

**MEMORANDUM OF UNDERSTANDING (MOU)**  
**Project No. 55220-001**  
**Proposed Rural Water Supply, Sanitation, and Hygiene Improvement Sector Development**  
**Program (RWSHISDP)**  
**Fact-Finding Mission, 18–26 October 2023**

**A. Introduction**

1. The Asian Development Bank (ADB) fielded a fact-finding mission<sup>1</sup> for the proposed RWSHISDP. The mission discussed and confirmed the following with the Ministry of Economy and Finance and Ministry of Rural Development (MRD) (i) the rationale, outcome, outputs, design and monitoring framework (DMF), and gender action plan; (ii) cost estimates and financing plan, modality, and related financial charges; (iii) implementation period and implementation arrangements; (iv) draft procurement plan and actions for achieving project readiness including advance actions; (v) safeguards requirements; (vi) program's viability; (vii) status of the policy actions; and (viii) updated processing schedule. The agreement on the above program details will be the basis for ADB to proceed with further internal ADB program processing.

2. A list of key persons met during the mission and the mission final schedule are in Annexes 1 and 2, respectively. Materials presented during the mission are in Annex 3. This MOU records the salient features of the discussions held and understandings and agreements reached during the mission, which were discussed at a wrap-up meeting held on 26 October 2023. This MOU is subject to the approval of the higher authorities of the government and ADB. The mission highlighted and confirmed that the MOU is not a legally binding document and does not commit ADB to provide the ensuing loans and/or grant. A list of time-bound actions to facilitate a timely program processing is in Annex 4.

**B. Findings and Discussions**

3. **Background.** At the request of the Kingdom of Cambodia (KC), ADB in collaboration with MRD is preparing the RWSHISDP. The program is aimed to support the KC in addressing gaps in access to water supply, sanitation, and hygiene (WASH) services, in particular rural areas, and ultimately to achieve the target of universal access to WASH by 2030. Program preparation started in October 2022, with the inception workshop completed in October 2022, the interim review in May 2023, and the final workshop (pre-fact-finding) in September 2023.

4. **Socio-economic context.** Cambodia has experienced remarkable economic growth and poverty reduction in the past decade, grounded by strong growth in garment exports, tourism advantages, and large concessional overseas development assistance from development partners. Before the coronavirus disease (COVID-19) pandemic, Cambodia's economy (gross domestic product [GDP]) grew at an average annual rate of 7.7% between

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<sup>1</sup> The Mission consists of Co-Mission Leaders Ms. Siti Hasanah, Urban Development Specialist and Ms. Jhelum Thomas, Senior Public Management Specialist; Ms. Lili Zou, Principal Financial Management Specialist; Ms. Zonibel Woods, Social Senior Development Specialist (Gender and Development); Ms. Marla Mc Carroll Pinto Rodrigues, Safeguards Specialist (Environment); Ms. Dripta Nag, Safeguards Specialist (Resettlement); Ms. Yangzom, Procurement Specialist; Ms. Aimee Hampel-Milagrosa, Urban Development Specialist; Ms. Okju Jeong, Climate Change Specialist; Ms. Adeliya Zhunussova, Counsel; Mr. Javier Coloma Brotons, Urban Development Specialist (Water Supply and Sanitation); Ms. Chandy Chea, Senior Social Development Officer (Gender); Ms. Judie Ann Militar, Associate Project Analyst; and Ms. Hannah Althea D. Estipona, Operations Assistant

1998 and 2019, making it one of the fastest-growing economies in the world.<sup>2</sup> The pandemic led to Cambodia's first growth contraction in decades with GDP contracting by 3.1% in 2020. With effective pandemic control measures and the rollout of a successful vaccination program, GDP rebounded to 3.0% in 2021 and 5.2% in 2022 and is projected to increase to 5.5% in 2023 and 6.0% in 2024.<sup>3</sup> Strong economic growth has driven down poverty levels with the percentage of Cambodians living below the national poverty line of \$2.7 (10,951 Riels) per day declining from 33.4% in 2009 to 17.8% in 2019/2020. Cambodia aspires to be an upper-middle-income country by 2030 and a high-income country by 2050 in its Vision 2050.

5. **Sector context.** Cambodia's population is 16.6 million people with about 12.4 million (75%) living in rural areas.<sup>4</sup> The population is projected to increase to 18.1 million in 2030 with about 12.7 million (70%) living in rural areas.<sup>5</sup> Between 2015–2020, the country has made significant progress in broadening access to improved water supply, sanitation, and hygiene services. At a national level, access to improved water supply increased from 77% to 90%, access to improved sanitation increased from 61% to 85%, access to basic hygiene services increased from 68% to 83%, and access to safely managed water supply slightly increased from 25 to 29%. In rural areas in the same period, access to improved water supply increased from 73% to 86%, access to improved sanitation increased from 53% to 79%, access to basic hygiene facilities increased from 62% to 82%, and access to safely managed water increased from 17 to 20%.<sup>6</sup> Cambodia's rural water supplies range from simple community-run treated piped water supply to shared or individual household facilities such as wells (dug and drilled), rainwater harvesting, or manual fetching from surface water (rivers, lakes, and ponds). The majority of rural households (42%) rely on wells or boreholes as their primary source of water,<sup>7</sup> and about 20% of Cambodia's rural population has access to piped-water supply services, an increase from 13% in 2015.

6. **Institutional arrangement of WASH.** The responsibility for WASH provision lies primarily with three ministries. The Ministry of Industry, Science, Technology & Innovation (MISTI) is responsible for water supply provided by commercial private water operators (PWO) and public water utilities; the Ministry of Public Works and Transport (MPWT) for urban drainage, sewerage and operation of treatment plants; and the Ministry of Rural Development (MRD) for rural water supply and sanitation.

7. **Key issues.** Despite the promising progress and innovations in service provision, there are still gaps that need to be addressed. The Government, through the National Strategy and Plan (NSP) for Rural Water Supply, Sanitation and Hygiene, 2014–2025 plans to achieve 100% access to safe, affordable, and sustainable water supply and sanitation by 2025. With 86% coverage in 2022, about 0.6 million people living in rural areas should gain access to improved water facilities annually, and about 0.9 million should gain access to improved sanitation facilities.<sup>8</sup> The annual rate of increase for access to improved water supply was estimated at about 0.2 million rural residents or about 40% of the required amount to achieve the 100% target by 2025. For the access to improved sanitation, the annual rate of increase was

<sup>2</sup> World Bank. [Overview: Development news, research, data](#) (accessed 20 August 2023).

<sup>3</sup> ADB. July 2023. *Asian Development Outlook*. Manila.

<sup>4</sup> ADB. [Key Indicators Database](#).

<sup>5</sup> MacroTrends. [Cambodia Rural Population 1960-2023](#) (accessed 31 August 2023).

<sup>6</sup> The Joint Monitoring Program (JMP) of the United Nation Children's Fund (UNICEF) and World Health Organization. 2023. *Progress on Household Drinking Water, Sanitation and Hygiene 2000-2022*. New York.

<sup>7</sup> Ministry of Planning. 2022. *Report of Cambodia Socio-Economic Survey 2021*. Phnom Penh.

<sup>8</sup> Calculated based on the population with no access in 2022 and rural population in 2022.

estimated at about 0.5 million or about 53% of the required amount. This means that the current level of investment will need to be at least doubled, to ensure target achievements.

8. Open defecation was still practiced by about 1.6 million (16%) rural population, which contaminates land and water sources, exposing the population to waterborne infectious diseases and causing preventable deaths. Diarrhea, which often results from poor sanitation and hygiene, is a major cause of children's illnesses, including stunting and impaired brain development. It is the third leading cause of infant and under-five mortality in Cambodia.<sup>9</sup> About 30% of children under the age of five have stunted growth because of malnutrition, and diarrhea has been the main contributor to malnutrition.<sup>10</sup> Rising temperatures and more frequent extreme rainfall events will exacerbate the transmission of waterborne diseases, leading to further increases in diarrhea cases. However, public knowledge on links between climate change and poor environmental conditions and public health is limited. Further, in line with the economic growth and higher household incomes, water contamination from increased industry and agriculture activities and household waste have affected the quality of water sources, particularly surface water. Poor-quality water sources would require more thorough water treatment and increase the cost for treatment.

9. Cambodia is also highly exposed to climate hazards, and regularly experiences damaging flood events, drought, and cyclones.<sup>11</sup> Rural populations are particularly vulnerable to climate change, with drought, extreme heat, and flooding impacting livelihoods and hindering poverty reduction efforts. Droughts and interruption in water supply services are becoming an increasingly critical issue in rural areas where the increased occurrence of drought spells, increased evaporation (and therefore increased water demand) under higher temperatures and shifts in the timing of the monsoon season impact access. In addition, growing demand through population pressure, over exploitation of sources and poorly functioning supply infrastructure may play a role. Besides the availability of sufficient resources and the vulnerability of supply infrastructure, water quality of source water is an important point of attention. Climate projections show that there will be a significant increase in the number of days with extreme temperatures and heat stress.<sup>12</sup> The likelihood of drought events will increase, and the risk of both river flooding and flash flooding is also expected to rise. Overall, climate change poses a major additional challenge to the delivery of rural WASH services in Cambodia.

10. Piped-water supply services in Cambodia is provided through a combination of state-managed water providers, small-scale PWOs and a limited number of community-managed piped water system (usually financed by non-government organizations or under MRD's program). As of 2022, there are 14 state-managed water supply systems and more than 300 PWOs,<sup>13</sup> which serve urban, peri-urban, and rural areas where public water supplies are not available. Given the shortage of public investment funds, PWOs emerged to fill the supply gap. About 50% of households with piped water supply are served by PWOs.<sup>14</sup> However, many PWOs have reported that they cannot cover the whole service area mandated in their licenses<sup>15</sup>

<sup>9</sup> L. Hirschhorn et al. 2020. [Exemplars in Under-5 Mortality: Cambodia Case Study](#).

<sup>10</sup> World Vision International et al. 2021. [Policy Brief 4: Significantly Reducing Rates of Child Malnutrition](#).

<sup>11</sup> In the World Risk Index for 2020, Cambodia was ranked as the 16th most vulnerable country in the world out of 181 countries listed.

<sup>12</sup> The World Bank Group and ADB. 2021. *Climate Risk Profile Cambodia*. Manila and Washington, DC.

<sup>13</sup> S. Phea, S. Kazama, and S. Takizawa. 2022. *Performance Assessment for Increasing Connection Rates of Private Water Supply Operators in Cambodia*. <https://doi.org/10.3390/w14152369> (accessed 20 October 2023).

<sup>14</sup> World Bank. [Partnering for Impact – Strengthening Institutions to Bring Water and Sanitation Services to Cambodia's Rural Areas](#) (accessed 20 October 2023).

<sup>15</sup> Licenses are issued by MISTI and valid for 20 years.

due to financial shortages and a lack of capacity in operation and management. PWOs supply water with a small-scale water supply system, and they do not always comply with the national water quality standards and technical requirements, both in quantity and quality, for small-scale water supply in Cambodia.<sup>16</sup> This has created an issue for households living in the service areas. They do not get the services since the PWOs were unable to provide the services. On the other hand, they cannot get piped water services from another service provider, as once a license is issued to a PWO, no other entities can provide piped-water supply service to the said area.

11. The community-managed water supply systems are governed by MRD. Currently, there is no official data on the number of the systems and their service coverage. The systems serve a small number of households and usually operate in areas not served by PWOs as these areas are considered not commercially attractive. The systems usually offer lower user contribution compared to that of the PWOs, due to high levels of subsidies. Even though their service coverage is small, the community-managed system will still play a crucial role, especially to serve remote and commercially unattractive areas (e.g., due to the small number of potential connections). The system is usually managed by a water and sanitation user group (WSUG) or water management committee (WMC). As members of these groups are usually regular citizens, many lack technical knowledge and management skills to operate the systems. There is no structured approach to user contribution setting for community-managed rural water supply services. User contributions are set based on the agreement of members of the WSUGs, which could be critical to the operation and maintenance (O&M) and ultimately the sustainability of facilities.

12. Fecal sludge management (FSM) in rural areas is the responsibility of multiple levels of government and various agencies and stakeholders. MPWT issued a wastewater subdecree addressing sewerage systems. As the subdecree only covers urban areas, the responsibility and mandate of FSM service delivery in rural areas is unclear. This has contributed to unsafe practices for latrine emptying and transport and disposal of fecal sludge. Given the MRD's responsibilities for ensuring that FSM is addressed in the rural WASH sector strategy and policies, the MRD is expected to be given the mandate to lead the provision of FSM services in rural areas in coordination and collaboration with subnational administrations.

