



Project Preparatory Technical Assistance

Project Number: 41435
September 2016

Proposed Loan and Grant
Cambodia: Tonle Sap Poverty Reduction and
Smallholder Development Project – Additional
Financing

Asian Development Bank

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. A project preparatory technical assistance (PPTA) is required to ensure that (i) the expanded scope of the additional financing (AF) in geography, climate resilience, and disaster risk management (DRM), is well-defined; (ii) technical, social and environmental due diligence required by ADB and the Government is carried out; (iii) important lessons from the current project are taken into account; (iv) complementarities with other ADB projects in the Tonle Sap Basin are ensured; and (v) implementation of the AF is enhanced.

B. Major Outputs and Activities

2. The PPTA consultants will: (i) prepare a guideline for selection of subprojects; (ii) prepare a preliminary list of subprojects including ten prioritized subprojects and two representative subprojects, and complete the feasibility studies (FS) of two representative infrastructure subprojects;¹ (iii) prepare a guideline and a rollout plan for agricultural and livelihoods practices that enhance climate resilience and disaster risk reduction (DRR), including a DRM training program; (iv) update financial management assessment of the executing agencies (EAs), and conduct financial sustainability assessment of the AF; (v) prepare the procurement capacity assessment of the EAs, and the economic analysis of the AF; and (vi) update the ADB Board processing documents including the report and recommendation of the President (RRP) and all of its linked and supplementary documents for circulation to the ADB Board of Directors for consideration. Where appropriate and available, the PPTA consultants will make use of satellite earth observation solutions to detail the design of the outputs.

3. The major outputs and activities are summarized in Table A3.1.

Table A3.1: Summary of Major Outputs and Activities

Major Activities	Major Outputs	Expected completion date
1.0 Safeguard and Social Concerns		
1.1 Review and revise as necessary the environment assessment and review framework (EARF), summary poverty reduction and social strategy (SPRSS), gender action plan (GAP) and classification of social safeguards and gender.	Updated EARF, SPRSS and GAP	March 2017
1.2 Prepare climate risk and vulnerability assessment.	Report completed	March 2017
2.0 Additional subproject identification, screening and prioritizing		
2.1 Together with EAs, finalize the list of AF communes	Final list of project communes	November 2016
2.2 Prepare guideline for selection and design of subprojects, incorporating climate resilience and disaster risk reduction criteria.	Subprojects selection and design guideline	November 2016
2.3 Desktop screening of all subprojects submitted by the commune councils to prepare a preliminary list of subprojects, and select at least ten prioritized subprojects for field visit.	Preliminary list of subprojects	January 2017
2.4 Work with the EAs to select two representative subprojects and prepare their feasibility studies (FS).	Feasibility studies of two subprojects	March 2017
2.5 Carry out field inspection of ten subprojects mentioned in 2.3, and representative subprojects mentioned in 2.4 to confirm selection.	Field report; 10 prioritized subprojects	February 2017
3.0 Climate resilient agricultural and livelihood practices		
3.1 Prepare guidelines and a roll-out plan to enhance climate resilience in agricultural production practices, incorporating the use of climate smart technologies in demonstration farms.	Guidelines	February 2017

¹ FS will be carried out on subprojects in the other provinces prior to investment in accordance with the requirements of a sector project. In addition, possibility of adding project readiness activities, including detailed engineering designs for improved climate change responsiveness, will be explored for selected subprojects.

Major Activities	Major Outputs	Expected completion date
3.2 Prepare DRM training program.	Training program	Mar 2017
3.3 Prepare recommendations and a roll-out plan to improve livelihood improvement group (LIG) network, and linkages between LIGs and demonstration farms and markets.	Recommendations incorporated in RRP and PAM	March 2017
4.0 Cost, Due Diligence and Document Revision		
4.1. Prepare cost estimates and financing plan for the AF component.	Cost tables and financing plan	March 2017
4.2 Complete economic analysis.	Economic analysis	March 2017
4.3 Financial due diligence: prepare financial management assessment and financial analysis/financial sustainability assessment.	Financial management & financial sustainability assessment	March 2017
4.4 Update report and recommendation of the President (RRP) and all linked documents for interdepartmental circulation.	Updated RRP and linked documents	April 2017
5.0 Processing Support		
5.1 Provide intermittent assistance to project officer during loan processing.	Processing documents	September 2017

^a The timing of the completion of outputs and activities is approximate.

