor and terms of reference shall be acceptable to IDA and it requires that the auditors select a sample of provinces and communities. The audited financial statements would be submitted to IDA within six months after the end of each fiscal year. The cost of the audit would be financed from the project proceeds. The MLMUPC/GSSLC would be responsible for preparing the combined financial statements for all project components for audit.

32. Supervision Plan. The project would require an in-depth and intensive supervision in the initial year to ensure the successful implementation of the FM arrangements and that capacity building activities at community level have been adequate. This would include field visits to provincial offices and communities on a six-monthly basis and review of system and/or transactions and consultation with the internal and external auditors. The FM risks would be reassessed and the supervision plan would be revised accordingly after each implementation support mission.

33. Public Disclosure of Audited Financial Statements. The project is required to disclose to the public its annual audited financial statements in line with the Bank's policy on Access to Information, on its website. Following the Bank's formal receipt of these statements from the project, the Bank would make them available to the public in accordance with The World Bank Policy on Access to Information.

Disbursements

34. Funds Flow. The NCDD, MLMUPC/GSSLC, MAFF/GDA would maintain separate Designated Accounts at the National Bank of Cambodia. A fixed ceiling of advance for NCDD, MLMUP/GSSLC and MAFF/GDA would be US$1.6 million, US$150,000 and US$50,000, respectively, and the DA would be replenished on a monthly basis.

35. At the sub-national level (this is only applicable for NCDD), a separate project advance account would be opened by each project province to be held and managed by the Public Administration under the responsibility of the respective Provincial Governors. Initial advance to each province would be made by NCDD equivalent to the expected three months of expenditure following the approval of the first AWPB. Subsequent replenishment shall be made every two months based on the projected net cash required for the next three months submitted by the respective PAs. The PAs would be responsible for consolidating the use of funds by the contracted line departments, Commune/Sangkat and communities and report to the FM unit at NCDD on a monthly basis. This report would also be used as a basis to partially liquidate the advance to provinces.

36. Allocation of Credit Proceeds. The IDA Credit proceeds would be disbursed against eligible expenditures as indicated in the Table below.

Table 3.2: Allocation of Credit Proceeds

Category	Amount of Credit Allocated (in SDR Equivalent)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Operating Costs under Parts 1 and 2 of the Project, excluding Community Grants	16,800,000	100%
(2) Community Grants under Parts 1.2 and 1.3 of the Project	1,400,000	100% of amount disbursed
(3) Emergency Expenditures under Part 3 of the Project	0	100%
TOTAL	**18, 200,000**	

37. **Disbursement for Component 3: Contingent Emergency Response**. No withdrawal shall be made under Component 3 until the Government has: (a) declared that a crisis or emergency has occurred, and the Bank has agreed with such determination; (b) prepared and disclosed all safeguards instruments required for activities under Component 3 of the Project, if any, and the Government has implemented any actions which are required to be taken under said instruments; (c) established adequate implementation arrangements, satisfactory to the Bank, including staff and resources for the purposes of said activities; and (d) has prepared and adopted the Emergency Response Manual, acceptable to the Bank and annexed to the PIM, so as to be appropriate for the inclusion and implementation of activities under Component 3. ERM will be developed during the first year of project implementation or in any event prior to the release of any funds under Component 3.

38. Disbursements would be made either against a positive list of critical goods and/or against the procurement of works and/or consultant services required to support the immediate response and recovery needs of government. All expenditures under this component, should it be triggered, will be in accordance with OP/BP 10.00 and will be appraised, reviewed and found to be acceptable to the Bank before any disbursement is made. All supporting documents for reimbursement of such expenditures will be verified by the internal auditors of government, where applicable, and by the implementing agency, certifying that the expenditures were incurred for the intended purpose and to enable a fast recovery following the crisis or emergency, before the withdrawal application is submitted to the Bank. This verification would be sent to the Bank together with the application.

39. The budget by different cost types such as civil works, goods, non-consulting services, consultant's services, training and workshops and incremental operating costs and by components/sub-components would be broken down in the AWPBs which would be reviewed and agreed by the Bank.

40. E-disbursement. The project would use e-disbursement in submitting withdrawal applications for the following disbursement methods: (a) Reimbursement; (b) Advance; (c) Direct Payment; and (d) Special Commitment in line with the disbursement letter and disbursement handbook.

41. Supporting Documents. In reporting eligible expenditures paid from the designated accounts and requesting for reimbursement, the following would be required: (a) Statements of Expenditures (SOEs) for post review expenses and procurement contracts; and (b) Summary Sheet (SS) for prior review contracts expenses. For direct payments, records evidencing eligible expenditures such as copies of contracts, purchase orders, supplier's invoice and receipt, etc. would be submitted. The minimum value of applications for direct payment, reimbursement and special commitment is US$80,000 equivalent

42. The original related documents shall be retained by each implementing agency during the life of the project and until at least the later of: (a) one year after IDA has received the audited financial statements covering the period during which the last withdrawal from the Credit was made; and (b) two years after the closing date. These documents would be made available for required audits, as well as to IDA supervision missions upon request.

Procurement

43. Public procurement in Cambodia is governed by Public Procurement Law enacted in January 2012. Article 3 of the law provides an exception to follow procurement guidelines and procedures agreed between the Royal Government of Cambodia and a Development Partner for the project financed by the Development Partner. Accordingly the Updated Standard Operating Procedures (SOP) and Updated Procurement Manual for all Externally Financed Projects and Programs issued under Sub Decree 74 dated May 22, 2012 has been agreed and applicable for the World Bank financed/administered projects/programs. The Update Standard Operating Procedures and Procurement Manual (SOP/PM) contain principles, rules and guidelines for planning, supervision, procurement procedures for all externally financed projects/programs. These SOP/PM include comprehensive complaints, disclosure and transparency regime to be followed. SOP/PM apply at the central level. Public Procurement Law enacted in January 2012 also provides for the policy and procedures for procurement under government own financed projects/programs. The law establishes the General Department for Public Procurement (GDPP) within Ministry of Economy and Finance as responsible regulatory body for public procurement. The Law also provides for disclosure and complaints rules to be followed by both bidders and public officials. Both documents are publicly available on the MEF website.

44. The enabling legal frameworks are generally comprehensive and incorporate fundamentals of a modern procurement legislation. The key challenge, however, lies with the capacity to implement the legal framework. Staff capacities need further development and procurement is yet to be a profession developed within the public service.

45. Procurement under the project will be governed by Bank Procurement Guidelines: Procurement of Goods, Works, Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers and Consultant Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers dated January 2011, revised July 2014. Bank Anti-Corruption Guidelines dated October 2006 revised January 2011 will also apply. Government Updated Standard Operating Procedures issued under Sub Decree 74 dated May 22, 2012 will apply for procurement under national competitive bidding and low value contracts subject to the improvement included in the NCB annex to the project loan agreement. At sub-national levels (Commune/Sangkat and Community), provisions of the Project Implementation Manual (PIM) dated March 30, 2016 which has been agreed by the Bank will apply. The PIM provides for processes and procedures for procurement at sub-national levels.

46. Capacity Assessment. The project would be implemented under the established government institutional arrangements which were designed under the previous LASED Project. GDF/MAFF has been added as the institution to be involved in the implementation of the project but carries no procurement responsibility. The NCDD secretariat was assessed to have adequate experience to undertake procurement but would require capacity enhancement.

47. Risks and Mitigation Measures. The following risk mitigation measures have been agreed with Government

Risk/Risk Area	Mitigation measure	Period of implementation of the measure
Weak capacity and procurement oversight at central level	High prior review by the Bank and lowered prior review thresholds. Post review by the Bank annually on sample of 15% of contracts. Hire one procurement consultant in first year or engage more qualified staff and Bank will provide procurement training to all project staff.	During implementation and annually
Weak capacity and oversight at sub-national levels	The project design includes training of concerned commune/sangkat councils and community members prior to start of implementation of subprojects. An integrated fiduciary audit will be carried out annually	During implementation
Unclear procedures for community participation in procurement	The Community Operation Manual (COM) has been prepared with the Bank's support to have clear procedures for community participation in procurement. COM is an annex to the Project Implementation Manual.	During implementation
Delays in procurement cycle management	Keep tracking form of procurement actions and monitor progress. Appoint focal person to provide technical inputs for each package and provide training to evaluation committees for each package	During implementation
Governance associated risks	The Project design includes a communication strategy to inform stakeholders about the project which would bring more awareness. SOP and Procurement Law provides grounds for enhanced mitigation of governance risks and each bidding documents/RFP will provide for channels and contacts of both Government and Bank through which interested parties may lodge their procurement complaints	During implementation

48. Based on the current governance and procurement environment, and the past performance of the project implementing agencies, the overall procurement risk is high.

However, the identified risks would be managed and mitigated through the above agreed action plan, and the residual procurement risk of this proposed LASED II project is substantial.

49. Procurement Plan. A procurement plan dated March 30, 2016 for the whole life of the project has been prepared and the summary is presented below.

A. Goods and Works and Non-Consulting Services

50. *Prior Review Threshold.* The procurement decisions that are subject to prior review by the Bank as stated in Appendix 1 to the Guidelines for Procurement are as follows:

Table 3.3: Prior Review Threshold

Procurement Method	Prior Review Threshold (US$)
ICB and LIB (Goods)	All packages.
NCB (Goods)	Each package estimated to cost more than US$300,000.
ICB (Works)	All packages
NCB (Works)	Each package estimated to cost more than US$1 million.
Direct Contracting (Goods)	All packages procured at the national level regardless of value.
Direct Contracting (Works)	All packages procured at the national level regardless of value.

51. *Proposed Procedures for CDD Activities (as per Paragraph. 3.17 of the Guidelines.* The commune and community procurement would be implemented according to the latest Manual for Implementing the Commune/Sangkat-funded projects applicable to LASED Project and to this project.

52. *Other Special Procurement Arrangements.*

53. *Summary of the Planned Procurement Packages*

Table 3.4: Summary of Planned Procurement Packages

Description	Estimated Cost (in US$ million)	Procurement Method	Domestic Preference	Review by the Bank	Comments
Procurement of Works					
Construction of earth roads (5 lots)= 130 Km	2.015	ICB	Yes	Prior	
Land preparation for agriculture, upgrading earth road, laterite roads construction , earth road construction, small dam construction, and construction of primary school	5.483	NCB	No	Post	6 packages, 3 for prior review (above US$1 million each)
Construction of community centers, houses for nurses and teachers, road	1.752	Shopping method, or local bidding,	No	Post	Many small packages to be

maintenance, construction of box culverts, installation of concrete poles, reparation of earth roads, etc.		or community force account			procured by commune councils or communities
Procurement of Goods					
Procurement of Vehicles	0.27	UNOPS	No	Post	
Procurement of vehicles, office equipment, seeds, agriculture start-up, household start-up, and shelter materials	0.657	NCB	No	Post	4 packages

B. Selection of Consultants

54. *Prior Review Threshold.* Below are the selection decisions subject to prior review by the World Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

Table 3.5: Prior Review Threshold

Selection Method	Prior Review Threshold (US$)
Competitive Methods (Firms)	The threshold for competitive method for IC is: "All package estimated to cost more than US$100,000".
Single Source (Firms)	All packages.
Selection of Individual Consultants	All fiduciary and legal positions, and each package estimated to cost more than US$100,000.
Single Source (Individual Consultants)	All packages.

55. *Shortlist Comprising Entirely of National Consultants.* The shortlist of consultants for services, estimated to cost less than US$200,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of Paragraph 2.7 of the Consultant Guidelines. In the case where no sufficient number of national firms is available, international advertisement (REOI on UNDB) can be applied.

56. *Any Other Special Selection Arrangements.*

57. *Consultancy Assignments with Selection Methods.* Most of the consulting services are expected to be provided by individual consultants, except the small assignments listed below which are expected to be provided by local firms through CQS method.