13. Cambodia's system of governance has long been top-down, with funding and WASH services provided directly by the national government. Following the reforms, and with the establishment of the National Committee for Sub-National Democratic Development in 2008, the government has recognized the need to transfer authority for the delivery of certain public services, including WASH, to subnational governments. This involves a gradual transfer of roles, responsibilities, and resources, so that the subnational governments can carry out their new roles effectively. However, subnational administrations still lack capacity to execute the new roles and mandates, and they require further support and guidance to ensure that they are sufficiently equipped to implement their expanded roles and mandates.

14. **Government strategies and reform agenda.** The government has acknowledged that ensuring universal access to uninterrupted and safe water, sanitation, and good hygiene services, is a prerequisite to poverty reduction and contributes to sustainable human resources and social development, and economic growth. The 2003 National Policy on Water Supply and Sanitation established basic principles for the delivery of urban and rural water supply and

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<sup>16</sup> M. Grant et al. 2019. [Rural Piped-Water Enterprises in Cambodia: A Pathway to Women's Empowerment?](#).

sanitation services. The NSP defines the WASH services to be provided in rural areas, the institutional arrangements, and the financial and human resources needed to deliver and sustain these services. The strategy adopted the vision of leave-no one behind, in which everyone in rural communities will have sustained access to safe water supply and sanitation services and will live in a hygienic environment by 2025.

15. In addition to increased investments, the government has recognized that ensuring universal access to WASH services requires continued institutional reforms and capacity building including through (i) rationalizing roles and responsibilities, management structures, and inter-institutional coordination by focusing on responsibilities and clear division of accountabilities; and (ii) strengthening the management capacity of the public sector by establishing the legal and regulatory framework and human capital development framework. It has identified that reducing disparities and increasing the efficiency of service delivery will require decentralizing public service activities to subnational administrations and involving citizens in service delivery decisions.

16. The provision of sanitation and hygiene facilities is mostly left to the households with the government providing subsidies that are regulated by the national guiding principles for targeted subsidies.<sup>17</sup> Since many poor households cannot afford latrines at market price, financial support to increase the affordability of latrines to poor households is still needed without distorting or damaging the local market ecosystem. In line with the Cambodian Sustainable Development Goals targets, the government has recognized that principles should be revised based on the latest Cambodia's economic conditions, and to reflect the climate change considerations and ensure inclusiveness of the principle. Further, the government has also recognized that to meet the safely managed water criteria, new standards, and approaches in the provision of community-managed water supply facilities should be introduced. The government also acknowledges the need to develop climate-resilient water supply and sanitation systems, which is underscored its commitment to combatting climate change as part of the government's broader economic and development transformation strategy.

17. **Modality.** The sector development program modality was the most appropriate modality as agreed with government and ADB to address the parallel needs for development financing, support policy reforms in the sector, and targeted project financing to meet infrastructure, equipment, and capacity requirements. The policy reforms and investment component combined will help improve access to safely managed, resilient, and affordable drinking water, sanitation services, and hygiene facilities in projected province's rural areas. Stronger sector governance and oversight, more effective utility management will ensure the availability and sustainable management of water and sanitation for all. To implement the project component, the sector approach is chosen as (i) the government has a clear medium-term sector development plan targeting broader WASH coverage, better quality of services, and reduce inequality by 2030; and (ii) MRD has been implemented similar four projects since 2005 and it has performed well in implementing these projects.<sup>18</sup>

18. **Strategic Alignment.** The proposed sector development program (SDP) is aligned with ADB's Strategy 2030 operational priorities and consistent with the Country Partnership Strategy

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<sup>17</sup> MRD. 2016. *National Guiding Principles on Hardware Subsidies for Rural Household Sanitation*. Phnom Penh.

<sup>18</sup> (i) Tonle Sap Rural Water Supply and Sanitation Sector Project, (ii) Second Rural Water Supply and Sanitation Sector Project (RWSSP2), (iii) Additional Financing to RWSSP2, and (iv) Third Rural Water Supply and Sanitation Sector Development Program.

(CPS) for Cambodia, 2019–2023, which aims to promote sustainable, high, and inclusive growth.<sup>19</sup> It is also aligned with Pentagons 2 and 4 of the government’s Pentagonal Strategy-Phase 1 for Growth, Employment, Equity, Efficiency and Sustainability: Building the Foundation Towards Realizing the Cambodia Vision 2050.<sup>20</sup> The proposed program will also support sustainable development goal (SDG) 1 (no poverty), SDG 5 (gender equality), SDG 6 (clean water and sanitation), and SDG 13 (climate action).

19. **Design and Monitoring Framework.** The draft DMF is in Annex 5. The proposed program will align with the following impact: ensure availability and sustainable management of water and sanitation for all. The outcome will be improved access to safely managed, resilient, and affordable drinking water, sanitation services, and hygiene facilities in rural areas of project provinces. The project is expected to benefit approximately 400,000 residents of the nine provinces through access to improved and safely managed water supply, sanitation and hygiene services and facilities.

20. **Outcome, outputs.** The proposed program will have three outputs as follows:

- (i) **Output 1: Resilient, inclusive, and safely managed rural water supply services improved and expanded.** Under this output, the project will build new rural water supply facilities and rehabilitate old ones damaged by age or natural hazards. The project will ensure that the rehabilitated and new facilities are gender and socially inclusive and climate resilient and that they will deliver affordable and safe water that meets the national water quality standards issued by the MRD. At least 4,000 communal water supply facilities will be provided to households living in at least 400 villages. The project interventions are aimed at achieving the target of 100% coverage of water supply services (improved) in the project communes and districts, with the provision of at least 50% of safe water delivery and services.
- (ii) **Output 2: Resilient, inclusive, and safely managed rural sanitation services and hygiene practices improved and expanded.** Under this output the project will (a) provide climate resilient and gender and socially inclusive sanitation and hygiene facilities for at least 3,000 poor households and at least 50 schools and 10 community health centers; (b) conduct gender-sensitive behavior change communication initiatives on sanitation and hygiene for households, schools, and/or other rural institutions to encourage households without sanitation facilities to invest in these and achieve open defecation free villages; and (c) promote and implement safe onsite and offsite fecal sludge management.
- (iii) **Output 3: Institutional capacity and regulatory framework strengthened for sustainability and climate resilience.** This output includes both the PBL component as well as the project component. The project will strengthen the capacity of national and participating subnational administration staff, including female staff, to implement the project and their roles in rural WASH service delivery. The project will support the development of at least two provincial training hubs for climate resilient WASH delivery to promote knowledge sharing to other project and non-project provinces and districts. The hubs with support from qualified experts or professional organizations, will also support

<sup>19</sup> This will also be aligned with the CPS 2024–2028, which is scheduled for approval in Q1 2024.

<sup>20</sup> Pentagon 2 Economic diversification and Competitiveness Enhancement, Side 2 enhancement of connectivity and efficiency in transport, logistics, energy, water supply and digital sectors. Pentagon 4 Resilient, Sustainable and Inclusive Development side 3 promotion of agriculture and rural development.

strengthening of financial, technical and operational management capacities of WSUG and WMC. The project will also ensure that groundwater monitoring activities to avoid over abstraction in the project provinces are implemented. The groundwater monitoring units established under MRD will also be strengthened. Community climate water resilience and water safety plan for all participating villages and communes will be prepared.

21. **PBL component.** Focused under output 3, the policy actions will support reforms to strengthen capacity of subnational administration, provide a regulatory framework for WASH investments, and improve the sustainability of WASH service delivery through the provision of sufficient O&M arrangements and/or resources. Three policy areas have been agreed, which are (i) ensuring access to safe, uninterrupted, and affordable drinking water facilities and safely managed sanitation facilities in rural areas; (ii) improving the sustainability of built rural water supply facilities; and (iii) ensuring clear mandate of WASH services and improve inter-ministerial/ inter-institutional coordination in WASH services. Eleven policy actions will be covered.

22. Policy actions under the policy area 1 include actions to (i) ensure the climate change, inclusiveness and affordability considerations are captured in the planning, design and implementation of rural WASH activities; (ii) guide the improvement of access to Menstrual Health Management-responsive sanitation facilities for women and girls; (iii) ensure an effective sanitation subsidy program, which reflects climate change and inclusiveness considerations; (iv) monitor the implementation of fecal sludge management system at rural households; and (v) enhance PWOs in the provision of water supply, and ensure the quality of water supplied to consumer. Policy action (i) is aimed to ensuring that rural WASH investments and facilities will be resilience given Cambodia's high-risk to climate hazards. Policy action (ii) is expected to ensure that sanitation facilities such as at schools will meet the need of women and girls to practice proper MHM hygiene. Policy action (iii) is to contribute to the open defecation free (ODF) Cambodia and reduce the gap in access to sanitation facilities for poor households. Policy action (iv) is expected to ensure that the implementation of fecal sludge management system at rural households is properly monitored, and data are available for evaluation and improvements and to inform future investments in the sector. Policy action (v) is targeted to ensure good services are provided by PWO including ensuring that the quality of the delivered water meets the national standards. The law also calls for the establishment of a water development fund that will promote further private sector involvement and investments in the water sector.

23. Policy area 2 includes policy actions to ensure that community-managed water supply facilities are sustainable, gender-responsive and climate resilient. The policy actions bring about standards and operating procedure for (i) the setting of user contributions to ensure proper O&M of facilities, (ii) the establishment of WMCs and WSUG to ensure that sufficient O&M arrangements and gender equality in decision making are in place, and that services will also benefit poor households. Policy area 3 includes policy actions that will strengthen coordination among agencies in charge in the provision of WASH services, avoid duplication of works, enhance complementary works, and delegate authorities to subnational administrations for a more efficient public service.

24. To ensure further processing of the proposed program, the eleven policy actions and verification documents should be completed and verified prior to the ADB's management review, which is scheduled in Q1 2024. Of the 11 policy actions, two have been completed. MRD is requested to ensure that the remaining 9 policy actions will be completed by 15

December 2023.<sup>21</sup> The draft policy matrix and detailed status of each policy action is in Annex 6.

25. **Project scope.** The project component is expected to cover about 400 villages in 50 communes, 18 districts in nine provinces, which are (i) Bantey Meanchey, (ii) Battambang, (iii) Kampot, (iv) Kampong Speu, (v) Kratie, (vi) Otdar Meanchey, (vii) Pailin, (viii) Preah Vihear, and (ix) Stung Treng. Based on the assessment of Batch 1 subprojects,<sup>22</sup> the provision of WASH facilities and services will be implemented in four batches of subprojects (communes), with the implementation of Batch 1 subprojects is planned to start immediately after the effectiveness of the program (Q3 2024).<sup>23</sup> Batch 1 subprojects consists of 13 subprojects covering 96 villages, in 9 districts in 9 provinces.<sup>24</sup>

26. **Batch 1 subprojects.** Draft feasibility study reports (FSR) have been prepared for 13 subprojects (communes) representing typical subprojects of outputs 1 and 2. These subprojects build on the experience and lessons learned from three successive rural WASH projects supported by ADB in Cambodia. The draft reports were presented to the nine PDRD officials and MRD official during the final workshop (September 2023). The revised draft feasibility studies reflecting discussions and agreements during the final workshops have been shared with MRD. MRD confirmed that it had no further comments to the Draft FS. The TRTA team will finalize the Batch 1 FSRs by 4 November 2023.

27. **Cost estimates and financing plan.** The program is estimated to cost \$96.7 million (Table 1). ADB will provide a PBL of \$40 million and a project loan of \$50 million. The project loan will finance the provision of water supply facilities under Output 1 and part of capacity development activities under Output 3. A potential cofinancing of \$3.0 million is being sought from the Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR), subject to the approval of the Government of Japan to finance the provision of sanitation facilities under Output 2 and part of capacity development (Output 3) related to sanitation and hygiene behavioral change and groundwater monitoring. Detailed cost estimates by expenditure category and by financier for the project are included in the draft project administration manual (PAM). The government is expected to contribute \$4.2 million (in cash and in kind) to finance IDC, land acquisition, project management, audit cost, and tax exemption (in kind). Table 1 summarizes the program cost estimate.

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<sup>21</sup> The transaction technical assistance (TRTA) consultant (Mott MacDonald Singapore Pte Limited, who has been appointed by ADB to support for the program preparation) will fully support MRD in completing the remaining 9 policy actions.

<sup>22</sup> Including an assessment on the capacity of MRD and Provincial Department of Rural Development (PDRD) to prepare the feasibility studies and supervise the works during implementation.

<sup>23</sup> The loans and grant to finance the program are expected to be declared effective in August 2024.

<sup>24</sup> ADB and MRD carried out follow up discussion on 2 November 2023, and it was agreed that a potential grant or technical assistance will be attached to the proposed program. The TA/grant will cover support to further strengthen the capacity of user groups/water management committee, (ii) further support sector reform in the rural WASH provision through updating or improvement of SOP, basic designs of facilities, and (iii) data collection of WASH service coverage to facilitate further ADB support to Cambodia in the future.