C. Cost Estimate and Proposed Financing Arrangement

4. The PPTA is estimated to cost \$513,000 equivalent of which \$425,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V) administered by ADB, with disbursements made according to ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). The Government will provide counterpart support to the consulting team through the ongoing project resources in the form of counterpart staff and current project's consultants, provision of office space, communication facilities for consultants, local travels for counterpart staff, other in-kind contributions, consultation meetings, and workshops. Detailed information on Government's contribution can be found in the memorandum of understanding between ADB and the government dated 15 June 2016. External financing will not be pursued as the PPTA resources, complemented by the current project resources, are sufficient to carry out required tasks. The detailed cost estimate is presented in Table A3.2.

Table A3.2: Cost Estimates and Financing Plan (\$'000)

Item	Total cost
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	286.00
International consultants (11 person-months)	242.00
National consultants (11 person-months)	44.00
b. International and local travel	50.00
c. Reports and communications	10.00
2. Workshops, training, seminars and conferences	30.00
3. Contingencies	49.00
Total	425.00

Note: The government will provide counterpart staff, office space, communication facilities for consultants and other in-kind contributions. The value of the in-kind government contribution is estimated at 17% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund V.

Source: ADB estimates.

D. Consulting Services

5. A total of 11.0 person-months (p-m) of international consulting services and 11.0 p-m of national consulting services inputs will be required. The consultants will be recruited using individual recruitment selection procedures and will be engaged on an intermittent basis by ADB

in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). Table A3.3 presents the estimated consultant inputs and the terms of reference (TORs) for the PPTA consultants are described in paras. 6 to 11.

Table A3.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	11.00
1. Team Leader/irrigation engineer	5.00
2. Financial specialist (for financial due diligence and cost estimates)	1.50
3. Agriculture specialist	1.00
4. Environment and climate change specialist	2.00
Unallocated	1.50
National	11.00
1. Deputy Team Leader/Agriculture specialist	6.00
2. Economist (for financial and economic analysis)	5.00

6. **International Team Leader/Irrigation Engineer (5.0 p-m).** Minimum qualifications: Undergraduate degree in engineering with at least 15 years' experience in designing and implementing rural infrastructure projects, especially irrigation, in developing countries including in Southeast Asia. Experience as team leader for ADB PPTAs is an asset. **Key outputs.** Workplan and mobilization plan for PPTA team, final list of project communes, guidelines for selection and design of subprojects based on the current selection criteria for subprojects, technical audit on rural infrastructure subprojects by the National Committee for Sub-National Democratic Development Secretariat (NCDDS), incorporating climate resilience and DRR criteria to be provided by the environment and climate change specialist; preliminary list of subprojects, including two representative subprojects for feasibility studies during the PPTA and at least ten prioritized subprojects; feasibility studies of two representative subprojects²; RRP, revised project administration manual (PAM) (overall and procurement plan, master bidding documents, implementation plan and TORs for consultants of the AF); procurement classification; contribution to ADB Results Framework; risk assessment and risk management plan (procurement and implementation); and PPTA final reports.

7. **International Financial Specialist (1.5 p-m).** Minimum qualifications: (i) undergraduate degree in accounting, finance business or related field, (ii) professional certification (CA, CPA, CFA) and (iii) 10 years' relevant experience in financial due diligence in developing countries including in Southeast Asia. **Key outputs.** (i) Financial analysis/financial sustainability assessment of the Executing Agencies - Ministry of Agriculture, Forestry and Fisheries (MAFF) and NCDDS in accordance with ADB's requirements³ as per the guidance provided at <http://www.adb.org/projects/operations/financial-management-resources>; (ii) cost estimates and a financing plan; (iii) updated financial management assessment report; (iv) and RRP (financial management analysis and risk), PAM (financial management, financial reporting and auditing arrangements), and risk assessment and risk management plan (financial management).