Table 3.6: Consultancy Assignments

Description of Assignment	Estimated Cost (US$)	Selection Method	Review by the Bank	Comments
Baseline Survey in Year 1	70,000	CQS	Post	
Mid-Term Review Survey	50,000	CQS	Post	
Impact Survey	90,000	CQS	Post	

Environment

58. The project has sufficient tools and capacities to manage the safeguard aspects. An experienced team is in place that has gained ample experience under the LASED Project where safeguards issues have been handled fully in line with established procedures. The project can build on established mechanisms for screening, supervision and monitoring of infrastructure investments with regard to potential negative impacts. Any investments on weir or irrigation embankment would be subjected to an additional environmental screening. Access to grants by credit and savings groups would be subject to commitment by beneficiaries not to engage in practices that harm the environment. The budget for further safeguards capacity building and environmental protection awareness of concerned officials and commune councils has been allocated under the project. Further details on environmental safeguards are described below.

59. The project activities such as civil works for small-scale community infrastructure and agricultural and livelihood activities may have minimal environmental and social impacts during implementation. Typical impacts for small-scale civil works include land clearance, erosion and sedimentation of water bodies, dust and waste generation, etc. The land use planning practice under the LASED Project is used to delineate natural habitats (e.g., forest patches, wetlands, natural ponds, etc.) for community protection and preservation. The Environmental Management Plan (EMP) for community infrastructure investments is used to manage temporary and irreversible impacts caused by small-scale civil works.

60. Environmental Safeguards. The project is classified under Environmental Category B providing that LASED II will finance by land use implementation and small scale infrastructure investments. However, its potential environmental impacts are minimal and irreversible, except additional environmental screening for the weir and embankment constructions when such investments are confirmed during the project implementation. Therefore, LASED II triggers O.P/BP 4.37 Safety of Dams due to its potential investment in weir and embankments construction and other environmental safeguard policies that had been triggered under the LASED Project.

61. The project would be implemented in the existing LASED Project and JSDF-funded sites and in one new site in Dong Commune, Kampong Thom Province. Social and environmental safeguard screening reports were prepared by the implementing agency and were reviewed by the World Bank Environmental and Social Safeguards Specialists during the LASED Additional Financing preparation in October 2013 and November 2014. The new proposed SLC site in Dong Commune has been verified as not including a protected forest or environmental hotspot.

62. Lessons Learned. The potential minimal and irreversible environmental impacts of all the project sites can be managed through the Environmental Assessment and Environmental Management Plan (EA-EMP). The plan consists of land use planning and implementation procedure and environmental management plan for community infrastructure investments. The EA-EMP was updated by the implementing agencies to reflect the following environmental safeguard lessons learned under the LASED Project:

a. Land Use Plan Preparation and Implementation Procedure. The participatory land use maps and site development plans of all SLCs have clearly delineated different land uses. The land use plan integrated the remaining patches of forests, water bodies and planned green buffers, which were all declared for conservation and protection. This was done in coordination with the relevant line departments, land recipients and local authorities. There was no conversion of community forests, water bodies or common green areas in the LASED Project and NGO sites for residential or agricultural uses. The detailed land use planning took into account the environmental and agricultural carrying capacity.

b. EMP for Community Infrastructure Investments. No complaint was noted during the various missions regarding significant adverse environmental impacts in view of the construction of community infrastructure facilities. The Provincial LASED Teams also worked closely with the Commune Councils to monitor the contractors and ensure safeguards and safety measures at the construction sites. However, documentation of safeguards monitoring results requires more improvement since written monitoring record was limited. The implementing agency, NCDD Secretariat, used the Environmental Monitoring Format of the C/S PIM for monitoring and documenting the small scale civil works included in the EMP. Water quality analysis was also done for groundwater sources in the sites to ensure that these were not contaminated. The project continued improving water and sanitation in the sites by including the provision of latrines to household-beneficiaries.

c. Implementation of the EMP for Community Infrastructure Investments. Through the application of Commune/Sangkat Fund Project Implementation Manual (C/S Fund PIM) under the World Bank-funded Rural Infrastructure and Local Governance Project (RILGP), the NCDDS gained experience in the implementation of the EMP for community infrastructure investments. However, they need further support in monitoring and documenting/reporting the EMP implementation and more detailed procedures for monitoring and recording the environment and safety measures for infrastructure investments at the community level. The EMP for community infrastructure investments has drawn from and is aligned with the overarching guidelines (e.g., the provision with regard to the implementation of infrastructure civil works in the C/S Fund PIM has also been used in RILGP). The C/S PIM was endorsed by the Royal Government of Cambodia (RGC) through "Decision No. 024 SSR / NCSC" of the NCDD32 dated May 20, 2005. The C/S PIM's environmental guidelines are consistent with the requirements of the World Bank's Environmental Safeguards Operational Policy (O.P.4.01).

63. Environmental Assessment (OP/ BP 4.01). The policy is triggered due to potential minimal and irreversible environmental impacts caused by land use implementation and small scale infrastructure investments. However, similarly to the LASED Project, these impacts would be managed within the EA-EMP. The EA-EMP was prepared for two purposes: first,

for the land use planning and livelihood development activities (e.g., retaining buffer zone near water body) and second, for infrastructure investments, which would be included in individual small-scale civil works contract. The EMP for infrastructure investments is the same as the Environmental Code of Practice (ECOP) and is used to guide the clients for managing potential adverse environmental impacts of infrastructure investments. The Task Team prefers to retain the EMP language as it has been used under the LASED Project and in Rural Investment and Local Governance Project (RILGP), which also supported commune infrastructure investments. The implementing agency for these two projects is NCDD. All the existing LASED and JSDF-funded sites are cleared from unexploded ordinances (UXO), including the new proposed site (in Dong Commune, Kampong Thom Province).

64. The EA-EMP consists of: (a) land use planning and implementation procedure to support agricultural and livelihood activities; and (b) EMP for community infrastructure investments. The land use planning procedure is used to delineate natural habitats (e.g., forest patches or wetlands or natural ponds) for community protection and preservation. The EMP is used to manage temporary and irreversible impacts caused by small-scale civil works. It is aligned with the Government C/S Fund PIM for implementing and monitoring the environment and safety measures for infrastructure investments at the community level. The EA-EMP describes, in detail, the key environmental criteria and procedures for project implementation. These procedures, with Step 1 being particularly applicable at the new site in Dong commune, Kampong Thom Province, would also be fully integrated into the project PIM. The project takes the following three-step approach to incorporate environmental considerations into the overall planning process:

a. *Step 1. Land Screening.* All SLC sites proposed by communes would initially be screened against the "hot spots" map to determine overlap or proximity to critical habitats or forests, protected areas, cultural heritage sites and known indigenous peoples communities. In the event that a proposed site would affect such areas, communes would be urged to identify alternative sites. For SLC proposals that are accepted for further preparation, the Screening and Guidance Notes for Commune and District Use specifically require local government staff and beneficiaries to identify alternatives when planning an SLC and to document such alternatives for review by the Provincial Land Use Allocation Committee (PLUAC) Secretariat. Once a site has been accepted, an agro-ecosystem analysis (AEA) would be undertaken to verify the potential carrying capacity of the site using a participatory planning methodology. The assessment process incorporates technical features such as mapping, economic analysis of alternatives, analysis of opportunities and constraints, lessons learned from exploitation of nearby similar agro-ecosystems, and assessment of potential land acquisition impacts under land use scenarios. State land registration of the proposed site also requires agreement from provincial Ministry of Environment and Forestry Administration staff as well as public display and comment. The results of these procedures would be reviewed by the PLUAC Secretariat prior to authorizing selection of land recipients and allocation of land. Experience from the three commune pilot SLC sites indicates that potential negative environmental impacts can be avoided through provision of current remote imagery to verify denser forest areas and implementation of the AEA process.

b. *Step 2. Land Use Planning and implementation.* The results of the AEA assessments would be used to develop an SLC subproject land use plan with the selected land recipients to determine, based on existing vegetation, soils and water resources, how

to introduce sustainable land uses and agricultural practices. The SLC subproject land use plans would emphasize soil structure, nutrient and water management, integrated pest management and appropriate land use systems including intensive rice, vegetable or cash crop production, grazing and agro-forestry. It would also identify areas for community forestry to regenerate degraded areas, particularly where these can serve as buffer zones to habitat and forested areas. These land use plans would be reviewed by the PLUAC Secretariat as part of the SLC subproject plan and its implementation monitored by the District and PLUAC Secretariat.

65. Safety of Dams (OP/BP 4.37). The policy is triggered provided that the Sub-Component 1.2 on Infrastructure Development finances small-scale irrigation systems including construction of small upstream embankments (i.e., weir or water storage) for small-scale gravity irrigation in the prioritized communities. Most irrigation embankments fail due to various reasons including inadequate design or poor construction and maintenance. A new type of infrastructure investment under the project is the proposed small upstream embankments (i.e., weir or water storage) for small-scale gravity irrigation in the prioritized communities. The exact sites and number of these embankments are not determined yet.

66. During the implementation stage, the implementing agencies (specifically the National Committee for Sub-National Democratic Development Secretariat or its consultant) would carry out "an additional environmental *screening" for any Investment of weir construction* or upgrading of the irrigation embankment will require additional environmental screening to determine if any separate environmental analysis preparation is required. The environmental screening and environmental analysis would follow the existing environmental and social safeguards provisions required for all subprojects financed under the C/S Fund PIM. This includes the principles, guidelines, forms, training materials, checklists, environmental management plans, standard designs and templates, contractor guidelines and clauses, screening, clearance and monitoring and evaluation measures. Under the World Bank-supported RILGP, communes received regular training in these procedures. A separate environmental assessment of these small upstream embankments to determine that there is no risk or negligible risk of significant adverse environmental impacts due to potential failure of the structure to local communities and assets, including assets to be financed as part of the LASED II. In other words, the environmental and social impact assessment would be fully integrated into the technical feasibility study options by: (a) identifying and analyzing the potential environmental and social impacts (direct, indirect, induced and cumulative) of the considered options; (b) identifying and quantifying the costs of the corresponding mitigation measures; and (c) incorporating these costs into the economic and financial analysis. Furthermore, part of the engineering design and operation of the upstream embankments would be delivered by a qualified engineer and its safety measures would be verified by a World Bank Dam Safety Expert to avoid or minimize any potential adverse impacts such as partial or total failure that can cause environmental damage.

67. Natural Habitats (OP/BP 4.04). The policy is triggered provided that potential adverse impacts include loss of habitat as well as erosion and sedimentation associated with land conversion or inappropriate land use practices, which are not consistent with site plans. The rural development support activities would not involve either distribution of pesticides or related application equipment or result in significant increase in pesticide consumption and thus do not trigger safeguards on pest management. The potential impacts are considered to be localized, site specific and manageable with known technical approaches. Any potential impacts are also reversible through changes in land use or land use practices.

68. The potential adverse impacts have been fully integrated into the commune level planning approach for each SLC, so that the procedures for planning of land use, carrying capacity in terms of settlers and settlements, and land development for livelihoods all contribute to sustainable land use while minimizing negative impacts on the natural and social environment. The approach is designed to encourage the commune implementation teams themselves, with the assistance of technically qualified consultants and NGOs, to review their own planning and implementation to ensure compliance with the original SLC plan and continuously improve it where appropriate. If successful, this approach would reduce the overall risk of environmental impacts through application of site selection and planning criteria, which avoid potential problems rather than a traditional mitigation only approach.

69. Specifically, the approach developed for this project involves planning at different levels. At the provincial level, a screening methodology for site selection would rule out sites, which present highly sensitive environmental conditions. For example, sites which may impact protected areas or sites of known biological value would be avoided. At the site planning level a methodology has been developed to assess each site for its agricultural and land use potential. Specific issues of concerns would be identified during the site assessment process, which includes explicit considerations of terrestrial and aquatic habitats, and sites of environmental risks such as steep slopes, among others.

70. Forests (OP/BP 4.36). The policy is triggered as the project would result in some intensification of agricultural activities in degraded or degrading forests and the project invests in infrastructure that may impact on the reserved community forests. The process of developing the general land use plans for the SLC sites to determine the carrying capacity and infrastructure needs, the use of Spot 5 imagery combined with the participatory Agro-Ecological Analysis (AEA) approach resulted in effective identification of forest areas, stream banks and additional settlements which should not be included for SLC land allocation, and communities proposed community forestry and other measures to sustain the environmental services from these areas. The pilots also highlighted the importance of effective technical advice and facilitation as neither the communes nor the district or provincial officials have sufficient experience with the participatory planning process.