**Table 1: Summary Cost Estimates**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Output 1	38.3
2. Output 2	2.7
3. Output 3	52.0
<b>Subtotal (A)</b>	<b>93.0</b>
<b>B. Contingencies<sup>c6</sup></b>	<b>2.5</b>
<b>C. Financial Charges During Implementation<sup>d</sup></b>	<b>1.3</b>
<b>Total (A+B+C)</b>	<b>96.7</b>

<sup>a</sup> Includes taxes and duties of \$4.2 million. Such an amount does not represent an excessive share of the project cost. The Asian Development Bank will finance taxes and duties for water supply-related civil works and equipment. Excludes government in kind for exempted taxes and duties of \$0.5 million as the government follows cash basis of accounting.

<sup>b</sup> In mid-2023 prices as of October 2023.

<sup>c</sup> Includes physical and price contingencies and a provision for exchange rate fluctuation.

<sup>d</sup> Includes interest, commitment, and other charges on all financing sources.

Source: Asian Development Bank.

28. **Sector needs and investment plan.** The macroeconomic framework, which guides the medium-term fiscal strategy, remains satisfactory, and the central government debt remains sustainable. The size of the PBL is based on Cambodia's development financing needs. In 2023, the fiscal deficit is expected to be 5.0% of GDP (equivalent to \$1.6 billion in national financing needs) with \$0.2 billion financed from government savings, \$0.2 billion from domestic debt issuance and \$1.2 billion from external financing sources (of which \$40.0 million is expected to be ADB budget support through the RWSHISDP).<sup>25</sup> ADB will continue to coordinate closely with the International Monetary Fund and other development partners in Cambodia during the preparation of the proposed SDP.

29. **The proposed policy-based loan.** The government requested a concessional loan of \$40 million from ADB's ordinary capital resources to help finance the program. The size of the policy-based loan reflects the government's overall financing needs, the strength of the reform, and the development expenditures arising from the program, as specified in the draft development policy letter (Annex 7) and the draft policy matrix (Annex 6). The policy-based loan will be disbursed in a single tranche. The loan will have a 24-year term, including a grace period of 8 years, an interest rate of 1.0% per annum during the grace period and 1.5% during amortization period, and such other terms and conditions set forth in the draft loan agreement.

30. **The proposed sector loan.** To help finance the project, the government has requested a concessional sector loan of \$50.0 million from ADB's ordinary capital resources. The loan will have a 32-year term, including a grace period of eight years, an interest rate of 1.0% per annum during the grace period and 1.5% during amortization period, and such other terms and conditions set forth in the draft loan agreement. Total climate finance for the project is \$18.8 million<sup>26</sup>, with an estimated \$1.8 in mitigation costs and \$17.0 million in adaptation costs. The summary financing plan is in Table 2.

<sup>25</sup> The Kingdom of Cambodia. 2023. *Budget Law 2023*. Phnom Penh.

<sup>26</sup> Based on the project component only. The climate financing from the PBL component will be included once all policy actions are completed (expected in December 2023).

**Table 2: Summary Financing Plan**

<b>Source</b>	<b>Amount (\$ million)</b>	<b>Share of Total (%)</b>
Asian Development Bank		
Ordinary capital resources (concessional loan), (PBL)	40.0	41.4
Ordinary capital resources (concessional loan), (project)	50.0	51.7
JFPR (grant)	3.0	3.1
Government <sup>a</sup>	3.7	3.8
<b>Total</b>	<b>96.7</b>	<b>100.0</b>

<sup>a</sup> Excludes \$0.5 million in in-kind contributions by the government, which are exempted taxes as the government follows cash basis of accounting.

Source: Asian Development Bank.

31. The MRD will be the executing agency and will be responsible for overall program implementation. MRD and PDRDs of the nine project provinces will be the implementing agencies. MISTI and the MPWT will be the implementing agencies for selected policy actions. A project coordination unit (PCU) headed by a project director has been established within the MRD, to manage and closely coordinate project activities across all agencies. The PCU will consolidate and compile all reports required by the government and ADB. A provincial project team (PPT) has been established in each of the nine provinces, attached to the respective PDRD, and be headed by a deputy project director. The deputy project directors will report directly to the PD-PCU. A project steering committee will be established for overall coordination at national level and policy guidance. The implementation arrangements are summarized in Table 3 and described in detail in the draft PAM.<sup>27</sup>

**Table 3: Implementation Arrangements**

<b>Aspects</b>	<b>Arrangements</b>		
Implementation period	Policy-based loan: May 2022–June 2024 Sector loan: August 2024–June 2029		
Estimated completion date	30 June 2024 (policy-based loan) 31 December 2028 (project loan and grant)		
Estimated loan and grant closing date	30 September 2024 (policy-based loan) 30 June 2029 (project loan and grant)		
<b>Management</b>			
(i) Oversight body	Project Steering Committee MRD (chair) MEF, MISTI, MPWT, MOE, MOH (members)		
(ii) Executing agency	MRD		
(iii) Key implementing agencies	MRD and PDRD (project) and MRD, MISTI, and MPWT (PBL)		
(iv) Implementation unit	PCU in Phnom Penh, PPTs in the 9 project provinces, about 80 staff proposed.		
Procurement	Open competitive bidding (nationally advertised)	32 contracts	\$37 million
	Request for Quotations	7 contracts	\$259,000
Consulting services	QCBS (80:20)	358 person-months	\$4.5 million
	Individual consultants	163 person-months	\$396,000
	CQS	6 person-months	\$100,000
Advance contracting	Civil works and goods for Batch 1 subproject, project implementation consultant and national financial management		

<sup>27</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

Aspects	Arrangements
	consultant. No retroactive financing is proposed.
Disbursement	Disbursement of the loans and grant proceeds will follow ADB's <i>Loan Disbursement Handbook</i> (2022, as amended from time to time) and detailed arrangements agreed between the government and ADB.

ADB = Asian Development Bank; CQS = Consultants' Qualification Selection; MEF = Ministry of Economy and Finance; MISTI = Ministry of Industry, Science, Technology & Innovation; MPWT = Ministry of Public Works and Transport; MRD = Ministry of Rural Development; PBL = policy-based loan; PCU = project coordination unit; PDRD = Provincial Department of Rural Development; PPT = provincial project team; QCBS = Quality and Cost-Based Selection.

Source: ADB.

### C. Due Diligence

32. **Technical.** Feasibility studies and engineering designs were prepared for 13 subprojects representing typical subprojects of outputs 1 and 2. These subprojects build on the experience and lessons learned from previous successive rural WASH projects supported by ADB in Cambodia. The technical designs were prepared using design criteria and norms of MRD, including new standards, procedure and policies developed under the PBL component. The climate impacts, assessed in a climate risk and adaptation assessment, were given consideration in the designs alongside localized analysis of the historical experience of climate and disaster hazards in the FSR. These included measures such as (but not limited to) raising infrastructure, increasing volumes for storage or assumed demand capacity and tailoring asset site selection.

33. A groundwater study was carried out to assess the groundwater quantity, which suggested that there will be enough groundwater in the project communes. Groundwater water monitoring will be conducted during project implementation to avoid over abstraction. Further, the project adopts the three-step approach outlined in MRD Climate Resilient Safely Managed Water Supply System protocols, which will involve a localized analysis in every project location covering the site selection, capacity, technology and maintenance. The activities undertaken in this project contribute to the resilience of communities to climate change (and disaster) by increasing their ability to cope and adapt to both chronic and acute climate events through improved health and socio-economic conditions. Following the Joint MDB Methodological Approach for Assessment of Paris Agreement Alignment, the operation has been assessed as aligned with the goals of the Paris Agreement.

34. **Safeguards.** In compliance with ADB Safeguard Policy Statement (2009), the project's safeguard categories are as follows.<sup>28</sup>

35. **Environment (category B).** The project will be delivered in four batches. One initial environmental examination (IEE), and one environmental management plan (EMP) have been prepared together with an environmental assessment review framework (EARF) to guide future batches, in accordance with ADB Safeguard Policy Statement (2009) and government laws and regulations.<sup>29</sup> The future batches are anticipated to be Environment Category C. For Batch 1 subprojects, in view of the project proceeding to advanced procurement actions, an updated IEE

<sup>28</sup> ADB. [Safeguard Categories](#).

<sup>29</sup> Initial Environmental Examination: Rural Water Supply, Sanitation, and Hygiene Improvement Sector Development Program; Environmental Management Plan for future batches: Community water storage and treatment facilities, well drilling, rainwater storage jars, rainwater collection tanks, small piper water systems, and latrines.

based on detailed engineering design (DED) is currently being finalized by the consultants, together with five bidding ready EMPs. The TRTA consultants have committed to delivering these updated due diligence documents for review and clearance no later than 25 October 2023. The final EMPs must be included in annex to the respective bidding documents.<sup>30</sup>

36. A policy-based loan environmental and social assessment is currently under preparation, and submission for this is expected to be completed by 15 December 2023. The IEE was prepared based on meaningful consultations during the project preparation. Further consultations will be carried out during the implementation stage including continued dialogue with protected area authorities for those project villages in protected areas. It is expected that the project sites will experience short-term, localized impacts during construction. These impacts will be site-specific and reversible and can be avoided, minimized, or mitigated to an acceptable level with good construction management practices and mitigation measures as defined in the EMP, EARF, and the corresponding contractor environmental management plan (CEMP) to be prepared and implemented by the contractor(s).<sup>31</sup> The IEE and EMP(s) for future batches need to be updated based on detailed engineering designs approved by the government, cleared by ADB, and disclosed before contract award. Updated EMP(s) will be included in the bidding documents. Civil works will commence only after domestic national environmental clearances, including UXO clearances, have been secured and the relevant CEMPs have been approved by the project management unit.

37. The agreed domestic clearance process for batch 1 subprojects is for The PCU through PDRDs to send notification letters to the Provincial Departments of Environment (PDOE) to inform them of the project as per agreement with the PDOE. Feedback from PDOEs, if any, is to be updated into the DED stage IEE and five EMPs before works commence. As per wrap up of this mission the status of the notification letters is as follows (i) letters have been sent to all nine PDOEs and (ii) three PDOEs have responded. The MRD with support from the TRTA team will follow up to avoid delays in the issuance of response from PDOE. It was agreed with MRD that upon final clearance of the updated EARF, IEE, EMPs, and PBL (environmental and social safeguards (E&S) assessment, that endorsement of these will be provided by the borrower, together with the OK to proceed to disclose the documents on their behalf to the ADB website. ADB committed to arranging a dedicated environmental safeguards training at project inception for the PCU, PPT, project implementation consultant (PIC) designated environmental safeguards focal and experts from central and provincial level, and any other experts who can benefit from a practical training catered to the implementation of environmental safeguards for this project.

38. **Involuntary resettlement (category B).** The project is classified as category B for involuntary resettlement (IR) due to the possibility of minor land acquisition and resettlement impacts for small-scale rural water supply and sanitation infrastructure. However, the selection criteria for subprojects states that the land acquisition and involuntary resettlement impacts should not cause (i) any physical displacement and (ii) the combined impacts for all subprojects cannot exceed 200 or more persons losing 10% or more of their productive assets (income

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<sup>30</sup> Environmental safeguards bidding documents requirements include Special conditions of contract to reference EMP for Cat. B subprojects or Environmental Code of Conduct for Cat C subprojects and contractors SSEMP/SSHSM requirements; Ensure EMP is referenced in the Employer Requirements; EMP budget in the BOQ; EHS Officer listed under Contractor Personnel; EMPs in annex.

<sup>31</sup> Potential environmental impacts include temporary increases in dust and noise levels, sediment runoff, waste and spoil disposal, and occupational and community health and safety risks.

generating). Therefore, this project cannot be reclassified as a category A project. There will be no voluntary donation of land for this project.

39. Batch 1 subprojects are category C with no IR impacts. A combined Due Diligence Report (DDR) is being prepared for all subprojects based on DED. A resettlement framework (RF) has been prepared. For any subproject with IR impacts under future batches, a Detailed Resettlement Plan (DRP) will be prepared based on the RF. All DDRs (for subprojects with no IR impacts) and DRPs (for projects with IR impacts) will be cleared by ADB and disclosed prior to the contract award. Compensation and allowances are to be provided prior to commencement of construction works. The General Department for Resettlement will oversee finalization, implementation, monitoring, and reporting of the resettlement plans during the project implementation stage.

40. If suitable public land is not available, drilled wells can be installed on private land of members of WSUGs, who are project beneficiaries, by using Shared Use Agreement. A Community Participation Framework (CPF) is being prepared for providing guidance on meaningful consultations, site selection, eligibility criteria, responsibilities and process for maintenance, and community health and safety. The CPF integrates relevant safeguards principles including: (i) excluding any impact to land-based assets and livelihood, (ii) ensuring meaningful consultations with households hosting each drilled well and the wider community, and (iii) access to a grievance redress mechanism.