8. **International Agriculture Specialist (1.0 p-m).** Minimum qualifications: Undergraduate degree in agriculture with 15 years' experience in designing and implementing agricultural development projects in developing countries including in Southeast Asia; at least 5 years' experience in climate-resilient agricultural practices. Experience in agribusiness for smallholders is an advantage. **Key outputs.** Guidelines to enhance climate resilience in agricultural production practices, incorporating the use of climate smart technologies in demonstration farms; recommendations to improve sustainability and operations of LIG network with a roll-out

² Some downstream activities may be expected, such as the preparation of detailed engineering design, bills of quantity, and bidding documents of two representative subprojects, subject to availability of additional resources.

³ ADB. 2014. Financial Management, Cost Estimates, Financial Analysis, and Financial Performance Indicators. Operations Manual. OMG2/BP. Manila.

plan; recommendations to strengthen the linkages between LIGs and demonstration farms and markets with a roll-out plan; and inputs to RRP, PAM (output 2, TORs for relevant consultants).

9. **International Environment and Climate Change Specialist (2.0 p-m).** Minimum qualifications: Undergraduate degree in environmental science, environmental management, or a related field with 15 years' experience in environmental safeguards, climate change adaptation or disaster risk management. Familiarity with ADB environmental safeguards is an advantage. **Key outputs.** Input to guidelines for selection and design of infrastructure subprojects to improve their climate resilience and contribution to disaster risk reduction; input to guidelines to enhance climate resilience in agricultural production practices; DRM training program; updated environmental review and assessment framework; climate risk and vulnerability assessment, disaster risk assessment, initial environmental examination(s) of two representative subprojects; and RRP (environmental safeguards and climate change), PAM (environmental safeguards and climate change).

10. **Deputy Team Leader/National Agriculture Specialist (6.0 p-m).** Minimum qualifications: Undergraduate degree in agriculture with 7 years' experience in designing and implementing agricultural projects in Cambodia. Experience in climate-resilient agricultural practices or in agribusiness for smallholders is an advantage. **Key outputs.** Inputs to guidelines to enhance climate resilience in agricultural production practices, and strengthen the linkages between LIGs and demonstration farms and markets with a roll-out plan; inputs to RRP, PAM (output 2, TORs for relevant consultants of the AF); and organized missions, and consultation workshops and meetings.

11. **National Economist (5.0 p-m).** Minimum qualifications: Undergraduate degree in economics with 8 years' experience in the economic and financial assessment of rural infrastructure projects in Cambodia. Candidates for the position should include an Excel-based financial model, preferably including an economic cost-benefit-analysis module, in the application. **Key outputs.** Economic analysis for the feasibility studies of two representative subprojects; updated economic analysis of the overall project and economic analysis of the AF following the ADB Economic Analysis for Investment Project Guidelines available at <http://www.adb.org/sites/default/files/institutional-document/32256/eco-analysis-projects.pdf>.

E. Implementation Arrangements

12. The EAs for the PPTA will be MAFF and NCDDS. Disbursements under the PPTA will be done in accordance with the ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). The PPTA will be carried out from October 2016 to September 2017. The proposed TA processing and implementation schedule is listed in Table A3.4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Approval of the PPTA	September 2016
Mobilization of consultants	October 2016
PPTA inception mission	November 2016
PPTA interim mission	January 2017
Submission of PPTA draft final report	April 2017
Loan fact-finding mission	April 2017
Submission of PPTA final report	May 2017
PPTA completion	September 2017

PPTA = project preparatory technical assistance
Source: ADB estimates.