71. If applied properly, the land use planning process would involve both considerations of what constitutes a functional forest (for economic, conservation or protection use) and how to determine, using Geographic Information Systems (GIS) approaches, the extent of degradation of the forest and thus the danger of a “do nothing” approach. The project would support the identification of high priority conservation sites using best available data and new technologies. For example, the planning process would involve the combined use of SPOT 5 imagery and soil surveys would contribute to the determination of which areas to retain in forest cover for protection purposes given soil type suitability for agriculture, slopes, and position in the micro watershed involved. Within lands selected for agricultural use, planning criteria include the need to maintain a minimum tree cover, which would be retained for shade and shelter. Through the technical assistance provided by the project, specialists would be trained in environmental planning of micro-watersheds with communities so that, for example, contour lines of existing forest would protect erosion-prone soils, that no “islands” of isolated forest are left unconnected to surrounding forest, and that important watercourses have appropriate forest buffer zones along their length. Forests for particular economic use such as resin extraction and bamboo groves would be retained for protection and community use.

72. Physical Cultural Resources (OP/ BP 4.11). The policy is triggered because the infrastructure investments may impact unknown, buried physical cultural resources. However

the impact shall be avoided or mitigated by EMP (or ECOPs). The project would use the provincial level "hot spots" maps, and the commune level SLC demarcation and land use planning to draw both on the "hot spots" mapping and local knowledge of burial sites and places of ritual significance. Any chance finds of cultural heritage clause during the infrastructure construction would be included in the bidding and contract documents to require the contractor to report "any cultural heritage" found to the relevant provincial Culture Department or government implementing agencies.

73. Public Disclosure. The Khmer and English versions of the EA-EMP were updated to incorporate lessons learned from the LASED Project implementation. This last updated EA-EMP was publicly posted on the LASED II Project website (www.ncdd.gov.kh) set-up as part of the safeguards review in both the English and Khmer languages on March 30, 2016 as well as at the World Bank's external website on March 30, 2016. Hard copies of the EA-EMP were made available at the Provincial Departments of Land Management, Urban Planning and Construction, Provincial Departments of Environment, and at the offices of the commune councils where the SLCs are implemented. The key environmental requirements outlined in the EA-EMP are reflected in the project PIM.

74. Monitoring and Evaluation. The GSSLC would be responsible for coordinating and reporting the monitoring of environmental and social safeguard implementation, with support and inputs from NCDD Secretariat, the Ministry of Agriculture, Forestry and Fisheries - General Directorate of Agriculture (MAFF-GDA), and the Implementing Unit in the Ministry of Rural Development. The reporting of environmental and social safeguard implementation would follow the project PIM. Monitoring of outputs would be carried out through the review of quarterly provincial implementation management reports. Quarterly reports would focus on implementation progress and information required by Commune Councils, DWGs, PLUACs and GSSLC and NCDDS to identify any delays in the implementation of the AWPBs so that action can be taken to address constraints or revise expectations of progress. An Annual Implementation Report would also be prepared by GSSLC and NCDD with support of MAFF-GDA, and the implementing unit in the Ministry of Rural Development. GSSLC and NCDDS would consolidate the reports and submit to IDA, by the end of March of each year covering the activities of the previous calendar year.

75. The World Bank would carry out implementation support missions to clarify the requirements as well as to emphasize the importance of carrying out the measures consistent with the key environmental safeguard documents and the project implementation manual. The Bank's Environmental Safeguards Specialist would separately review adherence to the environmental safeguards documents during their annual supervision mission. All records of the EA-EMP monitoring reports shall be kept by the recipient for review during missions.

Social

76. OP/BP4.12 (Involuntary Resettlement). Due to the nature of the project, involuntary resettlement caused by the project construction would be very limited, if any. Since detailed project activities could not be identified during project preparation, a Resettlement Policy Framework (RPF) was prepared by the client according to the Bank's OP4.12.

77. The objectives of the RPF are: (a) to avoid or minimize any land acquisition and resettlement caused by project activities under the project; and (b) to provide compensation in case of occurrence of involuntary resettlement to ensure livelihood restoration. Key principles are defined as follows: (a) in case a local resident who is a legal owner of land as defined under

the Land Law loses fixed assets or access to agricultural land in the planned SLC area, he/she is entitled to receive compensation for land and assets at the replacement value; (b) the planning of SLCs would include practical measures to avoid that poor unauthorized local residents, whose livelihood is dependent on use of land in the planned SLC area, lose fixed assets or access to agricultural land due to the SLC program; (c) land loss within a designated SLC area by any unauthorized poor local resident whose livelihood is dependent on use of land in the planned SLC area, and who began to use this land before the cut-off date, would be eligible to obtain land within the SLC not exceeding the land allocation fixed for regular SLC applicants; (d) land speculators enjoying unauthorized use of land in an SLC area would not be entitled to apply for land within the SLC, and may only receive compensation for investments made on up to five hectares of the land illegally occupied within the SLC area (primary screening of the new site at Dong indicates that it is unlikely that there are large-scale encroachers to whom this provision would apply); and (e) the project-supported social land concession programs are not used as a form of compensation to mitigate the resettlement impacts from other projects.

78. A Grievance Redress Mechanism (GRM) for the implementation of the RPF is necessary for addressing legitimate concerns of affected individuals and groups who may consider themselves deprived of appropriate treatment under the project. The RPF outlines the requirements of the GRM which includes: (a) a recording and reporting system, including grievances filed both verbally and in writing; (b) designated staff with responsibility at various levels of governments; and (c) a time frame to address the filed grievances. This mechanism would be detailed in the sub-project safeguards documents. The functioning of the grievance redress mechanism would be regularly monitored and evaluated during project implementation. In addition, the project's overall complaints handling mechanism and the Bank's Grievance Redress Service are detailed in the PIM.

79. Participatory Approach. The participatory approach of the project requires the participation in both planning of the SLC and rural development activities by commune officials, village officials and representatives and land users at all stages. This is the best way to avoid or minimize land acquisition and involuntary resettlement.

80. OP 4.10 (Indigenous Peoples). Ethnic screening conducted did not find IP communities (the Khmer Loeu or "hill tribes") project areas (including its potential recruited villages). The project would not trigger the Bank's OP/BP4.10 on Indigenous Peoples.

81. Gender Mainstreaming. The "Guidelines on Gender Mainstreaming in LASED Project" would be applied also into this project. The guidelines outline the goals, activities, and indicators that would guide the project to implement its gender mainstreaming process. Specifically, it aims to provide/achieve: (a) special attention to households headed by disadvantaged women; (b) gender equality in access to information on land distribution and land use, in decision-making in the household/community, and in addressing grievances; (c) gender equality in access to and benefitting from rural development and livelihood support services; and (d) gender equality in entitlement for land use and ownership.

Monitoring and Evaluation

82. The GSSLC would have overall operational responsibility in planning and coordinating monitoring and evaluation activities of the project. However, support and inputs would come from the NCDD Secretariat and GDA.

83. Specific attention and support would be provided to expand and strengthen the project's M&E system. With the GDA as a new implementing partner, and a focus of the project on the necessary support systems for sustainable development, the project M&E would reflect these changes and be able to collect, analyze and provide feedback in a timely manner, and provide information to project stakeholders at all levels. In addition, the strengthened M&E system would incorporate lessons from LASED, such as the need to strengthen the ability to track data at the household level, and to ensure data consistency across sites.

84. The new project management information system (MIS) is to track progress of financials, outputs and outcomes of the project, not exclusively but particularly of indicators in the results framework and this system is expected to help GSSLC, NCDD Secretariat, GDA and the World Bank to address issues and constraints that impede the project implementation in a timely manner. Outcomes (indicators) that would need to be tracked would include the indicators in the Results Framework and progress of integrating SLCs into CDP/CIP; detailed land use practices; and the knowledge status, creation and dissemination.

85. The project would continue to use the existing management information system, which is largely based on Microsoft Excel and Word formats, until the new management information system is developed and in place.

86. The new MIS would have a centralized database at GSSLC and is supported by software and a dedicated National M&E Officer who would work closely with National Operation Advisor, Provincial Operation Advisor and provincial M&E Officers. The database would have capabilities to store and process data and records on financials, outputs and outcomes of the project. Specific institutional arrangements for the new MIS would include the following: (a) data on financials and outputs for Component 1 would be collected directly by the provincial implementing units. All financial reports and project outputs would be entered into the database by Provincial Project Advisor and Provincial M&E Officer. GSSLC, NCDD Secretariat and GDA at the national level, with the support of the National M&E Officer, would conduct spot checks to verify qualities and accuracies; and (b) overall financials, outputs and outcomes for all components and in relation to indicators in the results framework would be processed by GSSLC.

87. Annual work plans and budgets (AWPB) for each SLC sites would be prepared, using planned and new activities identified from the annual Commune/Sangkat development process. These annual work plans and budgets would be consolidated and finalized into a single AWPB and include all activities of GSSLC, NCDD Secretariat and GDA. The AWPB would be submitted to NCSLC and IDA for comment prior to confirmation by NCSLC.

88. Information would be collected directly from recipient households to measure progress on a number of results frame indicators, including land use status and practices. Household group leaders would provide basic recordkeeping support and would submit data to the local Community Development Facilitator (CDF). Each CDF would enter the data into digital form and send it to the M&E focal point at the province level for integration into the MIS database.

89. A baseline survey would be undertaken as part of the project to establish and/or update the socio-economic situations in the project sites. This and the results of the mid-line survey would form the basis of a mid-term review that would be undertaken in Year 3 of the project. An end-of-the-project evaluation would also be undertaken to assess the overall achievement of the project development objective and indicators. The surveys could be multi-topic surveys, with one module for measuring changes in perceived food security (the HFIAS). Surveys

would be undertaken by a Technical Service Provider, and results would be integrated into the MIS database

90. Monitoring of the project inputs and outputs would be carried out through the review of quarterly provincial implementation progress reports and financial management reports. The implementation progress and financial management reports by GSSLC, NCDD Secretariat and GDA using provincial implementation progress reports and financial management reports, are prepared to assess progress towards the implementation of AWPB and towards achievement of the result framework indicators, and to identify any issues and constraints in the implementation so that measures and actions can be taken.

Role of Partners

91. In December 2013, the German Government committed up to EUR 9.0 million (about US$10.35 million) grant funds for an Economic Infrastructure Program to Sustain Land Reform Implementation (IPLR). This program would be financed by the German Development Bank - Kreditanstalt für Wiederaufbau (KfW). The program would focus on the improvement of living conditions for the poor population in rural areas of Cambodia, with a special focus on the indigenous population, poor and vulnerable households as well as small-scale farmers that received or would be receiving land titles. This would also include investments at the project sites. Investments under this program would potentially include rural roads and markets, water supply including small-scale irrigation and sanitation systems, rural electrification etc. and thus spur rural economic development. The project executing agency would be the Ministry of Rural Development.

92. The program would complement the project and the land concession process and is thus part of the overall strategy for rural development and the national land sector reform. Some 11 tentative work packages have been identified, in which six (6) packages would cover project related sites/provinces.

93. The investment under these work packages would complement infrastructure development support in communities under the project. Coordination and collaboration in the finalization and prioritization of plans and during implementation would be ensured to avoid overlaps and duplications. Ministry of Rural Development is represented in the National Social Land Concession Committee, at operational level, provincial staff of MRD is represented in the PLUAC, which are responsible for local level project implementation. An MoU on the cooperation and coordination between MMUPC (GSSLC) and MRD has been drafted.

94. The German Agency of International Cooperation (GIZ) provided technical assistance to the implementation of the LASED project. While this technical assistance ended in June 2014, GIZ continues to provide support to LASED communities under a new three-year project. The new support focuses on strengthening food security and nutrition. Detailed activities would be defined during implementation, jointly with LASED management and the project beneficiaries. The project would continue its collaboration and coordination with GIZ, ensuring mutual learning and exploitation of synergies, in particular in the field of livelihood and food security support activities and M&E.

95. NGOs and private sector would be key partners in implementing the project. Contracted by the project, they would provide service delivery functions (extension) to project beneficiaries. The project would furthermore continue the exchange with other development partners that work in the same technical areas. On the World Bank side, the regular

consultations with NGO partners would continue and are expected to provide knowledge about technical solutions and cooperation possibilities. Relevant NGOs would also be consulted by the project to share experiences and where deemed useful, participate in the project's regular lessons-learned events.