41. The CPF and DDR for Batch 1 subprojects are currently being finalized and will be shared with ADB by the TRTA consultants by 8 November 2023. The draft RF has been shared with the General Department of Resettlement for endorsement. Once endorsed, the RF will be disclosed on ADB's website. CPF and required information from the RF and DRP (where applicable) will be included in the respective bidding documents.

42. **Indigenous peoples (category B).** The project is classified as category B for Indigenous Peoples as there are ethnic minorities (EM) and indigenous people (IP) in the target provinces. The IP and EM groups will benefit from improved water supplies and sanitation, and adverse impacts are not anticipated. However, there is a possibility of minor land acquisition and involuntary resettlement (IR) impacts for subprojects with impacts in future batches which will be adequately addressed in respective DRPs.

43. An Indigenous Peoples Planning Framework (IPPF) is being prepared to guide preparation of Indigenous Peoples Plans (IPP) for subprojects with impacts (positive and adverse) on IP and/or EM communities to ensure appropriate measures are in place. The IPPs will be prepared by MRD and shall be shared with ADB for clearance before contract award and disclosure on the ADB website. For subprojects with no impact on IP and/or EM groups, DDRs will confirm no impacts based on DED. The final DDRs will be disclosed on ADB's website.

44. The updated IPPF will be shared with ADB on 8 November 2023. Once finalized, the IPPF will be disclosed on ADB's website. Meaningful consultations have been conducted during project preparation. For all subprojects under Batch 1 with positive impacts, a combined IPP is being prepared based on DED. The updated IPP is expected to be submitted to ADB by the TRTA consultant by 8 November 2023. Once finalized, the IPP will be disclosed on ADB's website. Required information from the IPPF and IPP (where applicable) will be included in bidding documents.

45. A policy-based loan environmental and social assessment is currently under preparation, and submission for this is expected to be completed by 15 December 2023.

46. ADB will conduct a social safeguards training during project inception for the PCU, PPT, PIC designated social safeguards focal and experts from central and provincial level, and any other experts who can benefit from a practical training catered to the implementation of social safeguards for this project.

47. **Grievance redress mechanism.** A grievance redress mechanism has been defined in the RF and will be established in accordance with government regulations and ADB's Safeguard Policy Statement (2009) to address any IR specific complaints. The existing grievance redress mechanism for TRWSSSDP will be used for addressing this project related grievances.

48. **Economic and Financial Viability.** Economic analysis has been prepared show that the rationale for government involvement is sound as the project focuses on the provision of water supply and sanitation services, which is not considered profitable by the private sector. The economic efficiency analysis is based on the feasibility studies prepared for the Batch 1 subprojects. Details of investments for subprojects 2, 3, and 4 will only be proposed during the implementation phase of the SDP. Therefore, the results of the economic efficiency analysis for the whole project are based on average costs, benefits, and the number of beneficiaries in batch 1 subprojects (communes). Construction of assets under the project is estimated to benefit about 400,000 people of which 18% are considered poor. The net present values and economic internal rates of return (EIRR) using a 9% prescribed test hurdle rate was calculated for each subproject and for the whole project following ADB 2017 Guidelines for Economic Analysis of Projects.

49. Estimated economic benefits are: (i) incremental water consumption measured as the difference between with- and without-project per capita consumption and the consumer's expenditure on water supply, (ii) resource cost savings are associated with the replacement of non-incremental water that was previously obtained from alternative sources,<sup>32</sup> (iii) time and cost savings on water collection and accessing sanitation facilities between the with- and without-project scenarios,<sup>33</sup> and (iv) health benefits from avoidance of waterborne illness and work absence because of sickness. The project's (SBP1-SBP4) base case ENPV is estimated at \$19.18 million million, and the EIRR is 15.3% indicating economic viability. The economic benefits did not include quality-of-life improvements, especially for women and children, as well as potential private sector investments, land value improvement, job creation, and gains derived from reducing water losses, energy use, plastic waste, and water pollution.<sup>34</sup> Sensitivity analysis found EIRRs are robust against all downside risks (>9% hurdle rate) except when all adverse scenarios are combined. The estimated poverty impact ratio of 20.7% shows that the project is expected to benefit the poor considerably.

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<sup>32</sup> Calculated based on people's water demand from existing water sources at 70 liter per capita per day, the number of people supplied with water under the project (100% population in the project area), and the cost of water without the project (Riel 2,840/m<sup>3</sup>).

<sup>33</sup> Households are estimated to save about 15.56 working days per year for collecting water and 3.77 working days per year for accessing sanitation facilities. Based on unskilled labor wages of about Riel 26,727/day, the economic value of time saved is about Riel 370,088 per household per year for water supply component and Riel 434,746/HH/year for sanitation component.

<sup>34</sup> Due to limitation of available input data, not all economic benefits had been evaluated in money terms, which includes quality of life improvements, especially for women and children, as well as potential private sector investments, land value improvement, and gains derived from reducing water losses, energy use, plastic waste, and water pollution.

50. Financial analysis was conducted in accordance with ADB guidelines<sup>35</sup> based on SPB1 (water supply) for demonstration purpose. Since the fees (user contribution) to be collected from the project assets would be far from adequate to cover capital investment given the public goods nature of the project, the analysis focuses on assessment of sustainability of the project in generating sufficient funds to support operation and maintenance O&M expenditures and replacement costs of outdated equipment.

51. At proposed user contribution roadmap for each of three types of water supply facilities, the financial analysis shows the user contribution should provide adequate funding to support O&M costs and 5% of the investment cost (to cover replacement of outdated equipment). This user contribution structure also considers free supply of 4 m<sup>3</sup> to each poor household (for piped water system) and 20% discount for poor household (for water supply by CoWaSTFs and Borewell with pumps). Based on the affordability analysis, the proposed user contribution is about 0.7% to 2% of household income, which is expected to be affordable to ensure that domestic consumers, particularly those in the low-income group, can afford the proposed user contribution.

52. WSUGs or WMCs will be established for each new water supply facility before it is handed over to the community. From earlier ADB-funded projects it was found that WSUGs and WMCs often lack experience in operational and financial management, therefore training should be provided. While the WSUGs and WMCs have the authority in deciding the User Contribution to ensure financial autonomy, local government and communes should be committed to provide support to cover any O&M funding shortfall for project sustainability.

53. The proposed reforms will strengthen the capacity of subnational administration, provide a regulatory framework, and improve the financial sustainability of WASH service delivery in rural areas. This will ensure the efficient and timely delivery of project objectives. The reforms will have a significant impact on improving the sustainability of rural WASH facilities, which is crucial for Cambodia to achieve its National Strategic Development Plan and the NSP for Rural Water Supply, Sanitation and Hygiene.

54. **Gender Equality.** RWSHISDP is categorized *effective gender mainstreaming*. Women remain underrepresented in key decision-making positions in the WASH sector. Barriers include unequal gender relations, lack of access to opportunities, and societal expectations on gender roles. The WASH-related tasks are among the main unpaid tasks traditionally expected to be performed by women. These care burdens have a strong socio-economic impact on women and girls, as they limit their opportunities to further education and to participate in productive and leisure activities. Providing care towards sick family members means that women have to take time off their daily routine and contribute to women's time poverty. Women and girls bear a disproportionate amount of responsibility for water supply, sanitation and hygiene (WASH)-related activities. Water fetching and other household and community water and sanitation tasks, and waste management are primarily done by women. Menstrual hygiene management is a major challenge related to WASH and gender. Poor access to gender-inclusive sanitation facilities limit the ability of women and girls to manage their menstruation hygienically and in a safe and private environment. Prevailing taboos prevent girls from attending school at all during their period causing poorer future prospects for every affected girl. The absence of sanitary disposal bins in school toilets forces menstruating girls to bring home used sanitary pads,

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<sup>35</sup> ADB. 2019. *Financial Analysis and Evaluation: Technical Guidance Note*. Manila.

subjecting them to potential shame and discomfort. Climate change also adds to the burden of unpaid domestic work for some women. Droughts, for example, mean that collecting water takes more time, and disasters often increase illness in children and elders adding to women's care work. Indigenous women face increased barriers to representation at commune level. Their lack of skill in written Khmer language, and other capacity limits, are common explanations for their exclusion from commune positions. The program focused on mainstreaming gender across all reform areas, such as: (i) improving access to WASH services, which are gender inclusive, (ii) ensuring woman leadership at community-managed water supply organizations, and (iii) delivering structured and sustainable capacity development to MRD, PDRD, and community level organizations including WSUGs and WMCs including their female staff. The draft gender assessment and action plan is in Annex 8.

55. **Poverty and Social Dimensions.** The project will be implemented in nine provinces, where rural access to water is lower than the national average. The new or rehabilitated communal water supply will increase access to improved water supply for around 69,000 households, in 400 villages, across 18 districts of the nine provinces, around 18% of the project beneficiaries are characterized as poor. This includes many female-headed households, and households with children and/or people with disability as categorized in the Government of Cambodia's IDPoor program. New sanitation infrastructure is prioritized based on poverty levels, and 100 schools and health centers will have new or upgraded water and sanitation facilities, key impact channels for WASH for women and children.

56. Inclusive design principles are incorporated into the new or upgraded community sanitation and improved water supply infrastructure. This will improve ease of access for people with disability and for women. During focus group discussions, lack of awareness of the benefits of improved water and sanitation facilities and ease of access to open defecation or regular unimproved water sources were raised as barriers to adoption of the new infrastructure. Capacity building of WSUGs and Ministry officials, on inclusive management of water and sanitation facilities, together with community education programs on WASH, will encourage greater adoption of the new facilities.

57. **Procurement, Financial Management, and Integrity.** The assessed pre-mitigation financial management (FM) risk is substantial considering (i) unfamiliarity with ADB's requirements and procedures for the three new provinces; (ii) functions of ordering, receiving, accounting for, and paying for goods and services not segregated between different staff/organizational units in the existing PPTs; (iii) unclear capability of internal audit function; and (iv) unlicensed accounting software being used by the PPTs, while spreadsheet being used by the three new provinces. A time-bound FM action plan has been developed and agreed to address these identified risk areas in due course.

58. The assessed procurement risk is *moderate* considering the experience of MRD in executing projects funded by ADB; non-use of e-procurement; maintenance of all records of procurement documents by MRD; audits done by independent authorities; number of qualified contractors in Cambodia; and delays in implementation of some of the contracts in previous projects. The main actions to mitigate the identified risks include (i) advance contracting for recruitment of the PIC; (ii) providing trainings to the MRD and PPT on ADB Procurement Framework and KC's standard operational procedures (SOP) for procurement; (iii) setting up efficient business process and clear decision-making criteria internally for procurement in MRD; and (iv) conducting a workshop for prospective bidders to enhance their knowledge about the ADB requirements and to build their capacity in preparation of bids. Value for money is expected to be achieved from (i) the strategic approaches in packaging of contracts and



procurement methods agreed in the procurement plan and (ii) use of the KC's SOP for procurement of goods and works. The draft procurement plan is in Annex 9.

59. **Advance action.** To ensure a smooth project implementation, the advance action for civil works and goods under Batch 1 subprojects as well as for the PIC and national financial management specialist (individual consultant selection) will be carried out. To facilitate the advance action, the following have been agreed: (i) MRD to submit to ADB the government-approved procurement plan by 3 November 2023 and (ii) the TRTA team will submit the draft bidding documents including final designs for batch 1 subprojects and draft request for proposals and request for expression of interests for review by ADB and MRD by 12 November 2023.

60. No significant integrity risks were identified. ADB Anticorruption Policy (1998, as amended from time to time) and relevant guidelines and procedures were explained to and discussed with the government.

61. **Sustainability.** The sustainability of project outcomes and outputs is anchored in several ways. After completion of the construction, facilities will be handed over to either WSUGs (non-piped systems) or WMCs (piped-water systems). The establishment of WSUGs and WMCs will follow the SOP being prepared under the PBL component. During project implementation, financial and technical management capacities of WSUGs and WMCs will be strengthened. Water user contributions will be set at a level that will cover operation and maintenance costs of facilities. The commune councils will be requested to make reservations in their annual budget to provide support for large, unexpected costs incurred by the community committees, such as for large repairs or replacements. A recommended user contribution roadmap has been prepared as part of the financial analysis, which provide guidance to WSUGs and WMCs in adjusting user contributions in line with inflations. Capacities of government provincial and district rural development offices will also be enhanced, enabling them to support the committee with more complex financial and technical problems.

62. The reform as detailed in the policy actions has been implemented under the project component (Batch 1) and will be continued for the whole project duration. Further, the government has confirmed to allocate budget starting from 2024 to implement the reforms in several project provinces.

63. **Summary of Risk Assessment** The key assessed pre-mitigation risks and mitigating measures are summarized in Table 4.