Annex 4: Implementation Support Plan

CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

Strategy and Approach for Implementation Support

1. The implementation support strategy addresses the design and implementation requirements of the project, including the implementation of the risk mitigation measures defined in the new framework for management of risk in operations. It also builds on the experiences and lessons learned in the implementation and management of the LASED and JSDF-funded projects.

2. In light of the above, and the considerable experience acquired by the Bank in supervising the above projects over the past seven years, a number of steps have been taken already during and as part of project preparation to facilitate implementation, including a smooth transition from LASED to LASED II. These include the following:

a. Extensive stakeholder consultations and briefings have been conducted as part of a pre-identification of approaches and potential partners for the new pluralistic service provider approach.
b. Establishment of provincial LASED Teams in the 3 provinces with project sites formerly under the JSDF support.
c. Procurement and financial management assessments have been conducted for the key implementing agencies/units to determine the soundness of the financial management and procurement systems. This included the GDA as the new implementation partner.
d. A technical support mission (consultant) has looked into the new area of potential water management and small-scale irrigation investments. Findings have shaped the design of further planning work to be conducted by the project.

3. The strategy takes cognizant of the strong and experienced teams at national and provincial level where the LASED Project has been operating already and which the proposed project would also cover. A majority of the Government's project staff, NGO partners and local contractors have the knowledge and experience in dealing with SLC specific issues. Nevertheless, the implementation support strategy would provide focused implementation assistance to the client, especially given the: (a) project's new approach to agriculture extension methodologies (Farmer Field School approach, village extension workers, etc.); (b) involvement of a new implementing partner, MAFF/GDA, and new project stakeholders/service providers such as the NGOs and private sector; (c) project's significant investments in infrastructure with more commune level procurement activities; and (d) the increasing significance of an improved, well-managed management information system (MIS), including important associated monitoring and evaluation activities.

4. The project would also have a built-in implementation support through the employment of national advisors and short- and long-term consultants. Review of the performance of the experts hired under the project, especially those involved in water resources assessment and irrigation planning; infrastructure planning and supervision, etc. would be regularly undertaken and included as part of the implementation support missions.

Implementation Support Plan

5. The strategy would be operationalized through the conduct of the standard semi-annual implementation support missions, which would be complemented with follow-up meetings, field visits and fiduciary reviews. These would be undertaken by World Bank team members, the majority of whom are based in the Cambodia Country Office and other country offices in the region. This arrangement is expected to ensure timely, efficient and effective implementation support to the client. Detailed inputs from the Bank team are outlined below:

a. Procurement. The implementation support would include: (i) prior review of procurement documents; (ii) at least once a year conduct of ex-post reviews; (iii) coaching and hands-on training procurement staff and providing detailed guidance on the Bank's procurement guidelines and applicable procedures; and (iv) monitoring procurement progress against the procurement tracking plan. Closer supervision would also be undertaken in the initial phase of the project to ensure adherence of commune and community levels with the procurement guidelines and policies.

b. Financial Management (FM). Implementation support missions would be conducted twice a year focusing on the adequacy of the FM system to ensure that funds are used for the intended purpose with due regard to economy and efficiency. Based on the level of FM risks at time of FM supervision, the reviews may include any or all of the following: (i) review and verification of specific transactions; (ii) review of internal controls of financial management; (iii) analysis of the financial statements in relation to the funds disbursed by the Bank; and (iv) physical verification of structures and others. Desk reviews would also be conducted on a regular basis and upon submission of the annual external audit of the project and the bi-annual Interim Financial Reports (IFRs). Issues arising from these reports would be used to revise and adjust the scope of the planned FM implementation support.

c. Environmental and Social Safeguards. The implementation support would include supervision and provision of technical inputs in the implementation of the social and environmental management plan in accordance with Bank safeguard policies and Recipient's Laws and Regulations. Coaching would also be provided to relevant project staff for the preparation, implementation and monitoring of environmental and social safeguard tools.

d. Technical Implementation Advice. The implementation support would include the provision of on-demand technical advice to the project, especially on: (i) agriculture extension approaches and strategies; (ii) strengthening of cooperatives and savings groups; (iii) agriculture-based livelihoods; (iv) detailed engineering and design of community-based infrastructure subprojects; and (v) water management and irrigation investments, including their sound technical planning, assessment and prioritization.

e. Project Management. Advice on the overall management and supervision of the project would also be provided to ensure technical soundness and consistency; transparency and good governance; inclusiveness; and compliance with relevant guidelines and procedures. Implementation support missions would in particular review and help in improving the project's Annual Work Plan and Budgets (AWPBs). Detailed assistance would also be provided to review the selection and management of national and international advisers and consultants to the project, ensuring the adequacy of expertise and experts employed under the project. The establishment and operation of the new

MIS would be closely supervised and supported with needed technical and managerial advice.

f. Mid-Term Review. The mid-term review of this second phase of SLC support would review detailed progress and ensure that an adequate phasing out strategy is proposed, in line with the project's overall development objective and the planned five-year duration of the project.

6. Implementation support would be of increased intensity during the first half of the project. With further strengthening of capacity, technical support would diminish. The main focus of implementation support is summarized below:

Table 4.1: Skills Needed for Implementation Support

Time	Focus	Skills Needed	Resource Estimate		
			Staff Weeks and travel costs	Comment	Budget (US$)
First twelve months	Development and/or updating of Social Land Concession plans	Land use planning, surveying, adjudication processes	6	Int. staff Consultant Nat. staff	150k
	Selection and evaluation of land recipients	Social assessment, background investigation and evaluation			
	Complaints management and resolution	Investigation, complaints management and dispute resolution			
	Community development, interest group formation	Community development (CDD)			
	Water resource assessment, irrigation head works design	Water resource assessment; small-scale irrigation development and system management (water user associations)	5	Int. staff	
	Agro-ecosystem analysis; landscape resource inventory	Participatory resource inventory and mapping, agro-ecosystem analysis	5	Int. staff Consultant	
	Social and environmental safeguards screening	Social and environmental safeguards screening	2	Int. staff	
	Baseline study, M&E set up	Survey design, M&E operations	6	Consultant	
	Gender analysis and profiling	Gender analysis and profiling	2	Consultant	
	Smallholder agricultural technology, production improvements (crop, perennials, livestock, fruit and forest trees, etc.)	Agricultural technology, livelihood enterprises and agribusiness	8	Int. staff Consultant	
	Design of revolving funds	Savings and credit groups establishment and operations	2	Consultant	

Time	Focus	Skills Needed	Resource Estimate		
			Staff Weeks and travel costs	**Comment**	**Budget (US$)**
	Design of livelihood support activities, including non-agriculture	Livelihood enterprises, including for women, handicapped, vulnerable people/families	2	Consultant	
	Capacity building on procurement, FM and audit	Procurement, FM, disbursement	6	Nat. staff	
	Technical review and procurement of Year 1 community infrastructure subprojects	Civil engineering/infrastructure design and detailed engineering, construction management, and operation and maintenance (O&M)	8	Nat. Staff	
	Cooperative development and management	Community organizing and development, agribusiness and enterprise development	4	Consultant	
	Upgrading project management information system (MIS)	MIS, technology assessment and capacity building	4	Consultant	
	Information, education and communication (IEC) development	IEC and public outreach	4	Nat. staff	
	Task team management	Team leadership, project supervision and management	20	Nat. staff TTL	
		TOTAL - YEAR 1	**48**		**150K**
Year 2 to Year 5	Operations of revolving funds	Savings and credit groups establishment and operations	20	Int. staff Consultant Nat. staff	
	Operations of livelihood support activities, including non-agriculture	Livelihood enterprises, including for women, handicapped, vulnerable people/families			
	Cooperative development and management	Community organizing and development, agribusiness and enterprise development			
	Smallholder agricultural technology, production improvements (crop, perennials, livestock, fruit and forest trees, etc.)	Agricultural technology, smallholder farming systems; soil and water management; sustainable agriculture	20	Int. staff Consultant Nat. staff	450k
	Commercialization, marketing, small-scale agribusiness development	Smallholder market integration, small-scale agribusiness development	12	Int. staff Consultant	
	Capacity building on procurement and FM	Procurement, FM, disbursement and audit	12	Int. staff Nat. staff	

Time	Focus	Skills Needed	Resource Estimate		
			Staff Weeks and travel costs	**Comment**	**Budget (US$)**
	Community infrastructure implementation and management	Civil engineering/infrastructure design and detailed engineering, construction management, and O&M	12	Nat. staff	
	Conduct of monitoring and technical audits for rural infrastructure	Civil engineering, irrigation, agricultural engineer	8	Int. staff	
	Environment and social safeguards capacity building and monitoring	Environment and social safeguards, training	15	Int. staff Nat. staff	
	FM management, disbursement and audit review	FM, disbursement and audit	12	Int. staff Nat. staff	
	Procurement monitoring	Procurement and contracts management	12	Nat. staff	
	Commune procurement	Commune procurement procedures, capacity building	12	Nat. staff	
	Cooperative development and capacity building	Agribusiness and enterprise development	8	Int. staff Consultant	
	Information, education and communication (IEC) development	IEC and public outreach	8	Nat. staff	
	Overall project monitoring and evaluation	M&E, MIS	8	Consultant	
	Task team management	Team leadership, project supervision and management	50	Nat. staff TTL	
		TOTAL - YEAR 2 to 5	**209**		**450K**

Annex 5: Sustainability Strategy and Action Plan

CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

Introduction

1. 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.

2. Improving access to agriculture and residential land remains a key issue in Cambodia's development agenda as 80 percent of the total population lives in rural areas.[7] The majority, or 66 percent of the rural population[8] depends on agriculture for their livelihood, however more than 10 percent are landless and a large share of the rural population farms are 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.

3. The Land Allocation for Social and Economic Development (LASED) and associated JSDF-grant funded activities have been a cornerstone of Cambodia's Social Land Concession (SLC) Program. In addition to the "civilian" Social Land Concession Program, 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 among the bottom 40 percent 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.

4. The project would support the development of the allocated SLC land, assisting land recipients in embarking on agriculture activities that are sustainable, would lift their families out of poverty, and would increase the welfare of the new communities. The focus of the project is on identifying and applying the support systems that are required and adapted for the situation in the project areas. With socio-economic and biophysical conditions differing from community to community, planning and implementation would be based on a solid baseline assessment.

5. Support systems funded by the project would build on the pluralistic service provider approach, currently implemented in different forms by different development partners. Core would be the comparative advantage of different service providers for different tasks. It would

[7] 2011 Cambodia Socio-Economic Survey, the National Institute of Statistics, Ministry of Planning.
[8] 2011 Cambodia Socio-Economic Survey, the National Institute of Statistics, Ministry of Planning.

include the outsourcing of services to specialized providers and the proactive inclusion of private sector actors in the development of the areas.

6. The project would cover a total of 14 SLC sites in the five provinces of Kratie, Tbong Khmum (formerly part of Kampong Cham), Kampong Chhnang, Kampong Thom and Kampong Speu. These include the existing eight (8) SLC sites covered by LASED Project and five (5) JSDF-funded sites, as well as one (1) new/additional SLC site in Kampong Thom Province. The total area to be covered under the project is approximately 17,000 hectares with 5,141 households.

How to Build Sustainability

7. Understanding the Constraints. The process of implementing the SLC program of the Government has been a slow process, with many competing interest groups that do not always see the SLC program as being in their self-interest. LASED has been able to make a breakthrough of this nexus and has started the process of viably establishing communities in SLCs. Once in place, these new communities need to be integrated into the established commune bureaucratic planning process, which may not always be easy.

8. The communities themselves are artificial, being drawn from a number of surrounding/neighboring villages and comprising households that are skewed in wealth and ability. This means that the newly formed community must quickly build hierarchical structures, where individuals and groups take on the roles and responsibilities that facilitate the smooth running of a community as opposed to a household.

9. The beneficiary profile is focused on landless and wage laborers who have been selected through LASED mechanisms oriented at the Government's IDPoor selection process. These beneficiaries may have experience of working in the land/farm, but have never had the financial responsibility of managing it as farmers. Their lack of experience in doing this is considered a major constraint that has to be ameliorated.