**Table 4: Summary of Risks and Mitigating Measures**

Risks	Mitigation Measures
The job descriptions in place for the FM staff of the PCU and the PPTs are rudimentary, and the staff of the three new PDRDs are not familiar with ADB FM requirements and procedures. This could lead to difficulties in ensuring that all FM functions are properly carried out.	(i) Prepare detailed TORs for all FM staff of the PCU and PPTs. (ii) Provide training on ADB FM and the KC's SOP-FM to PCU as well as PPTs – (using interpreter or Khmer speaking ADB staff).
<u>Accounting policies and procedures:</u> The PPTs do not have the functions of ordering, receiving, accounting for, and paying for goods and services segregated between different staff/organizational units. This may result in the accountants in the three new PDRDs are not able to conduct their work in line with ADB FM requirements and	Segregate the functions of ordering, receiving, accounting for, and paying for goods and services between different staff.

Risks	Mitigation Measures
procedures.	
<u>Internal audit:</u> There are no limitations in the purview of the MRD's IAD, but it is unclear how many IAD staff, if any, hold a formal qualification in internal audit, or if staff have received internal audit training. There is a risk that IAD staff may not be capable of undertaking internal audit tasks as required through rules and regulations.	(i) Include ADB-financed project in IAD's annual audit plan. (ii) Selected AID staff to participate in internal audit training and training on ADB FM requirements and procedures as well as the KC's SOP-FM which will be implemented as part of the program capacity development program. .
<u>Information systems:</u> Sage 50 accounting software used by PCU, and unlicensed Peachtree accounting software used by six PPTs, while three new PDRDs use spreadsheets only. There is a risk of the unlicensed software malfunctioning or becoming affected by malware, which could lead to a loss of data.	Allocate funds in the project budget for accounting software licenses for the PCU including for technical installation and training. Given the small amounts of expenditures managed by the PDRDs, the use of spreadsheets will continue.
Rejection of qualified bidders due to lack of understanding among contractors and suppliers on how to submit complete and responsive bids.	A workshop will be conducted for prospective bidders to enhance their knowledge about the ADB requirements and to build their capacity in preparation of bids.
Delay in the executing and implementing agencies internal procurement processes.	(i) MRD has set up efficient business process and clear decision-making criteria internally for procurement in its organization. (ii) MRD and ADB have agreed to initiate advance action of the procurement process as soon as possible so that the consultants and contractors can mobilize in a timely manner. ADB will closely monitor and assist the procurement process. (iii) ADB will provide MRD with necessary capacity development to ensure an efficient business process related to procurement is in place at the start of the program.
WSUGs lack capacities to maintain water treatment plants and piped water systems causing premature deterioration.	Technical training of WSUG is part of capacity building measures. Qualified private sector and NGO actors will be involved as resource persons to provide maintenance support to WSUGs.
MISTI licensed private piped water operators do not implement their systems or cover smaller number of households causing social tensions in communities and failure to achieve 50% coverage of clean water supply.	PDRD and Commune Council carefully assess the status of license holders and reliability at subproject formulation. Scope of subproject can be extended to cover more households within project period if MISTI and local authorities indicate this is desirable.

ADB = Asian Development Bank, FM = financial management, KC = Kingdom of Cambodia, IAD = Internal Audit Department, MISTI = Ministry of Industry, Science, Technology & Innovation; MRD = Ministry of Rural Development; NGO = non-governmental organization; PCU = project coordination unit; PDRD = Provincial Department of Rural Development, PPT = provincial project team; SOP = standard operating procedures; TOR = terms of reference; WSUG = water supply user group.

Source: ADB.

64. **Assurances and Conditions.** The draft assurances and conditions were discussed during the mission. The assurance and conditions underpin government and the MRD's commitment that implementation of the project shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender equality, procurement, consulting services, financial management, and disbursement, as further mentioned in the loan documents. Further, the government and the MRD have agreed with ADB on certain covenants for the project, which are set forth in the draft loan and grant agreements. The draft Assurance and Conditions are in Annex 10.

#### D. Conclusion and Next Steps

65. **Next steps.** The ADB mission team will finalize the report and recommendation of the President (RRP) and its appendixes, and all other documents required to further process the proposed program accommodating comments and inputs during the mission.

66. The indicative date for program approval will be in June 2024. The indicative dates for program approval are outlined in Table 5.

**Table 5: Indicative Processing Schedule**

<b>Milestones</b>	<b>Expected Completion Date</b>
Loan fact-finding mission	October 2023
Management review meeting	March 2024
Loan negotiations	April 2024
Loan approval	June 2024
Loan signing	July 2024
Effectiveness	August 2024

Source: Asian Development Bank.

67. The Mission expressed its sincere appreciation to MEF, MRD, PDRDs, General Department of Resettlement, and other relevant departments, and all concerned parties for cooperation and assistance extended to the Mission.

Signed on 7 November 2023

H.E. Nuon Pichnimith  
Secretary of State  
Ministry of Rural Development



Siti Hasanah  
Urban Development Specialist/Mission Leader  
Asian Development Bank

Annexes:

- 1 – List of Key Persons Met
- 2 – Mission Schedule
- 3 – Presentation Materials
- 4 – Time-Bound Action Plan
- 5 – Design and Monitoring Framework
- 6 – Draft Policy Matrix
- 7 – Draft Development Policy Letter
- 8 – Gender Assessment and Action Plan
- 9 – Draft Procurement Plan
- 10 – Legal Assurances and Conditions

### List of Key Persons Met

No.	Name	Position/Title
<b>Ministry of Rural Development</b>		
1	H.E. Nuon Pichnimith	Project Coordinator
2	H.E. Srin Poutthy	Project Director
3	Ms. Mith Somountha	Project Manager
4	Mr. Ma Sophan	Administration Officer
5	Ms. Ory Sopheap	Accountant
6	Mr. Sok Kunthea	Community Development Officer
7	Mr. Meng Chhorngpor	Monitoring and Evaluation Officer
8	Mr. Koam Vuthyro	Water Supply Assistant
9	Mr. Sim Sitha	Sanitation Officer
10	Ms. Sam Sophy	Sanitation Education Officer
11	Ms. Kong Sokha	Cashier
12	Mr. Sim Socheata	Procurement Officer
13	Ms. Hor Lalin	Social Safeguard Officer
14	Mr. Soem Sopheara	Water Supply Officer
15	Mr. Sum Sokunthea	Procurement Assistant
16	Mr. Se Vophorn	Sanitation Assistant
17	Mr. Rous Bora	Community Development Assistant
18	Ms. Seng Sreyoun	Environment and Health Officer
19	Ms. Chea Somalina	Finance Consultant
20	Mr. Soum Vanda	Driver
21	Mr. Sokhom Prathna	M&E Assistant
22	Mr. Nim Kol	Deputy Director, Department of Internal Audit
23	Mr. Touch Seyha	Driver
24	Ms. Hun Sophanmar	Cleaner
25	Ms. Thy Sotheary	Gender Officer
<b>Ministry of Economy and Finance</b>		
26	H.E. Houll Bonnaroth	Deputy Director General, GDICDM, MEF
27	Mrs. Veng Youim	Deputy Director, DMC, GDICDM
28	Mr. Chan Sopanhavorn	Deputy Director, DMC, GDICDM
29	Mr. Hak Ponnarin	Deputy Director, DPPM, GDICDM
30	Ms. Ieng Sreyleap	Chief, OMC1, DMC, GDICD
31	Ms. Sim Nath	Deputy Chief, OMC1, DMC, GDICDM
32	Mr. Koam Rattana	Finance Consultant
33	Mr. Chhuon Watanak	Consultant, MEF
<b>General Department of Resettlement</b>		
34	Mr. Kim Chanvibol	Director, Resettlement Department
35	Mr. Bun Seng	Chief Officer, Resettlement Department
36	Ms. Huy Dalis	Officer, Resettlement Department
<b>ADB</b>		
37	Ms. Siti Hasanah	Urban Development Specialist and Mission Leader
38	Ms. Dripta Nag	Safeguards Specialist (Resettlement)
39	Ms. Jhelum Thomas	Senior Public Management Specialist and co-Mission Leader
40	Ms. Lili Zou	Principal Financial Management Specialist
41	Ms. Chandy Chea	Senior Social Development Officer (Gender)

<b>No.</b>	<b>Name</b>	<b>Position/Title</b>
42	Ms. Marla Mc Carroll Pinto Rodrigues	Safeguards Specialist (Environment)
43	Ms. Adeliya Zhunussova	Counsel
44	Ms. Yangzom	Procurement Specialist
45	Ms. Hannah Estipona	Operations Assistant
46	Ms. Judie Ann Militar	Associate Project Analyst
47	Ms. Okju Jeong	Climate Change Specialist
48	Mr. Sambath Kim	Senior Social Development Officer (Safeguards)
49	Mr. Javier Coloma Brotons	Urban Development Specialist (Water Supply and Sanitation)
50	Ms. Aimee Hampel-Milagrosa	Urban Development Specialist
51	Ms. Virginia E. Villanueva	Associate Project Officer
<b>TRTA Consulting Team</b>		
52	Mr. Harry Roovers	International Assignment Leader and Urban Development, Mott MacDonald Singapore, ADB Consultant
53	Ms. Nozomi Murakami	Deputy Assignment Leader and Safeguards, Mott MacDonald Singapore, ADB Consultant
54	Mr. Ben Witjes	Team Leader/Rural Water Supply Specialist
55	Ms. Liesl Keam	Consultant (Climate Change and Resilience Specialist)
56	Mr. Ernesto Dela Cruz	International Environmental Safeguards Specialist
57	Ms. Sao Sambat Morakath	National Environmental Safeguards Specialist
61	Mr. Rafael Norberto Catalla	International Governance and Institutional Development/Reform Specialist
62	Mr. Greesh Sharma	International Procurement Specialist
63	Mr. Nguyen Dan Thuc	International Economist/Financial Specialist
65	Mr. Peter Jensen	International Financial Specialist, ADB Consultant
66	Mr. Jethro Stern	International Social Safeguards Specialist
67	Mr. Dor Mao	National Economist/Financial Specialist
68	Ms. Theresa Devasahayam	International Gender and Social Development Specialist
69	Ms. Reaksmay Chornay	Office Manager
70	Mr. Chan Narith	National Social Safeguards Specialist
71	Chhoeung Chornayreaksmey	Office Manager
72	Sonthim Anisa	
73	Savath Vann	National Procurement Specialist
74	Sovadhanak	National Governance Specialist

### Mission Schedule

No.	Day/Date/Time	Activity	Participant
1	Wednesday, 18 October 2023  09:00–09:30  09:30–12:30  12:30–13:30 13:30–14:30 14:30–15:30 15:30–17:00	Opening/Kick-off  Discussion on SDP design, scope, cost estimate and financing plan, Design Monitoring Framework, RARMP, implementation arrangements Break Climate change and financing Environmental Safeguards Strategic Procurement Planning and Procurement Plan	All mission members SH, JTT, JAM, HE  OJ, SH, JAM, HE MR, SH, JAM, HE YZ, SH, JAM, HE
2	Thursday, 19 October 2023  08:30–10:00  10:00–10:30 10:30–12:00 12:00–13:00 13:00–14:30  14:30–17:00	Discussions on Gender, Poverty and Social Dimension Break Discussion on Social Safeguards Break Discussion of Financial Management, Financial and Economic Analysis Follow up discussions on program design, DMF, etc.	SH, CC, ZW, LM, HE, JAM  SH, CC, ZW, HE, JAM, SK, DN SH, JAM, HE, LZ, AH (virtual), SH, JAM, HE
3	Friday, 20 October 2023	Field visit (Day 1) Serei Meanchey, Sampov Lun, and Battambang	SH, JAM, MR, DN
4	Saturday, 21 October 2023	Field visit (Day 2) Kon Kriel, Samroang, and Otdar Meanchey	SH, JAM, MR, DN
5	Sunday, 22 October 2023	Travel back to Phnom Penh Initial draft of MOU	SH, JAM, MR, DN
6	Monday, 23 October 2023  09:00–12:00  12:00–13:00 13:00–15:00	Discussion on the Policy Actions (PBL component) Break Discussion on loan assurance/covenants	SH, JTT, JAM, HE, AZ  AZ, MR, DN, JAM, SH, HE
7	Tuesday, 24 October 2023  09:00–10:00 10:30–11:30  15:00	Courtesy Call JICA Courtesy call Embassy of Japan in Cambodia Submission of Draft MOU	SH, JAM, HE SH, JAM, HE SH, JAM, HE
8	Wednesday, 25 October 2023  15:00–17:00	Revision of MOU based on preliminary comments (if any)	SH, JTT, JAM, HE

No.	Day/Date/Time	Activity	Participant
		Pre-wrap up meeting	SH, JAM, HE
9	Thursday, 26 October 2023  09:00–11:00	Wrap-up Meeting	All mission members

AH = Aimee Hampel-Milagrosa, AZ = Adeliya Zhunussova, CC = Chandy Chea, DMF = design and monitoring framework, DN = Dripta Nag, HE = Hannah Althea Estipona, JAM = Judie Ann Militar, JTT = Jhelum Tini Thomas, LM = Louise McSorley, LZ = Lili Zou, MR = Marla Mc Carroll Pinto Rodrigues, OJ = Okju Jeong, SK = Sambath Kim, SH = Siti Hasanah, RARMP = risk assessment and risk management plan, SDP = sector development program, YZ = Yangzom, ZW = Zonibel Woods.



### **Presentation Materials**

The fact-finding mission presentations can be accessed in [CAM: RWSHISDP Loan Fact Finding Mission presentations](#).

**Time-Bound Action Plan**

As of 26 October 2023

<b>No.</b>	<b>Action</b>	<b>Date</b>	<b>Responsible Entity</b>
1	Comments on the latest version of feasibility study reports of Batch 1 subprojects	30 October 2023	MRD, ADB
2	Submission of IEE/EMP at DED-stage to ADB for review and clearance	25 October 2023	TRTA team, MRD, ADB
3	Submission of government-approved procurement plan to MEF	3 November 2023	MRD, MEF
4	Submission of final Batch 1 subprojects	4 November 2023	TRTA team
5	Submission of final CPF and DDR for Batch 1 subprojects	8 November 2023	TRTA team, ADB
6	Submission of updated IPP	8 November 2023	TRTA team
7	Submission of updated IPPF	8 November 2023	TRTA team
8	Submission of revised reports including draft RRP appendixes and feasibility studies	10 November 2023	TRTA team
9	Submission of the draft bidding documents including final designs for batch 1 subprojects and draft request for expression of interest and request for proposals for ADB and MRD review to facilitate advance action	12 November 2023	TRTA team, MRD, ADB
10	Submission of draft policy-based loan environmental and social assessment	15 December 2023	TRTA team
11	Completion of remaining nine policy actions	15 December 2023	TRTA team, MRD
12	Establishment of a project steering committee for overall coordination at national level and policy guidance	December 2023	MRD, MEF

ADB = Asian Development Bank, CPF = community participation framework, DED = detailed engineering design, DDR = due diligence report, EMP = Environment Management Plan, FFM = fact-finding mission, IEE = Initial Environmental Examination, IPP = Indigenous Peoples Plan, IPPF = Indigenous Peoples Plan Framework, MEF = Ministry of Economy and Finance, MRD = Ministry of Rural Development, PDRD = Provincial Department of Rural Development, RRP = report and recommendation of the President, TRTA = transaction technical assistance.

### Design and Monitoring Framework

<b>Impact the Program is Aligned with<sup>a</sup></b>			
Availability and sustainable management of water and sanitation for all ensured.			
<b>Results Chain</b>	<b>Performance Indicators</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks and Critical Assumptions</b>
<p><b>Outcome</b></p> <p>Access to safely managed, resilient, and affordable drinking water, sanitation services, and hygiene facilities in rural areas of project provinces improved.</p>	<p>By 2029</p> <p>a. At least 60,000 additional households in the participating provinces have access to improved water supply facilities, of which at least 30,000 have access to safely managed (2023 baselines: improved water 0, safely managed water supply<sup>b</sup>: 0) (OP 5.1).</p> <p>b. All participating communes (50) declared open defecation free (2023 baseline: 4 communes). (OP 1.3; OP 5.1).</p> <p>c. All program's community-managed water supply facilities have sufficient resources to ensure proper operation and maintenance requirements (2023 Baseline: 0). (OP 5.1; OP 6.2)</p>	<p>a–c District and commune council database; Ministry of Planning statistical book; and baseline and follow-up surveys in the nine provinces; quarterly progress reports.</p>	<p>R: Climatic variations exceed projections or vary in magnitude or direction from estimates, creating new impact pathways for community risk.</p>
<p><b>Outputs</b></p> <p>31. Resilient, inclusive and safely managed rural water supply services improved and expanded.</p>	<p>By 2029 (project)</p> <p>1a. At least 4,000 communal rural water supply facilities,<sup>c</sup> which are climate change resilient, incorporate universal design principles and are gender inclusive, rehabilitated or constructed (2023 baseline: 0) (OP 1.3; OP 2.4; OP 2.5; OP 5.1; OP 3.2)</p> <p>1b. At least 100 public schools and 10 community health centers are provided with water supply facilities incorporating universal design principles, which are climate change resilient and are gender inclusive. (2023 baseline: 0) (OP 2.1; OP 3.2; OP 5.1)</p> <p>1c. A WSUG/WMC for each communal water supply facility</p>	<p>1a–1d District and commune council database, quarterly progress reports.</p>	<p>R: Groundwater quality does not meet government-issues standards due to contamination.</p> <p>A: Prices of materials do not increase beyond projections.</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>2. Resilient, inclusive and safely managed rural sanitation services and hygiene practices improved and expanded.</p> <p>3. Institutional capacity and regulatory framework strengthened for sustainability and climate resilience.</p>	<p>established with each WSUG/WMC comprising at least 40% women members (2023 baseline: 0 WSUGs, 0% women) (OP 2.3).</p> <p>1d. Raw water source diversification in at least 90% of project communes<sup>d</sup> to strengthen resilience is applied. (2023 baseline: 0). (OP 3.3).</p> <p>By 2029 (project):</p> <p>2a. At least 3,000 poor households in the participating provinces provided with access to improved sanitation facilities that are climate resilient, incorporate universal design principles and gender-inclusive (2023 baseline: 0) (OP 5.1; OP 3.2; OP1.3)</p> <p>2b. At least 50 public schools and 10 community health centers in the participating provinces are provided with access to improved sanitation facilities that are climate resilient, incorporate universal design principles and are gender-inclusive. (2023 baseline: 0). (OP 5.1; OP 2.4; OP 2.5)</p> <p>2c. At least 50% of students of whom 50% are female at primary and high schools in participating communes involved in behavioral change and hygiene awareness training and/or campaigns (2023 baseline: 0%) (OP 5.1, OP 2.2).</p> <p>2d. At least 2 climate resilient offsite FSM facilities constructed and/or rehabilitated (2023 baseline: 0) (OP 5.1)</p> <p>By 2024 (policy-based loan):</p> <p>3a. A new water law on clean water management, which ensures the quality of water supply to households and promotes private sector investments in the water</p>	<p>2a–2d District and commune council database, quarterly progress reports.</p> <p>3a. Law on Clean Water Management (2023)</p>	<p>R: Insufficient labors in project villages to construct household latrines (upper structure and self-financed latrines), due to high rate of labor migration.</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	<p>supply service delivery, approved. (2023 baseline: 0) (OP 5.1; OP 6.2).</p> <p>3b. SOP to expand the provision and access to safe water supply in rural areas that ensure affordability, social inclusion and incorporates climate change considerations is approved and implemented. (2023 baseline: 0) (OP 5.1; OP 2.4; OP 3.2)</p> <p>3c. SOP on user contribution structure of community-managed water supply system, which is gender inclusive and socially inclusive to ensure sustainable and integrating climate change and environmental protection measures issued and implemented (2023 baseline: NA) (OP 6.1; OP 2.3).</p> <p>3d. Guidelines for Menstrual Health Management issued and implemented 2023 baseline: 0) (OP 2.2)</p> <p>3e. Gender-inclusive and socially inclusive national principles of sanitation subsidies, which incorporate climate change consideration, issued and applied (2023 baseline: NA). (OP 1.3; OP 2.4; OP 3.2). By 2029 (project):</p> <p>3f. Groundwater monitoring to avoid over abstraction is implemented in all participating provinces. (2023 baseline: none). (OP 3.3).</p> <p>3g. Community climate water resilience and water safety plan for all participating villages and communes prepared (2023 baseline: 0). OP (3.2; OP 3.3)</p> <p>3h. Two provincial training hubs are established and/or strengthened, which disseminate knowledge on socially inclusive, gender-sensitive and climate change resilient rural WASH planning</p>	<p>3b. SOP on Climate Resilient Safely Managed Rural Water Supply (2023)</p> <p>3c. SOP on community-managed water supply systems to ensure sustainability.</p> <p>3d. Guidelines on MHM for Women and Girls</p> <p>3e. Guiding principles of sanitation subsidies for poor and vulnerable households.</p> <p>3f–3i District and commune council database, quarterly progress reports.</p>	

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	and delivery. (2023 baseline: N/A). (OP 6.2) 3i. ODF verification teams with gender-balanced memberships, roles, and responsibilities established in all project provinces and districts (2023 baseline: 0) (OP 6.2; OP 2.3).		
<p><b>Key Activities with Milestones (project)</b></p> <p><b>1. Resilient, inclusive and safely managed rural water supply services improved and expanded</b></p> <p>1.1 Procure contractors or suppliers to implement civil works and/or equipment for Batch 1 subprojects (Q1 2024).</p> <p>1.2 Construct and/or rehabilitate water supply facilities for batch 1 subprojects (Q3 2024–Q3 2025).</p> <p>1.3 Prepare feasibility studies, which include climate risk and vulnerability assessment, and adaptation options report, detailed engineering designs, safeguards due diligence reports for subsequent batches (Q3 2024 for batch 2, Q3 2025 for Batch 3, Q3 2026 for Batch 4).</p> <p>1.4 Procure contractors or suppliers to implement civil works and/or equipment for subsequent batches. (Q3 2025, Q3 2026, Q3 2027).</p> <p>1.5 Construct and/or rehabilitate water supply facilities for the subsequent batches (Q4 2025, Q4 2026, Q4 2027).</p> <p>1.6 Establish WSUGs and WMC (Q4 2024–Q1 2028).</p> <p><b>2. Resilient, inclusive and safely managed rural sanitation services and hygiene practices improved and expanded.</b></p> <p>2.1 Construct public latrines at schools, health centers, and houses (starting Q3 2024).</p> <p>2.2 Procure contractors or suppliers to implement sanitation civil works and/or equipment for subsequent batches (Q3 2025, Q3 2025, Q3 2026, Q3 2027).</p> <p>2.3 Complete the plan and design for the fecal sludge treatment facilities (Q2 2025).</p> <p>2.4. Procure contractors for the construction of fecal sludge treatment facilities (Q3 2025).</p> <p><b>3. Institutional capacity and regulatory framework strengthened for sustainability and climate resilience.</b></p> <p>3.1 Implement capacity development for executing and implementing agencies staff and other project stakeholders (Q3 2024–Q2 2028).</p> <p>3.2 Prepare commune and village level climate resilient, affordable and equitable water safety plans (Q1 2025–Q4 2027).</p> <p>3.3 Implement groundwater monitoring to ensure no overextraction of groundwater (Q1 2025–Q1 2029).</p> <p>3.4 Implement the community-led total sanitation campaign in project villages (Q4 2024–Q4 2028).</p> <p>3.5 Establish ODF verification teams in all project provinces and/or districts (Q1 2025–Q1 2026).</p> <p>3.6 Implement ODF verification of villages and communes (Q1 2026–Q1 2029).</p> <p>3.7 Establish training hubs (Q3 2025–Q4 2027).</p> <p><b>Project Management Activities</b></p> <p>Conduct mid-term surveys (Q2 2026), establish a project monitoring and evaluation system.</p> <p>Implement and monitoring the gender action plan, carry out construction supervision, assess and supervise the operation of the water and sanitation user groups, monitor compliance with safeguards, prepare consolidated project financial statements and facilitate the audit of the financial statements.</p>			
<p><b>Inputs</b></p> <p>ADB:</p> <p style="padding-left: 20px;">\$40,000,000 (policy-based loan)</p> <p style="padding-left: 20px;">\$50,000,000 (project loan)</p> <p>Government: \$3,693,000</p> <p>Japan Fund for Prosperous and Resilient Asia the Pacific: \$3,000,000 (grant)</p>			

A = assumption, ADB = Asian Development Bank, DMF = design and monitoring framework, FSM = fecal sludge management, ODF = open defecation free, OP = operational priority, Q =quarter, R = risk, SOP = standard operating procedure, WASH= water supply, sanitation and hygiene, WMC = water management committee, WSUG = water supply, sanitation user group.

<sup>a</sup> Government of Cambodia. 2018. *Cambodian Sustainable Development Goals Framework 2016–2030*. Phnom Penh.

<sup>b</sup> Safely-managed water refers to drinking water from an improved source that is accessible on premises, available when needed, and free from fecal and priority chemical contaminations.

<sup>c</sup> Communal water supply facilities include piped-water systems, drilled wells with pumps (handpumps, electric pumps and solar pumps) and community water harvesting and storage and treatment facilities, which are managed by community groups.

<sup>d</sup> Communes (and *sangkats*) are the lowest tier of local government in Cambodia.

Source:

ADB.