10. The lack of initial title to the land is a partial constraint as it acts as a disincentive for the farmers to make long-term investments in clearing the land and planting crops that would not see an immediate return. In addition, because the beneficiaries came from the bottom economic strata of their old communities, they would not have capital available to invest in establishing themselves in their homestead plots and then investing in productive agriculture on their allocated land.

11. The best lands in Cambodia are already occupied and the remaining good lands have claims on it. Economic Land Concessions have further limited access to land. The quality of the remaining land that would be made available is unlikely to be of high agricultural potential. This would constrain the options available to potential beneficiaries. Because the land is mainly from degraded forests, the soil is sandy, lacking in organic matter and unless in low-lying areas, would also have water scarcity problems.

12. Such degraded forestland by its very nature is isolated, with limited access. These areas would also not be naturally linked to markets, isolating the communities from amenities. Social infrastructure would also need to be built from the ground up and its initial absence would make the new environment less attractive to potential beneficiaries.

13. Assumptions Made. The SLC program implemented under the LASED Project and the continued support proposed under the LASED II Project (this project), makes the assumption that the Government is still fully committed to parceling out land to beneficiaries through this instrument. Land provision is a precondition to getting support from the project. Linked to this is the assumption that after the beneficiaries complete their tenure on the land for five years, they would be awarded land titles. This process has just started.

14. It is assumed that the beneficiaries are capable and wish to make the transition from wage laborers to farmers. The project model is predicated on the assumption that the land allocated to the beneficiaries, on a formula of the number of working adults in each household, is capable of supporting the members of that household should they make full productive use of their land and homestead assets. Implicit within these assumptions is that the beneficiaries would move from selling their labor to committing more of their time to being farmers/tillers of the agricultural lands/plots received.

15. It is assumed that all land parceled out in the SLCs are fertile enough, with sufficient water available to make productive agriculture possible in a sustainable manner beyond the lifetime of the project. This also assumes that the beneficiaries would be able to undertake the steps necessary and have the capital needed to continue to invest in their land, especially before they receive the land titles and would continue to remain on their land after receiving their land titles.

16. As the SLC sites are new and comprise of families that have been drawn from the surrounding area, but not necessarily known to each other, it is assumed that such a conglomeration of people would naturally be willing to form a community, given adequate social support and training. Furthermore, it is assumed that the communities would become self-sustaining and would be able to develop the coherence to build institutional and social structures that would make their environment attractive to individuals for them to remain working within the community and to attract services and traders from the outside. These communities would also be registered as official villages.

17. Time Frame. The proposed timeframe for the project is five years. This period would provide the time to consolidate the gains made in the LASED Project and would help the farmers to make more productive use of their assets. During this period it is also intended to develop one new SLC community, which would also be provided with various support such as roads, housing, land clearance and possibly water. Within the five-year period the new SLC site would receive the enhanced package of support available to previous LASED beneficiaries.

Project Objective

18. What is Needed. The mechanism of selecting beneficiaries and developing the SLC has been piloted in the LASED project and has been shown to be successful. However during the course of implementation, it became apparent that allocation of land and the basic provision of input package were not comprehensive enough. Extension was provided to aid community development but agricultural extension was very limited, as MAFF was not fully engaged as a partner. This has hampered the cultivation of some lands made available. This is important, as the covenants of the SLC states that all the land allocated must be brought under use within a prescribed time frame. To address this, after the Mid-Term Review and in conjunction with GIZ, the beneficiaries had half a hectare of their plots cleared of scrub and rudimentary land preparation carried out. Although this led to the cleared land being cultivated by a substantial proportion of farmers, this did not automatically lead to the rest of the land to be brought under

cultivation. The SLC policy requires that distributed lands should be cultivated for at least five years before land titles are processed and awarded. There is therefore a need to aid farmers in bringing all their lands under cultivation in the existing SLC sites and mandating the total clearance of any new land being prepared under the project.

19. Although the covenants of the SLC stated that LASED beneficiaries are eligible to receive full land title if they fulfill the requirements of bringing 100 percent of their allocated land under cultivation, and remain and continue to cultivate this land for five years, no titles have yet been issued by the Government. It is therefore an important requisite for LASED II to focus its attention on facilitating the completion of the cycle of transferring land.

20. LASED's primary objective was to test the procedures for SLC as described in Sub-Decree 19 and as specified for operationalization through the PIM. To do this, the beneficiaries were given a starter kit for establishing their dwellings on the homestead and a few farming implements. Initially it was assumed that the beneficiaries would clear their own land under a "food for work" assistance package. When it was found that this was not happening, GIZ started to clear a portion of the land mechanically for the beneficiaries. However there was no effective and efficient extension support to the beneficiaries with regard to improved agronomic practices. Considering that beneficiaries are laborers and not farmers is something that would need to be addressed under the project.

21. By the end of the project, some beneficiaries would have been receiving project support for ten years. The implicit assumption is that these households would be maintaining a sustainable livelihood off the land that was allocated to them. The assumption is also that they would continue to sustain activities after the project's closure. To achieve this objective, the communities need to develop sustainable agricultural practices.

22. The LASED Project was implemented through two government agencies, the General Secretariat for Social Land Concessions (GSSLC) and National Committee for Sub-National Democratic Development (NCDD). However, they are not specifically focused on agricultural production. There is a need to include the General Directorate of Agriculture (GDA), working through the Provincial Departments of Agriculture (PDA) in delivering farming skills knowledge to recipients.

23. During the period of LASED Project implementation, there were two operational areas: (a) the first was solely implemented through a project management unit located at GSSLC and focusing on the SLC process; and (b) the second was funded through the Japan Social Development Fund (JSDF) and using NGOs to implement activities which supplemented SLC activities with strong support to civic engagement and community building. There is a need to streamline the delivery mechanism to beneficiaries, continuing to use a mixture of public and private actors, but ensuring the delivery of a consistent package to project participants.

24. Most of the SCL sites are remote and as part of the LASED Project, roads were built to gain access to these areas. As soon as this happened, the beneficiaries started to migrate into the site in larger numbers. The maintenance of these access roads and repairing some that have already been built are vital to the sustained presence of the newly constituted communicates on the SLC sites. There is a need to ensure that road maintenance of access roads is absorbed into the commune, district and provincial budgets.

25. The community amenities provided through the LASED Project were schools, health posts, and community centers. As the older concessions progressed, some beneficiaries opened

general stores and offered transport and mechanical services. Such amenities are vital for the active functioning of the new SCL communities. There is a need to ensure that all planned infrastructure subprojects are completed and their continuing operation and maintenance requirements are budgeted for.

26. The project development objective (PDO) is to help improve target beneficiaries' access to agriculture resources and selected infrastructure and social services in project communities. These are aimed at improving the ability of beneficiaries to sell their agricultural produce through profitable value chains. To achieve this, market linkages need to be facilitated.

27. Packages. In order to deliver what is needed for a successful implementation of the project objective, there would be a mixture of hard and soft investments grouped into three areas of infrastructure and livelihood systems.

28. *SLC investment planning and prioritization***.** This would include: (a) support for the preparation of the SLC plan for the new site; (b) funding for the required studies to determine the suitability and ensure environmental and social safeguards are followed; (c) support for the land titling process, including verification of eligible land recipients; and (d) support for the establishment of a project and SLC-related MIS.

29. *Infrastructure Development***.** This would cover additional infrastructure investments including: (a) initial land preparation of the SLC sites; (b) provision of settling-in assistance to land recipients; (c) community infrastructure, such as rural roads, potable water system, irrigation, etc.; and (d) community buildings such as schools, teacher houses, health posts, and community centers.

30. *Agriculture and Livelihood Support Systems.* The focus would be on two areas: (a) agricultural production and productivity improvement for food and nutrition security of the SLC recipients; and (b) market integration that would promote sustainability of their existence. Support would be provided for: (a) establishment and strengthening of agriculture cooperatives, savings and credit groups, production and marketing groups and other community interest groups; (b) service and extension provision following a pluralistic service provider approach; (c) provision of in-kind and cash grant support to strengthen successful local initiatives; (d) linking SLC planning and implementation with the respective Commune Development Plans/Commune Investment Plans (CDPs/CIPs); (e) community building support and (f) facilitating the acquisition of land title.

31. Quick Wins. The project aims to help the beneficiaries cultivate their own plots and develop and maintain sustainable livelihood. In order to achieve this objective the project needs to be able to demonstrate to the beneficiaries the following which would make their lives more tenable in their new environment:

a. Work closely with GSSLC under the Ministry of Land Management and Urban Planning and construction to ensure coherent implementation of the project.
b. Provide access/all weather tracks from the residential area to agriculture plots.
c. Construct access roads to the SLC site from main roads.
d. Construct community basic support facilities such as schools, etc.
e. Timely provision of kits, including housing materials.
f. Total clearance of field plots, plowed and planted to cover crops.
g. Delivery of extension services on basic agronomic practices.

h. Provision of basic services such as education and health care.
i. Establishment of a community structure to facilitate integration.

32. Long Term. Ultimately for the recently established LASED communities to thrive and prosper in their new environment, a community must be formed which has the basic structures, infrastructure and facilities that the communities need. Together with these, the land and the livelihoods that support the community need to grow and diversify to ensure a sustainable economic platform for daily life. In this regard, the long-term aim of the project should be to foster:

a. Greater community integration at the commune level, to ensure that the new site is considered part of a bigger community and commune budgets allow for the extra expenditure that would be required to service the needs of the project site.
b. Community participation as part of the Government's decentralization process in future procurement of small infrastructure projects.
c. If the beneficiaries see the need, the formation of common interest groups around shared activities, such as the cultivation, marketing or processing of produce.
d. Practicing soil amelioration techniques to ensure soil fertility is not lost regardless of the crops grown.
e. Developing sustainable crop rotation patterns.
f. Strengthening of resilience and stabilizing farming systems through improved water management, in particular small-scale irrigation.
g. Developing and maintaining profitable linkages to the market.
h. Encouraging the development of input supply and service centers, capable of meeting the needs of a diversifying production environment.
i. Acquiring permanent title to the land.

Sustainable Technical Approach

33. Sustainability would require a mixture of hard and soft activities. Under this theme the technical strategy would focus on the following:

34. Extension. The primary vehicle for extension under the project would be the Farmer Field School (FFS) approach. The FFS approach would be supported by the definition and dissemination of Good Agricultural Practices (GAP). These GAPs would be strengthened and disseminated by GDA through Master Trainers to the lead farmers. The GAPs would include: (a) integrated pest management (IPM); (b) on-farm soil and water management (OFS&WM); and (c) post-harvest management. Recommendations would include activities including extension messages related to tree/crop density, nutrients for crops, fertilizers, optimal irrigation practices (if/where possible), harvesting and storage development, and post-harvest handling techniques. It is recognized that the FFS approach to extension is the most sustainable model currently in use with farmers, and that MAFF has a major role to play in its continuing support to farmers through general extension and through the FFS model.

35. Technology Investment Packages. These packages would enable small farmers to adopt the extension messages disseminated by the project. Where feasible, distribution would

use a cost-sharing modality[9], in which farmers would be expected to contribute up to 30 percent[10] of the cost of investment.

36. Market Responsiveness and Quality Improvement. Farmers can significantly improve their incomes by growing the varieties demanded in the market. Quality can be addressed in relation to how the crop is grown and through improved post-harvest handling procedures. Where there is demand from farmers, financing would be provided to cover part of the costs of building storage sheds to ensure the quality of produce and to facilitate transport and bulk sales to markets and processors. Storage development may have to be linked to the introduction of new varieties with greater storage potential. The process has to be farmer driven and financed in part by them for sustainability.

37. Other livelihood activities would be facilitated by the provision of community funds that could be used to start up other activities as desired by project beneficiaries. This might be of specific interest to women who are not intensively farming their land. The project would provide technical assistance (capacity building) for small local initiatives or start-ups.