**Cambodia (55220-001): Rural Water Supply, Sanitation, and Hygiene Improvement Sector  
Development Program  
Draft Policy Matrix**

<b>Policy Areas/Objectives</b>	<b>Action Prior to Release of Funds (\$40 million) (Before June 2024)</b>	<b>Verification Documents and Responsible Agency (RA)</b>	<b>Status (October 2023)</b>	<b>Target completion date</b>
1. Ensuring access to safe, uninterrupted, and affordable drinking water facilities and safely managed sanitation facilities in rural areas.	1.1 The government expanded the provision and access to safely managed water supply services in rural areas and ensured affordable, inclusive access to water aligned with climate change considerations through adoption and commencement of the implementation of the SOP on Climate Resilient Safely Managed Rural Water Supply.	1.1 The SOP on Climate Resilient Safely Managed Rural Water Supply RA=MRD	Being prepared.	30 November 2023
	1.2 The government adopted the principles of sanitation subsidies including measures to provide partial subsidies for poor and vulnerable households to build improved facilities, to ensure universal access to sanitation services in rural areas, that are gender sensitive, socially inclusive and incorporate climate change considerations.	1.2 Revised Guiding Principle for Sanitation Facilities Subsidy for rural households. RA=MRD	MRD has agreed to open another round of review to ensure the inclusion of the climate change, inclusiveness, and affordability considerations.	30 November 2023 (MRD approval)
	1.3 The government increased and improved access to MHM-sensitive sanitation facilities for women and girls through approved gender sensitive guidelines for Menstrual Health Management (MHM)	1.3 Guidelines on MHM for Women and Girls RA=MRD	Being prepared	15 November 2023



	1.4 The government implemented a monitoring and evaluation system of fecal sludge management (FSM) systems for safely managed FSM system in line with environmental protection standards	1.4. SOP on Evaluation and monitoring system of the safely managed FSM. RA=MRD	Being prepared	15 December 2023
	1.5 The government approved the law on clean water management, to regulate the issuance of licenses to private water operators, ensure the sustainable supply of treated water to households and promote further investments by the private sector for improved water supply service delivery.	1.6 Law on clean water management (approved) RA=MISTI	Completed	Approved by the government in March 2023.
2. Improving the sustainability of built rural water supply facilities.	2.1 The government adopted transparent user contribution <sup>36</sup> structures for fair pricing of community-managed water supply in rural areas to ensure sustainability and affordability of rural water supply services, boosting inclusivity and access, and integrating climate change and environmental protection measures through approval of the SOP on community-based water management.	2.1 SOP on the application of transparent user contribution structures by water management committee in managing community-managed piped water supply services, which boost inclusivity and integrate climate change and environmental protection measures.  RA=MRD	Being prepared	15 December 2023 (approval by MRD)

<sup>36</sup> User contributions refer financial contributions (charges, fees).

	2.2 The government established water supply and sanitation user groups (WSUGs) to manage non-piped water supply facilities, in line with gender responsive and socially inclusive standards to integrate climate change considerations and ensure sustainability of rural water supply facilities through adoption of the SOP.	2.2 Revised SOP on the establishment, roles and responsibilities of the water supply and sanitation user groups (WSUG) to manage climate resilient, gender responsive, and sustainable community-managed non-piped water supply system. RA=MRD.	Being prepared	15 December 2023 (approval by MRD)
3 Ensuring clear mandate of WASH services and improve inter-ministerial/ inter-institutional coordination in WASH services.	3.1 The government implemented regulations to clarify the mandate, roles and responsibilities of MRD and MPWT for improved coordination and service delivery in rural areas for effective fecal sludge management, aligned to the draft law on wastewater management. <sup>37</sup>	3.1 MoU between MRD and MPWT on clear mandate and roles on implementation of on-site and off-site FSM. RA=MRD, MPWT	The MOU has been sent to MPWT. Being discussed	15 December 2023
	3.2. The government delegated authority to subnational administrations and commenced the verification of the Open Defecation Free status of entities/government administrative units through approval of the SOP.	3.2. Guidelines for Open Defecation Free Verification Process by subnational administrations. RA=MRD	Completed  Note: MRD will provide an endorsement of the English translation	Approved by MRD on 27 June 2022

<sup>37</sup> The draft law is currently under preparation. 5

	<p>3.3 The government established and launched the work of the Subnational Technical Working Groups (TWGs) for Rural Water Supply, Sanitation and Hygiene, operational in provincial and district administrations to strengthen coordination and effective delivery of WASH services, in line with gender balanced roles and responsibilities, socially inclusive and climate change measures through the appropriate ministerial instructions.</p>	<p>3.3.a. Minister of Rural Development's Instruction letter on the establishment of the subnational Technical Working Groups for Rural WASH, which includes the TOR specifying the roles and responsibilities of the TWG members.</p> <p>b. Report on the establishment of the subnational TWGs and capacity development. RA=MRD</p>	<p>3.3.a and 3.3.b are being prepared</p>	<p>3.3.a 15 November 2023</p> <p>3.3.b 15 December 2023 (approval by MRD)</p>
	<p>3.4 The government clarified the mandate, roles, responsibilities and expanded coverage for improved provision of water supply in rural areas, following the approval of the Law on Clean Water in March 2023, through the updated memorandum of understanding (MoU) between the MISTI and the MRD.</p>	<p>3.5 Updated MoU between MISTI and MRD</p> <p>RA=MRD and MISTI</p>	<p>The MOU has been sent to MISTI. Being discussed.</p>	<p>15 December 2023 (approval by MRD and MISTI, MRD to advise on change of date).</p>

ADB = Asian Development Bank, FSM = fecal sludge management, MHM = menstrual hygiene management, MOU = memorandum of understanding, MPWT = Ministry of Public Works and Transport, MRD = Ministry of Rural Development, ODF = open defecation free, RA = Responsible Agency, RWSSH = rural water supply, sanitation and hygiene, R&R = resettlement and rehabilitation, ToR = terms of reference, TWG = Technical Working Groups, WASH = water supply, sanitation, and hygiene, WSUG = water supply and sanitation management.

### **Draft Development Policy Letter**

Subject: DEVELOPMENT POLICY LETTER  
Rural Water Supply, Sanitation, and Hygiene Improvement Sector Development Program (RWSHISDP)

Your Excellency,

1. On behalf of the Royal Government of Cambodia, allow us to thank the Asian Development Bank (ADB) for the sustained commitment and valuable support for our national development agenda and reform efforts.
2. This letter highlights the Royal Government of Cambodia's continued effort to strengthen Sub-National Democratic Development reforms focusing on four areas: (i) new and additional budget allocations to the Rural Water Supply and Sanitation (RWSS) sector; (ii) implementation of the Law on Clean Water Management triggering enhanced resource mobilization and participation from the private sector; (iii) continued support for community managed water supply systems in rural areas not covered by the private sector; and (iv) continued support for efforts to end open defecation, while ensuring that improved sanitation is complemented by safe onsite and offsite fecal sludge management which will be monitored and evaluated. Together, these reforms represent a concentrated effort by the Royal Government of Cambodia to achieve two important development goals: universal RWSS coverage nationwide, and an open defecation free (ODF) Cambodia, where every household has a toilet.
3. Cambodia's economic growth has witnessed a solid rebound after the contraction caused by the COVID-19 pandemic. Growth has rebounded to 3.0% in 2021 which was consolidated in 2022, when growth accelerated to 5.2%, with a forecast growth of 5.5% for 2023%. In the medium term, growth is expected to rise to 6%.
4. Cambodia's Rectangular Strategy for Growth, Employment, Equity and Efficiency: Building the Foundation Toward Realizing the Cambodia Vision 2050: Phase IV lays the groundwork for realizing Cambodia's Vision 2050. Major focus areas of the comprehensive Rectangular Strategy IV (RSIV) are linked to the core objectives of Vision 2050, particularly increased productivity and competitiveness with the aim of graduating to upper middle-income country status by 2030 and high-income country status by 2050.
5. Notwithstanding its achievements, Cambodia still faces a significant economic and socioeconomic gap between urban and rural areas. The poverty headcount in rural areas (22.8%) is twice the poverty headcount in urban areas (9.6%). Rural areas also lag urban areas in access to basic public goods and services. This is particularly true for water supply and sanitation services; rural areas have significantly lower access to improved services. In 2020, only 20% of rural households have access to safely managed drinking water, in comparison with 58% of urban households, and while 71% of rural households had at least basic sanitation, this is 93% for urban areas. With 16% of rural households still practicing open defecation, this has mostly been eliminated in urban areas.

6. To address the gap between urban and rural areas, the Royal Government of Cambodia has made efforts to improve rural water supply and sanitation based on our Rural Water Supply Sanitation and Hygiene Strategy (RWSSHS) 2014–2025 and the National Action Plan (NAP) for Rural Water Supply Sanitation and Hygiene 2019–2023. The RWSSHS 2014–2025 target to provide universal access to water supply, improved sanitation, and safe hygiene behavior in rural areas by 2025, may be difficult to achieve, also due to the setback experienced during the pandemic. A substantial effort will now be required to meet the RWSS related Cambodia Sustainable Development Goal 6 of providing water and sanitation service for all by 2030.
7. Water supply and sanitation services are particularly vulnerable to projected changes in climate conditions, especially in the frequency and intensity of extreme weather events, expected to cause longer and more severe drought periods and more intense periods of rainfall with concomitant flood risks. This will require that WASH responses will be climate change resilient.
8. In this letter, we would like to appraise the ADB of recent policy reforms supporting (i) the improved rural water supply and sanitation services and (ii) strengthened sector institutions, regulatory framework, and management capacity. The policy reform program, described in detail in the policy matrix accompanying this letter, carries forward earlier improvements of the rural water supply and sanitation services through strengthening capacities of local agencies in short-term and preparing relevant guidelines in medium-term period. The recently completed policy actions will support the immediate and medium-term objectives for the RWSS sector.
9. **Improved rural water supply infrastructure and services.** Rural water supply infrastructure and services have been improved and expanded. By the first quarter of 2023, the Ministry of Rural Development (MRD), with the support of two ADB PBLs and of other development partners, has improved the regulatory framework for the planning, provision and operation and maintenance of climate resilient, and affordable rural water supply infrastructure managed by local communities. Standard Operating Procedures have been adapted for community managed small and large water supply systems. Furthermore, the Law on Clean Water Management, adopted in March 2023, has created the framework for enhancing private sector involvement in the provision of piped water systems in urban and rural areas, complementary to MRD’s investments. This is supported by a renewed Memorandum of Understanding between MRD and MISTI which clarifies the mandates and responsibilities and specific areas of coverage of both ministries in the provision of water supply in rural areas. Terms of Reference (TOR) and Roles and Responsibilities of subnational (provincial, district, and commune) RWSS technical working groups strengthen coordination at provincial level with development partners and NGOs.
10. **Improved rural sanitation infrastructure and services and hygiene improvement.** Policies for rural sanitation have been strengthened recently. To ensure universal access to sanitation services in rural areas, the government has revised and adopted the principles of sanitation subsidies, which are gender sensitive, socially inclusive and incorporate climate change considerations. The principles encourage all projects and programs on sanitation and hygiene to provide partial subsidies for poor households and vulnerable families to allow such

households to build improved facilities. Onsite fecal sludge management is featured in the subsidies. An evaluation and monitoring system of the fecal sludge management has been adopted to support national and provincial implementing strategies for post-ODF progress and results. Guidelines on menstrual health management have been adopted to ensure that women and girls in rural communities have access to accurate information to achieve a behavioral change in menstruation management practices to reduce the incidence of diseases caused by poor hygiene during menstruation to a minimum. The Guidelines encourages biannual monitoring of guidelines implementation in the target areas. In consideration the draft law on wastewater management which mandates the Ministry of Public Work and Transport with the management of fecal sludge management in the country and of MRD's existing guidelines on fecal sludge management in rural areas, a Memorandum of Understanding was agreed upon between the two ministries to allow MRD to implement its fecal sludge management guidelines in rural areas while being consistent with the provisions of law on wastewater management.

**11. Strengthened institutional capacity in rural water supply and sanitation sector.**

To improve institutional capacity in RWSS services sector, MRD has taken several actions: (i) taken steps to improve the competencies of district administration staff by issuing an Order designating its Departments of Rural Water and Rural Sanitation to develop, conduct and manage training programs on RWSS facility operation and maintenance and investment planning; (ii) encouraged private sector involvement in RWSS services provision by issuing an Order designating PDRDs to closely coordinate with the private sector and identify measures for expanding private sector investments in RWSS sector; and (iii) enhance preparedness of PDRDs and district administrations for the climate change adaptation (CCA) and disaster risk management (DRM) by providing them with the draft regulation on the inclusion of CCA and DRM in RWSS investment planning and management to enhance its resilience.