38. The technical strategy developed has a number of advantages:

a. The approach is innovative in that it allows the involvement of different types of farmers. The interventions around technology and extension involve a menu of choices wherein farmers make their choices according to their needs and means. The use of FFS means that extension is demand-driven and sustainable in the longer term.
b. The sustainability strategy builds a platform for long-term development of the SLC. The technical model implemented, if successful, permits beneficiaries to migrate to become farmers and engage in productive agriculture on their land.
c. Capacity building is central to the model and is delivered through FFS extension, guided by GDA. It is integral to the process and the general extension service in GDA is complemented by specialist extension services provided by NGOs or other specialized partners.
d. The proposed cost-sharing modalities for any productive assets that are given through the project ensure ownership and sustainability.

[9] Supported through, e.g. a revolving fund
[10] It is recognized that a 30 percent share for the IDPoor might be beyond their means. The shared contribution from the beneficiaries would be set through an objective and participatory process/discussion, based on good practice. A 15 percent share should be considered a minimum contribution.

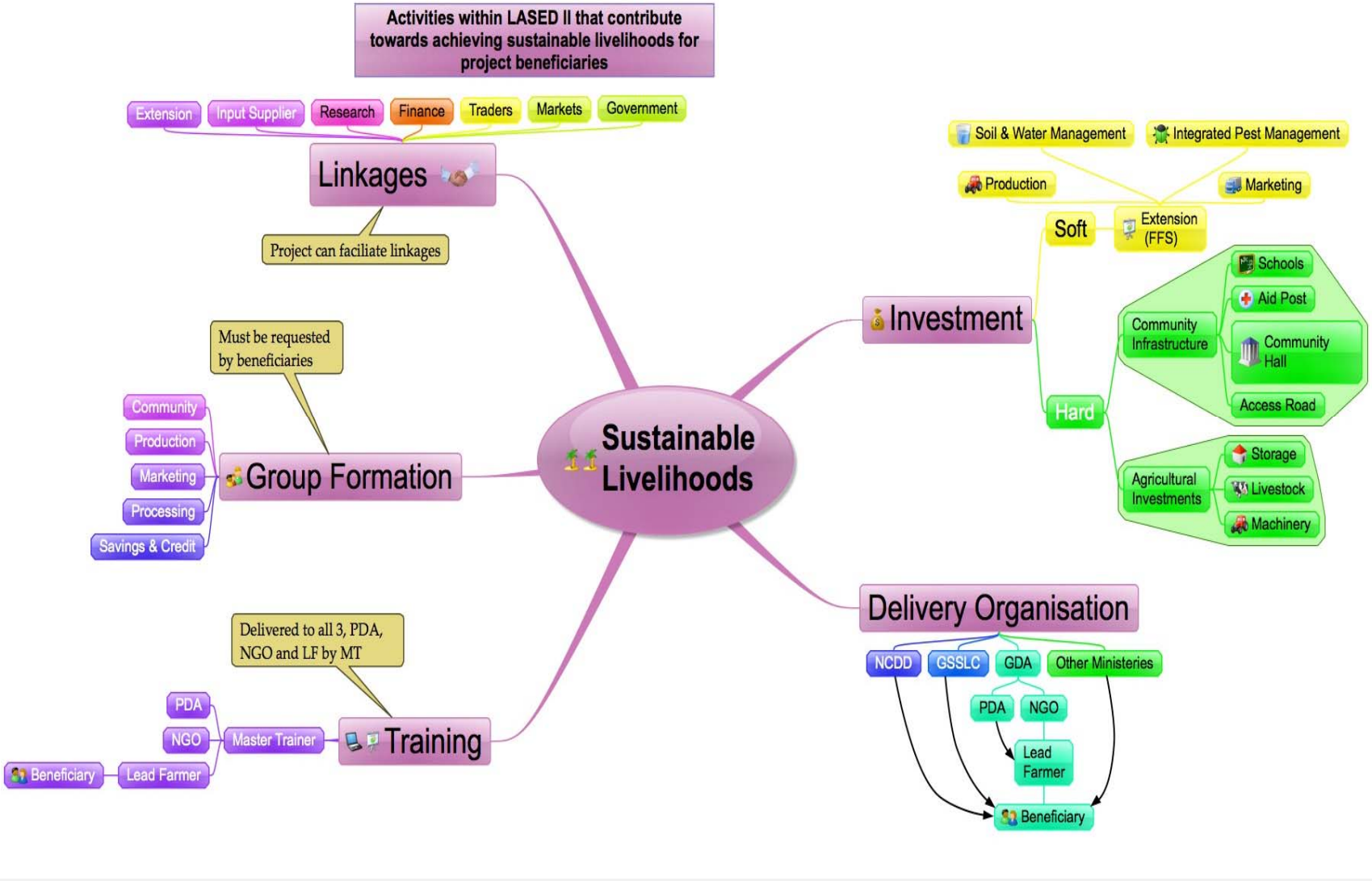


Figure 5.1: Sustainable Livelihood Approach in LASED II

Table 5.1: Sustainability Action Plan

Issues	Actions towards Sustainability	Responsibilities	Target & Monitoring
Cultivation of all SLC land made available to beneficiaries.	Provision of land clearance assistance using bulldozers, land leveling, two plowings and sowing of a cover crop over the entire cleared site.	National Committee for Sub-National Democratic Development Secretariat. (NCDDS) through a contractor in collaboration with MAFF.	All original LASED sites that are not yet cleared, including the new SLC site. Monitoring by GSSLC and MAFF.
Land title transfer from government to beneficiaries as soon as SLC requirements are met.	Timely processing of titles for eligible beneficiaries who have resided and cultivated the lands received.	GSSLC to coordinate title transfer with responsible government line department.	All original LASED beneficiaries meeting the requirements. Monitoring by GSSLC.
Extension support to beneficiaries, with regard to improved agronomic practices especially considering that the beneficiaries have traditionally been laborer and not farmers.	Establishment of Farmer Field Schools (FFS) coordinated by lead farmers who are supported by PDA and NGOs and trained by Master Trainers from GDA.	GDA would oversee training and specify content, implementing through PDAs and NGOs as appropriate.	All beneficiaries of the project engaged in agricultural production. Monitoring by GSSLC and MAFF.
Ensure that access roads and small-scale irrigation scheme infrastructure maintenance is regularly implemented.	Inclusion of maintenance funds into the Commune Council budget, including their continuing operation requirements.	Initially GSSLC would coordinate this through Community Development Facilitators and in conjunction with NCDD. Ultimately the responsibility of the Commune Council and in cooperation with the users' associations such as the Commune Water Users' Committee, etc. which would be established to be responsible for operation and maintenance of the potable water systems and irrigation structures. Reasonable water-use fee would be collected from water users.	All SLCs within the project must draw up maintenance plans by close of the project. Monitoring by GSSLC and NCDD. O&M procedures and annual plan would be developed in conjunction with the technical design of the potable water system and irrigation system prior to construction.
Market linkages need to be facilitated along with access to credit.	Market awareness training of beneficiaries, market association formation, savings and credit schemes and farmer/trader meetings.	GDA in conjunction with the PDA, NGOs, CDFs and lead farmers.	Establish functioning marketing groups in each SLC and hold regular meetings with traders. Monitoring by GSSLC, MAFF and Implementation Support Mission.

Annex 6: Key Risks for the Project (SORT)

CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

Table 6.1: Risk Ratings Summary Table

Risk Categories	Rating
1. Political and governance	High (H)
2. Macroeconomic	Moderate (M)
3. Sector strategies and policies	Low (L)
4. Technical design of project	Moderate (M)
5. Institutional capacity for implementation and sustainability	Substantial (S)
6. Fiduciary	High (H)
7. Environment and social	Moderate (M)
8. Stakeholder	Substantial (S)
9. Other	Low (L)
Overall	**Substantial**

1. The overall risk to achieving the PDO is considered substantial. The project builds on the experiences and lessons learned under the LASED Project and other SLC and rural development projects/programs in Cambodia. In this regard, the project has identified and incorporated in the design the potential risks and challenges such as the capacity of the different stakeholders vis a vis the new approaches to be adopted, the agricultural-ecosystem situations in the project sites and the increased scope and coverage requiring sustained and improved fiduciary responsibility. In addition, while the country's political and governance situation does not have a direct impact on the project, the land sector remains prone to corruption and fraud despite an evolving favorable policy and regulatory framework. This particular risk would be addressed by the project, as in the case of the LASED Project, by adhering to the agreed PIM and fully complying with the accompanying fiduciary and safeguards policies and guidelines. These would be supported through project workshops to discuss the various guidelines as well as conduct regular reviews and coaching sessions. Below are the mitigation measures incorporated into the project design to address the other key risks identified.

2. Political and Governance (H). Risk of a major change in the overall political objectives of the Government remains a serious concern, and if this occurs, there are potentially very negative impacts to the project. Political and governance issues are already causing delays in the actual approval of the project, making a smooth transition from LASED Project to the LASED II Project difficult and threatening the achievement of the sustainability objective. The commitment of the Government to the Social Land Concession Program has been reiterated but land issues remain a contentious problem in Cambodia. Although action has been limited, the recent (limited) cancellation of Economic Land Concessions and reallocation of lands for Social Land Concession purposes shows the importance currently accorded by the Government to the program. Following and supporting the deconcentration and decentralization principles of government policies, the LASED Project has contributed to and benefitted from improved governance. This is expected to continue under the proposed project but the risks remain.

3. Macroeconomic (M). There are only moderate macroeconomic risks to the project. Cambodia continues to maintain prudent fiscal policy following a "balanced budget" principle supportive to macroeconomic stability. Fiscal space is being restored with the recent increase in government savings and the fiscal policy remains sound. However, there is room to improve revenue collection (by improving revenue administration and rationalization of tax exemptions) and effective spending (although priority spending has been appropriate) through streamlined procurement and payment processes and elimination of leakages. Budget fragmentation (not integrating domestically financed and externally financed budgets) remains. After the 2013 elections, the RGC has declared its intention to increase spending – particularly under the pressure of increasing investment and civil servant salaries – but it is not yet clear what would be the effect of this policy on mid-term sustainability. The capital and financial account surplus has substantially increased as the country continues to attract increasingly large foreign direct investment. As a result, the overall balance remains positive, and gross international reserves are substantial.

4. Sector Strategies and Policies (L). While the land sector remains prone to corruption and fraud despite an evolving, favorable policy and regulatory framework, the project would not be directly affected by land sector risks as the project focuses on agriculture livelihoods. The new pluralistic service provider approach in the delivery of agriculture support is in line with MAFF's policy and is supported and applied by government and donors. The project also receives support from and applies the decentralization and deconcentration policy implemented through MoI and NCDD as a project implementing institution.

5. Technical Design of Project (M). The technical design of the project focuses on a new approach to agriculture extension that would be introduced in the beneficiary communities. New extension methodologies (FFS approach, village extension workers, etc.) and the involvement of NGOs and private sector in delivering extension services has been successfully tested in other projects but it would be new to the local level government institutions involved in the project. Technically, the new approach is not very demanding, however, it is a significant change over the established delivery of standard extension packages through an often under-staffed and not sufficiently resourced government institution. Their new role as an oversight and supervisory bodies would put an additional burden on these local institutions in particular as management skills (supervision/monitoring) are concerned.

6. The project would also support significant investments in infrastructure, requiring close technical supervision to ensure quality delivery and minimizing follow-up costs in the form of early repair and maintenance. Shifting to more commune level procurement activities would place further burden on yet inexperienced local level administration. It would require extra time and effort particularly from the local level. These issues would pose a substantial risk to the project, which would be attended to with special capacity building interventions and close supervision by the Bank.

7. The technical capacity of local level implementation teams would be broadened and strengthened by the inclusion of the MAFF-GDA as an implementing partner. This would reduce implementation risks arising from the strong and urgent need of technically sound agriculture support services. Private sector and NGO partners involved in delivering services to project beneficiaries would do this in close collaboration and coordination with sub-national government

institutions, ensuring at the same time knowledge transfer and learning. With growing capacities and an increasing understanding of the technical side of services and infrastructure delivery, the risks stemming from the above two issues are expected to decrease during project implementation.

8. Institutional Capacity for Implementation and Sustainability (S). The project has strong and experienced teams at national and provincial level where the LASED Project has been operating already. In new provinces, teams have been recruited and trained. However, technical and managerial capacities at sub-national level need continued strengthening. Capacity building in project management and technical aspects would be part of project activities as well as during Bank implementation and technical support missions. SLC procedures are in general carried out in a transparent manner and are in line with agreed processes. The project procedures would be further adapted to the extent possible to existing planning and implementation procedures being used by all communes and supported by local administrations. This specifically applies to CDD-type procurement, which is in line with government procedures under decentralization policies. The procurement training including hands-on training to Commune Councils and Community Procurement Committees as well as the Provincial Procurement Officers on the bid would be provided.

9. NGOs' support to communities has been highly effective with strong collaboration with national and local governments. This balances to some extent the sometimes weaker government capacities. The project would have to identify and attract more of this third party support. The involvement of specialized NGOs and other service providers would continue under the project and would help bridge capacity gaps, mainly in technical and social areas. These efforts are appreciated by the Government, land recipients and other stakeholders. Nevertheless, the required number of committed people and institutions might be difficult to identify and attract. Regular and closer monitoring would be undertaken, especially in the newly/to be established SLCs.

10. Fiduciary (H). Standard operating systems and procedures would continue to be applied for financial management (FM) aspects, including evaluation of internal control system as part of internal and external audits. Clear procedures are described in the updated PIM and existing FM and Administration Manual at NCDDS with built-in internal controls, as well as the computerized accounting system to facilitate the recording and reporting at both national and provincial levels. No specific case of corruption or misprocurement has occurred in the original LASED Project, however, close monitoring remains a high priority. Continued capacity building would be undertaken for internal audit units at national and sub-national level in applying the risk-based audit methodology that was developed under the LASED Project. Use of checks where feasible and conduct of internal and external audits to evaluate internal control systems would also be made. Strong monitoring and supervision would accompany implementation, ensuring continued compliance with fiduciary procedures.

11. There would be no International Procurement Agent (IPA) to support this project. All medium and large size packages would be procured by NCDDS. The commune procurement is generally carried out in accordance with the provisions of Commune/Sangkat Project Implementation Manual (PIM) and the Bank Procurement Guidelines. However, some Commune Procurement Committees still have difficulties in properly applying the required procedure. Some very small procurement packages would be procured locally by the community procurement committees that would be established under the project. These committees would be elected from

the community households who have lower literacy level and minimal procurement experience. The project would provide required capacity building for them before they start any procurement activity.

12. Environment and Social (M). The success of agriculture livelihoods would also be influenced by the resilience of farming systems to natural calamities that affect Cambodia regularly. The project is not expected to have any negative effects on the environment, however, unfavorable environmental conditions such as in particular droughts or floods affecting the project areas, constitute a risk that is outside of the project's control possibilities. In response, the project would support viable water management investments, which would at least partially mitigate those risks.

13. Based on experiences in existing LASED sites, land recipient families with special needs would be identified early in the process. The labor shortage in female-headed households and in family with special needs would be addressed. With the help of specialized government institutions and NGOs, these families would receive livelihood support to ensure that they can make use of their allocated land and achieve food security. The project applies gender mainstreaming strategy with defined activities in support of women and female-headed households.

14. Environmental and social safeguards have been successfully dealt with in the LASED Project. There are no safeguard issues expected on the new site in Dong Commune. However, in any such case, the Government agencies can draw on an experienced team and well formulated safeguard documents.

15. Stakeholder (S). Project beneficiaries, involved NGOs and civil society organizations are generally supporting the project's approach in SLC assistance. The participatory planning process and the good communication strategy of the original LASED Project has helped to maintain good relations with most stakeholders inside and outside the project. The project also includes capacity building to government staff involved in the project. As indirect beneficiaries, the Government and other service providers in LASED SLCs have benefitted in recent years not only from support under the LASED Project, but also through a (separate) GIZ project. The GIZ's exit strategy for LASED has led to intensified training and capacity building ahead of their expected withdrawal in June 2014. This has also further strengthened government planning and implementation capacity. The new project enables them to put their knowledge into use and expand their capacity in SLC. This ensures not only the existing political support but also the individual support of most stakeholders. However, there remains a substantial risk of obstructions and negative press, created by external stakeholders, in particular those that oppose the Bank's involvement in land sector projects.

16. Strong participatory processes are applied in all project planning and implementation activities, in particular at the local level. A clearly defined Communication Strategy is part of the risk management, ensuring awareness raising and minimizing internal and external misconceptions. This would also contribute to facilitating continued positive and supportive views of internal and external project stakeholders.

17. Other (L). There are no other risks identified at the moment.

Annex 7: Economic and Financial Analysis

CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

1. Building on the first project (LASED Project), the proposed project would continue to have a substantial positive impact on lives of direct project beneficiaries. The implementation experience of the LASED Project has shown that access to agricultural land, improved rural infrastructure, and adoption of improved agricultural technologies and soil management practices promoted by the project have provided high rates of return.[11] New project beneficiaries can expect similar gains. Implementation of the LASED Project has also shown the importance of beneficiaries following extension advice on production practices and on selection of the most profitable mix of crops to be cultivated to help maximize household income.

2. The provision of services supported under the LASED Project has proven to be an appropriate vehicle to deliver core public goods such as land titles and rural infrastructure, while at the same time addressing social concerns of the project beneficiaries. Even where some private delivery of services such as farm advisory services were expected, market failures prevent the project beneficiaries from gaining access to essential services. Most direct project beneficiaries produce food for household consumption and self-sufficiency, and sell the remaining surplus, which is often very limited. This explains both their inability to pay for and the lack of interest for the delivery of private extension services. Moreover, these conditions further support the need for continued public provision of extension and technology promotion services under the project so that conditions for improving household income and livelihoods can be created.

3. The proposed financing continues to provide significant value added by contributing to the project. The Royal Government of Cambodia considers LASED as an instrument to learn from and to improve its livelihood support to landless and vulnerable population, as well as sustainable arrangements for land distribution and maintenance of rural infrastructure. Furthermore, the project would pilot new pluralistic approaches to delivery of extension services by engaging with NGOs and private sector entities (including traders and agricultural input suppliers) that would not only improve adoption of various agricultural technologies by the project beneficiaries but also inform the overdue reform of public extension services in the country.

4. The economic benefits of the project shows that households with five family members[12] would attain much higher internal rates of return (IRR) than a single-headed households with three family members[13] in a mixed crop model (i.e., Model 4) that integrates rice (please see Tables 1.1 and 1.3) both in a scenario without irrigation and a scenario with irrigation. This is due to the fact that single-headed households need to rely more on hired labor to cultivate their land, which increases their cash expenses and production costs. The large majority of the direct project beneficiaries, i.e., about 70 percent, are households with five members, which is expected to have a positive impact on IRR. Should these households choose the mixed crop model, it would not only result in a high IRR for the project, but also ensure rice security for these households.

[11] IRR for different cropping models in the LASED Project were in the range of 16-21 percent.
[12] A household of five includes two adults and three children who are able to provide help on the family farm and perform off-farm duties.
[13] Single-head household includes an adult and two children who are able to provide help on the family farm and perform off-farm duties.

5. Several studies in Cambodia and around the world have shown that the most effective way to disseminate knowledge and extension advice is a stimulation of farmer-to-farmer links through producer organizations and community groups. The project would continue using the farmer-to-farmer knowledge dissemination while facilitating demonstration and training activities with the assistance of NGOs and private sector providers. The project therefore would strengthen the delivery mechanisms for extension services by supporting private-public partnerships for private delivery of agricultural extension. Tables 1.1 and 1.3 below show the high impact of (right) technology selection and adoption rates on economic outcomes.

Table 7.1: Internal Rates of Return for the Project Beneficiaries (Without Irrigation)

Farm Household Models (with 3 Has. Cultivated Land)	IRR (%)	
	Household with Five Members	Household with Three Members
Model 1: Mono-crop of Soy Bean	4.53	4.53
Model 2: Mono-crop of Maize	20.07	20.07
Model 4: Mung Bean + Cassava + Rice	35.67	4.93

Without Irrigation Scenario

6. Financial outcomes of the project beneficiaries would hinge on the selection of crop mix and the type of agricultural technologies used. The field observations during the LASED Project implementation and based on the progress reports, the most popular crops adopted by the project beneficiaries were mung bean, rice, soybeans, cassava, and maize. Table 7.2 and 7.4 present six crop models with and without irrigation respectively.

7. Profits (defined as gross revenue less total costs) ranging from US$268 (Model 6) to US$790 (Model 4) per ha without irrigation; and from US$268 (Model 6) to US$815 (Model 4) with irrigation. Three models, two with highest profits, (highlighted in Table 1.2) are selected for the project financial analysis. Model 3, which has higher profit than Model 1 is a potential option, however it is not selected as field interviews suggest that none or only a negligible number of project beneficiaries would mono-crop peanuts on their land.

Table 7.2: Estimated Profit per Ha. (Without Irrigation)

Model	US$	KHR*
Model 1: Mono-crop of Soy Bean	373	1,515,872
Model 2: Mono-crop of Maize	566	2,300,224
Model 3: Mono-crop of Peanut	513	2,084,832
Model 4: Mung Bean + Cassava + Rice	790	3,210,560
Model 5: Mono-crop of Mung Bean	285	1,158,240
Model 6: Mono-crop of Cassava	268	1,089,152

* Exchange rate (April 2014): 4,064 KHR/US$

8. The project's Net Present Value (NPV) without irrigation investments is estimated at US$7.24 million, at the discount rate of 12 percent. This estimate is based on the assumption that 60 percent of direct project beneficiaries would cultivate mono-crop of maize (Model 2) on their

land, 25 percent cultivate mung bean + cassava + rice (Model 4), and 15 percent cultivate mono-crop of soybean (Model 1). The benefit streams would flow over five years. The number of direct project beneficiaries under LASED is estimated at 5,141, with each cultivating at least 2.5 ha and achieving high yields. The analysis indicates that if beneficiaries only cultivated 1 ha, the project would operate at a loss.

9. Some of the project beneficiaries would cultivate less than 2.5 ha, due to either smaller land allocation under the project or the lack of funds to cultivate all of the allocated land. The reduction of the average cultivated land from 2.5 ha to 1.5 ha per farm household would reduce the project NPV to US$0.321 million at the discount rate of 12 percent. The reduction in cultivated area would still make the project financially viable but would require even more attention to be paid to the quality of advisory services and other support to ensure effective supply response on the smaller farms. Also, the models selected by beneficiaries should reflect demand for these crops in the market, which suggests that market intelligence would play an important role in ensuring the success of the project.

Table 7.3: Internal Rates of Return for the Project Beneficiaries (With Irrigation)

Farm Household Models (with 3 Has. Cultivated Land)	IRR (%)	
	Household with Five Members	Household with Three Members
Model 2: Mono-crop of maize	16.07	16.07
Model 4: Mung bean + Cassava + Rice	32.26	3.89
Model 1: Mono-crop of soy bean	1.37	1.37

With Irrigation Scenario

10. With small-scale gravity irrigation systems to be installed at several SLC sites, certain financial benefits can be realized but the benefits would be limited. The irrigation systems, as anywhere else in Cambodia, would be used mainly for rice production. Traditionally, they are rarely used to irrigate fields of cash/field crops such as maize, cassava, mung bean, soy bean. Under the project, a gravity type irrigation system is proposed. It should be noted that a gravity type system cannot reach cash crop fields, as topographically, they tend to be located at higher elevation than the systems and local water sources that feed them. Irrigation water can only be brought to these fields by pumps, which are not cost effective and have proven to be unprofitable in Cambodia. In this regard, the project would not entertain pump irrigation as an option.

11. According to a recent study on water productivity in Cambodia by Wokker et al. of CDRI (2011), extra yield produced as a result of irrigation, when measured in terms of rice production, is very low. An increase of 1 percent in the amount of water used leads to an increase in rice yield of only 0.06 percent (for wet season production), and 0.12 percent (for dry season production). Marginal product is zero when volume of water used is equal to or larger than 1,000 cubic meters per plot, controlling for other inputs (incl. land). In effect, one cubic meter of irrigation water translates into an increase of only 0.006-0.012 kg of rice. In this respect, investment in irrigation systems may not be worthwhile with a couple of exceptions. First, access to irrigated water can help those who grow rice to protect themselves from or to mitigate impact of climate change. Second, over the medium and long-term as households build up their savings, access to irrigated water would greatly expand their cropping options, thus improving the ability of poor households

to diversify their cropping options into higher value added crops. Nonetheless, such a benefit would not be gained if water sources are not reliable, and irrigation systems are not built to be climate-change-resistant.

12. Assuming that the project would build gravitational irrigation systems, the project beneficiaries may be encouraged to choose Model 4 (i.e., the rice-based mixed crop model). Since the systems cannot cover all the land distributed to them, and not all the beneficiaries have land suitable for rice production, it is assumed that not more than 60 percent would be able to apply the model. The financial outcomes for the beneficiaries and the project as a whole are positive. In the long run, however, O&M would need to be factored in. Thus without adequate management of soil fertility (which has already been exhausted by cassava), benefits from the program would be difficult to sustain. Furthermore, collection of water users' fees would also be an issue, particularly given that existing Farmer Water User Communities (FWUCs) face limited viability, as the revenue they collect is mostly too small to cover their operation, management and maintenance costs.

13. Applying the same six models used for the non-irrigated production shows that with irrigated cropping profit ranging from US$268 (Model 6) to US$815 (Model 4) per ha (refer to Table 7.2). Three models, two with highest profits, (highlighted in Table 7.2) are selected for the project financial analysis. For the same reasons as irrigated cropping, Model 3 was not selected.

Table 7.4: Estimated Profit per Ha with Irrigation

	US$	KHR*
Model 1: Mono-crop of soy bean	373	1,515,872
Model 2: Mono-crop of maize	566	2,300,224
Model 3: Mono-crop of peanut	513	2,084,832
Model 4: Mung bean + Cassava + Rice	815	3,32,160
Model 5: Mono-crop of mung bean	285	1,158,240
Model 6: Mono-crop of cassava	268	1,089,152

* Exchange rate (April 2014): 4,064 KHR/US$

14. The project's Net Present Value (NPV) with irrigation investments is estimated at US$8.93 million, at the discount rate of 12 percent. This estimate is based on the assumption that 60 percent of direct project beneficiaries would cultivate mung bean + cassava + rice (Model 4) on their land, 25 percent cultivate mono-crop of maize (Model 2), and 15 percent cultivate mono-crop of soybean (Model 1). The same time frame and the number of direct beneficiaries farming 2.5 ha are used for the estimation. If cultivation is less than 1 ha, the project would operate at a net loss.

15. A reduction of the average cultivated land from 2.5 ha to 1.5 ha per farm household would reduce the project NPV to US$0.92 million at the discount rate of 12 percent, but the project would remain financially viable. Attention would need to be paid to ensure effective delivery of advisory services, and identify market demand and opportunities for the selected crops.

Sensitivity analysis

16. Financial benefits to the project beneficiaries, both with and without irrigation, would be affected by many factors, with the most important being crop choice and supply response (i.e., crop yields).

Without Irrigation:

a. Poor crop choices. If more than half of the beneficiaries choose a wrong cropping pattern/option the IRR would be -6 percent for the without-irrigation scenario. The wrong crop option is when soy bean is dominant in the project's cropping system. (Assumption: Mono-crop of soy bean would be practiced by 60 percent of beneficiaries; Mung bean + Cassava + Rice model would be followed by 25 percent of beneficiaries; and Mono-crop of maize would be practiced by 15 percent of beneficiaries.) With this option, the project would not be viable.

b. Low yield rate. Achieving high yield would be critical for ensuring adequate financial benefits. If average crop yield is 20 percent below the yields observed during the LASED implementation, the project NPV at the discount rate of 12 percent would be reduced to US$1.44 million. The cultivation of only 1.5 ha at low yield would make the investment highly unprofitable, and cultivation of 2 ha at low yields would result in an IRR of only nine percent.

With irrigation:

a. Poor crop choices. If more than half of the beneficiaries choose a wrong cropping pattern/option the IRR would be -10 percent for the with-irrigation scenario. The wrong crop option is when soy bean is dominant in the project's cropping system. (Assumption: Mono-crop of soy bean would be practiced by 60 percent of beneficiaries; Mung bean + Cassava + Rice model would be followed by 25 percent of beneficiaries; and Mono-crop of maize would be practiced by 15 percent of beneficiaries.) Here again, the project would not be viable.

b. Low yield rate. If average crop yield is 20 percent below the yields observed during the LASED implementation, the project NPV at the discount rate of 12 percent would be reduced to US$2.22 million. The cultivation of only 1 ha at low yield would make the investment highly unprofitable, and cultivation of 2 ha at low yields would result in an IRR of only 11 percent.

17. For implementing both irrigated and non-irrigated options, extension service providers would need to ensure that farmers have all information, knowledge and skills necessary to select the most profitable crop mix and cultivate as much, if not all of the all agricultural land (~ 3 ha) obtained under LASED.

18. The sensitivity analysis suggests that for both irrigated and non-irrigated options, selecting the appropriate crop mix would be an essential element for success. Moreover, this highlights the importance that the project would need to place on ensuring that timely and effective delivery of

extension services are made to the beneficiaries. Furthermore, the decision to invest in an irrigation system would need to be assessed on a case-by-case basis to help ensure that sufficient returns can be accrued by beneficiaries from access to irrigation water.

Annex 8: Communication Strategy
CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

Context

1. Land and land tenure security are critical to improving agricultural productivity and to reducing poverty in Cambodia. In this regard, the Government has highlighted distribution of land to the landless and land-poor through social land concessions as a key component of its strategy to enhance the agricultural sector.

2. The Land Allocation for Social and Economic Development Project II (LASED II Project) is developed based on the earlier LASED Project and JSDF-funded projects, which were approved in 2008 with financial and technical support from the World Bank and GIZ. These projects have distributed over 14,100 hectares to nearly 4,700 landless and land-poor families and provided livelihood support in Kratie, Tbong Khmum (formerly part of Kampong Cham), Kampong Thom, Kampong Speu, Kampong Chhnang, and Battambang provinces. NGOs - Life with Dignity (LWD), Wathnakpheap (WP), and Habitat for Humanity International in Cambodia (HfHIC) played a key role in the success of the earlier LASED Project.

3. The project development objective is to improve target beneficiaries' access to agriculture resources and selected infrastructure and social services in project communities. This five-year project would cover 14 sites in five provinces.

Communications Objectives

4. The communications strategy for the project aims to support the effective implementation of activities and help mitigate potential operational risks by: (a) raising awareness of LASED II among potential project beneficiaries in participating provinces, and supporting the effective dissemination of information in appropriate formats and languages to project-affected communities and others involved in the process to ensure the transparency of land-recipient selection process;(b) developing information, education and communications (IEC) materials to help promote the participation and involvement of land recipients in planning and implementing project activities; (c) developing and disseminating information materials to help eligible land recipients comply with land titling documentation requirements; and (d) coordinating internal communication among the national and provincial LASED II implementation teams.

Risks

5. Below are the identified risks: (a) land is a sensitive issue in Cambodia while the freedom of expression has been growing; (b) outsiders and farmers who have not been granted land could accuse the project implementation team of bias in selecting land recipients; (c) land allocation is a long process and requires the involvement of many stakeholders; (d) access to all poor and poorest would be difficult given that most of them migrate to sell their labor elsewhere; and (e) slow move-in and slow progress on site and farm development of the poorest land recipients.

Opportunities

6. The following are the opportunities: (a) strong commitment by RGC to distribute land to landless and land land-poor; (b) a pilot LASED has built a good record in implementation of its objectives; (c) human resources/capacity for implementation of LASED II has been built through the pilot LASED project; (d) state land is available to distribute to landless and land-poor families; and (e) good collaboration between LASED II team, NGOs, and stakeholders.

Stakeholders

7. The following are the project stakeholders: (a) people in project areas – potential project beneficiaries; (b) land recipients (LRs); (c) affected land occupants; (d) NGOs/CSOs; (e) government representatives from line-ministries, provincial departments, and local authorities; (f) project implementation teams; (g) private sectors; and (h) local media.

Four Pillars of the Communications Strategy

8. The project would be supported through the following inter-related areas of work:

9. *Raise awareness about the LASED II Project Development Objective.* The project communication team would work closely with project implementation teams to raise awareness of the LASED II project through the following priority actions: (a) issue a public statement when the project is approved and signed; (b) develop and distribute IEC materials to raise public awareness about the project objective; (c) develop and distribute IEC materials to targeted communes; and (d) organize provincial based radio talk show on project objectives in targeted provinces.

10. *Support landless and land-poor selection process.* The project communication team would work closely with the rest of the implementing teams to ensure transparency of the land-recipient selection process. These would be done through the conduct of the following priority actions: (a) conduct awareness campaign in targeted communes; (b) develop and distribute IEC materials for new targeted communes; (c) broadly disseminate selection criteria and process; and (d) produce billboards and place at the targeted commune to inform the villagers about applying for land and support.

11. *Build confidence for land recipients.* The project communication team would develop IEC materials to promote the participation and involvement of land recipients in planning and implementation of project activities, and information on land titling documentation requirements. These would be done through the following priority actions: (a) broad dissemination of IEC materials related to land ownership and rights to own land to land recipients; (b) work closely with NGOs/CSOs to build trust among land recipients; (c) organize provincial based radio talk-show on land ownership; (d) conduct information campaigns using mobile loud speakers on related land ownership in targeted communes; and (e) work with the project team to disseminate information regarding the livelihood support such as agricultural and residential kits, shelter material, food for work, and land preparation.

12. *Build public and stakeholders support (result stories).* These would be undertaken through the following priority actions: (a) prepare a minimum of three result stories/year of pilot LASED

project and post on websites and social media, include in IEC materials; (b) prepare a minimum of three result stories/year of LASED II and post on websites and social media include in IEC materials; (c) produce annual newsletter for project beneficiaries and general audience; (d) produce a minimum of one result-based video/year and post on websites and social media; and (e) organize provincial based radio talk shows to address some issues and highlight the result of the project.

Annex 9: LASED II Project Sites
CAMBODIA: Land Allocation for Social and Economic Development Project II (LASED II)

Province	District/ Municipality	Commune/ Sangkat	SLC Sites/ Village Name	Area Covered (Hectares)	Land Recipients	Population	Women Population
A. LASED SLC (IDA Credit and Grant, Closing Date: March 30, 2015)							
Kratie	Chet Borey	Changkrang	1. Changkrang SLC	612.21	331	1,620	794
		Sambok	2. Sambok SLC	3,294.36	554	2,672	1,335
		Dar	3. Dar SLC	572.37	402	1,841	892
		Thmei	4. Thmeyi SLC	923.90	432	2,066	1,030
	PrekPrasab	Chambak	5. Chambak SLC	1,163.20	400	2,336	1,497
Tbong Khmum (formerly part of Kampong Cham)	Memot	ChoamKravien	6. Choam Kravien SLC	863.65	250	1,184	612
Kampong Thom	Santuk	Tipo	7. Tipo 1SLC	1,508.00	479	2,142	991
			8. Tipo2 SLC	1,335.44	300	1,405	695
			Sub-Total (8)	**10,273.13**	**3,148**	**15,260**	**7,846**
B. Life with Dignity (JSDF-Funded; closed on June 13, 2013)							
Kampong Chhnang	Samaki Meanchey	Kraing Lavea	9. Sambok Kriel SLC	854.30	196	1090	566
			10. Ksachsor SLC	975.60	258	1331	659
		Peam	11. Peam SLC	468.78	233	1194	620
		Chhean Leung	12. Chhean Leung SLC	428.99	206	1001	513
Kampong Speu	O Ral	Raksmey Samaki	13. Prey Thom SLC	1,120.00	400	1884	965
			Sub-Total (5)	**3,847.67**	**1,293**	**6,500**	**3,323**
C. New Site for LASED II							
Kampong Thom	Prasat Balaing	Dong	14. Dong SLC New Site	2,922*	700*	3,500*	1,785*
			Sub-Total (1)	**2,922**	**700**	**3,500**	**1,785**
GRAND TOTAL (5)	**(7)**	**(12)**	**(14)**	**17,042.80**	**5,141**	**25,260**	**12,954**

* Estimates.

Annex 10: Map of the Project Areas - IBRD Map 41147