**12. By 2029**, MRD plans to significantly improve management capacity in RWSS sector through several key measures. These include: (i) strengthening the capacities of the Provincial Departments of Rural Development and of the district administrations which have been taking over the RWSS functions from the District Rural Development Offices (DRDO) from 2019; (ii) enhancing the contribution of the private sector involvement in RWSS sector by implementing the Law in Clean Water Management and the Water Fund envisaged by this law while ensuring the principles of responsibility, accountability and transparency; (iii) improving financial management and internal audit systems; (iv) ensuring all RWSS staff of MRD, PDRD and district authorities are familiar with and able to implement the guidelines and Standard Operating Procedures prepared as part of the PBL; and (v) preparing the successor of its RWSSH Strategy 2014–2025 in cooperation with RWSS stakeholders and develop RWSS sector and investment masterplans accordingly.

**13. Future Developments.** the policy reforms in the RWSS services sector require a long- term commitment from the Royal Government of Cambodia, from development partners like ADB and from civil society stakeholders. A decentralized system of administration in the RWSS sector is evolving and adapting new features with the progress of subnational democratic development reforms. The overarching goal is to improve the responsiveness quality and accountability of service delivery to reduce the urban-rural divide. The Royal Government of Cambodia would like to reiterate

that sustained support by the ADB for the successful implementation of the policy reforms in RWSS sector is critically important. We are happy to reaffirm our commitment in continuing our partnership with the ADB in the inclusive, resilient and sustainable development of Cambodia through rural water supply and sanitation and other priority sectors.

14. **Conclusion.** The Royal Government of Cambodia highly appreciates the proposed combination of a sector development loan and a policy-based loan as part of ADB's continued support to the Cambodia's rural water supply and sanitation sector. We wish to reiterate the Government's full and sustained commitment to successfully follow up the policy actions completed during preparation of the program in line with the Royal Government of Cambodia's PWSSHS 2014–2025 and Cambodia's Sustainable Development Goals, together with other development partners.
15. The key reform initiatives undertaken by the Royal Government of Cambodia, through various departments of the Ministry of Economy and Finance and relevant line ministries, are necessary conditions to support Cambodia to achieve its overarching development goals of universal access to water supply and sanitation. We believe that the policy reform Initiatives supported under the Program will comprehensively address issues and challenges we are facing. The Royal Government of Cambodia is committed to continue to work with ADB and deeply appreciate ADB's leading role in supporting to the rural water supply and sanitation services sector in Cambodia.

## Gender Assessment and Action Plan

<b>GENDER ASSESSMENT</b>
<p><b>Gender mainstreaming category:</b> effective gender mainstreaming (EGM)</p> <p>1. <b>Key issues.</b> In Cambodia, women and girls bear a disproportionate amount of responsibility for water supply, sanitation and hygiene (WASH)-related activities. Water fetching and other household and community water and sanitation tasks, and waste management are primarily done by women. This increases women's exposure to health risks. A deficiency in knowledge and awareness concerning WASH issues leads to the persistence of water-related diseases, such as diarrhea and parasitic infections, especially among pregnant and older women (60 years and above). Children are also vulnerable given their innate immune systems. Menstrual hygiene management is a major challenge related to WASH and gender. Poor access to gender-inclusive sanitation facilities limit the ability of women and girls to manage their menstruation hygienically and in a safe and private environment. Prevailing taboos prevent girls from attending school at all during their period causing poorer future prospects for every affected girl. Additionally, the inadequate availability of toilets for girls in schools has led to instances of open defecation. The absence of sanitary disposal bins in school toilets forces menstruating girls to bring home used sanitary pads, subjecting them to potential shame and discomfort.</p> <p>2. The WASH-related tasks are among the main unpaid tasks traditionally expected to be performed by women. These care burdens have a strong socio-economic impact on women and girls, as they limit their opportunities to further education and to participate in productive and leisure activities. Providing care towards sick family members means that women have to take time off their daily routine and contribute to women's time poverty. Women and girls spend 12.5% of their time in unpaid care work compared to 1.3% time spent by men.<sup>38</sup> Because of limited work opportunities in villages, the female respondents in the focus-group discussions (FGD) carried out during preparation of the Rural Water Supply, Sanitation and Hygiene Improvement Sector Development Program (the program) reported that they often offered their labor to more affluent farming households during the harvest season, often in exchange for meager wages. Women, with their embedded carework, have limited opportunities to migrate for work which usually offer higher pays, unlike men who were not constrained by carework. Therefore, women were more likely not to be able to break out of the poverty cycle unlike men. Poverty makes the construction of improved sanitation facilities a formidable challenge for female-headed households. One of program provinces - Stung Treng is the worse off in terms of access to sanitation services with half its population (48%) practicing open defecation (OD). Close behind Stung Treng is Preah Vihear: 47% of its population practice OD; and followed by Kratie at 39%.</p> <p>3. Climate change also adds to the burden of unpaid domestic work for some women. Droughts, for example, mean that collecting water takes more time, and disasters often increase illness in children and elders adding to women's care work.<sup>39</sup> The FGDs found that on average women spent 10–20 minutes per trip to collect water. Often in a day, women could make up at least three trips collecting water which translates into 30–40 minutes in total. The survey implemented during program preparation (with 222 households as respondents) indicated that women spend a total of 260 minutes per week collecting water which will be treated as the baseline. Additionally, reaching water sources may require travel during the dry season, and incurring additional time and costs. The dry season makes women's vulnerability acute as nearby water sources become scarcer, compelling them to buy water, thereby increasing household expenses.</p> <p>4. Women and girls are often the primary users of water, in their gendered responsibilities for household work and caregiving. However, gender norms and inequality frequently mean many women do not hold decision-making power in the household or community. The dominant gender ideology in rural Cambodia tends to relegate the public sphere to men and the private sphere to women, resulting in women's low participation in the public sphere. In Cambodia, there is limited information regarding women's participation in the management of WASH services. Only about a third of community-managed water</p>

<sup>38</sup> UN Women. [Country Fact Sheet: Cambodia](#) (accessed 24 October 2023).

<sup>39</sup> M. Tanyag and J. True. 2019. *Gender-responsive alternatives on climate change from a feminist standpoint*. Abignon Oxon.



supply schemes have formal water user committees (water and sanitation user group, WSUG or water management committee, WMC). Most WSUGs (69%) do not have an official chair but where they do, leadership is fairly evenly split between women (16%) and men (13%). However, when all leadership positions in these groups are considered (vice-chair, treasurer, secretary), most roles are held by men (80–90%).<sup>40</sup> The FGDs indicate that the burden of unpaid carework and domestic work is the greatest barrier to gender equality, seldom addressed by public policy; and perpetuating the gender divide of men dominating the public sphere and women the private. Consequently, women's involvement in public activities remains limited, and when they do participate, they often refrain from expressing their opinions. Thus, men dominated community activities and decisions.

5. Indigenous women face increased barriers to representation at commune level. Their lack of skill in written Khmer language, and other capacity limits, are common explanations for their exclusion from commune positions. Indigenous women, however, see these capacity gaps as the outcome of gender inequalities: they do not have the time, resources or mobility to develop skills in the Khmer language, and the lack of literacy in a language that is not their own is often confused with a general lack of education, placing the women in the unenviable position of being considered ignorant, without skills or limited in knowledge.<sup>41</sup>

1. **Key actions.** Several activities and targets have been included in the GAP to directly promote gender equality and women's empowerment and concomitantly to reduce the gender gap. These activities and targets are aligned with Cambodia's Pentagonal Strategy Phase 1 (2019–2023)<sup>42</sup> to raise awareness on gender equality and women's participation in development. All the activities (i) increase access to relevant services, resources, assets, and/or opportunities, (ii) develop women's capacity to take on leadership roles and participate in decision-making processes, (iii) strengthen women and girls' awareness on hygiene and MHM, and (iv) provide opportunities for women to improve their skills and ultimately increase the opportunities to get well-paid jobs or open business.

2. Because of inequalities in access to safely managed water, the RWSHISDP aims to enable 50% of all FHHs holding ID Poor 1 and Poor 2 cards access safely managed water in the project communes. To ensure women's participation in the planning, design and implementation of the project, their needs, concerns and challenges will be taken into account by including at least 50% women, including poor women, those who head households, older women, and women from IP groups participate in commune consultations and planning meetings. This commitment is aligned with the objective outlined in the Ministry of Rural Development (MRD)'s Gender Mainstreaming Strategic Plan for 2019–2023. To narrow gender gaps, and to promote women's involvement in leadership and decision-making positions, at least 40% of WSUG board members will include women, aligning with the objectives in MRD's Gender Mainstreaming Strategic Plan (2019–2023); the Revised Protocol on MRD's existing 2005 Guideline on WSUG establishment.

3. Menstrual hygiene campaigns to advance their knowledge about the importance of attaining good health will be provided to women and girls. These BCC awareness campaigns will be held to raise health literacy regarding menstrual hygiene among women and girls. Aside from women and girls, these campaigns will involve the recruitment of a few male trainers from the community to lead these outreach activities, serving as role models for other women and men in the commune. These campaigns will reaffirm the Cambodia's comprehensive Guidelines on Menstrual Health Management tailored for women and girls to enable access to accurate information; thereby fostering behavioral changes in menstrual hygiene management practices and reducing the prevalence of menstrual hygiene-related diseases. Targets in the GAP have included time reduction considerations.

4. Affordability measures have been integrated into the project, especially through the provision of

<sup>40</sup> UNICEF. 2020. *Integrating Gender in the Accelerated Sanitation and Water for All in Cambodia and Myanmar*. New York.

<sup>41</sup> M. Maffii and S. Hong. 2010. Political Participation of Indigenous Women in Cambodia. *Asien*. 114-115 (April 2010).

<sup>42</sup> Among the goals of the Pentagonal Strategy are promoting resilience, sustainability and inclusive development through poverty reduction (Royal Government of Cambodia (2023) Pentagonal Strategy – Phase I for Growth, Employment, Equity, Efficiency and Sustainability: Building the Foundation towards Realizing the Cambodia Vision 2050. The Royal Government of Cambodia of the Seventh Legislature of the National Assembly. Phnom Penh: Royal Government of Cambodia).

sanitation subsidies to ID Poor 1 households without latrines to close the gender gap in access to resources in accordance to the standard operating procedures. Poor FHH will also be prioritized to receive sanitation subsidies (for the construction of latrines). These measures will be in agreement with the Revised Guiding Principle for Sanitation Facilities Subsidy for rural households and the Guidelines for WSUGs and WMCs. Girls' toilets will be equipped with sanitary disposable sanitary pad bins. Access to gender-inclusive sanitation facilities and hygiene measures are critical for ensuring healthy menstrual hygiene management, including lowering the risk of bacterial infections. Skills training activities will be conducted to empower women to take on leadership roles in the project. All women on WSUG boards will undergo training in operation and maintenance (O&M) of facilities to eliminate the gender gap that typically associates these skills with men. Additionally, five case studies will be undertaken to investigate the time taken for women to gather water which will demonstrate the progress the project has achieved. Mid-term impact surveys will include sex-disaggregated data collected through the Program Performance Monitoring System.

**5. Key implementation arrangements.** The MMRD and their provincial offices, the PDRDs, are the key entities responsible for ensuring that gender equality actions outlined in the GAP are implemented, monitored and evaluated. At the commune level, the PDRD will work with the commune councils, CCWC, and HC, as well as school boards. The services of a Project Implementation Consultant (PIC) will be procured to support the PCU in coordinating the project. For project implementation, the consultant's team will include a national gender specialist, who will support PCU's gender focal point and the PPTs in providing training on the GAP activities, and be responsible for monitoring and evaluating the GAP implementation.

**6. Negative impact and risks.** Among the risks are the delay in onboarding of the national gender consultant. While a target is to have at least 50% of women members in each of the WSUG for each communal water supply facility, a risk might be the inability to identify these women since some might be reluctant because of their caregiver role and not feeling confident enough to take on the role.

**7. Monitoring and reporting.** MRD, PDRD and other partners will follow the project's Monitoring and Reporting Framework in order to capture the progress and achievements made in the implementation of the project on a quarterly basis. This will help to lay out the road map for actions for the next quarter. If there are shortfalls in targets, achievements, or goals in the previous quarter, relevant efforts should be taken to address these problems in the following quarter. MRD and PDRDs, supported by the national gender specialist, will appoint national and provincial gender focal points to undertake responsibility for implementation of the GAP activities. The reporting will include actions undertaken for each activity outlined in the GAP and any challenges met. The learning will then be utilized for next steps to be considered. The monitoring and reporting should also reflect sex-disaggregated data which is systematized within the overall project management database.

<b>GENDER ACTION PLAN</b>			
<b>Performance Indicators</b> (activities and targets)		<b>Responsibility</b>	<b>Timeline</b>
<b>Output 1: Resilience, inclusive, and safely managed rural water supply services improved and expanded.</b>			
1.1 Ensure that FHHs benefit from the expansion of RWS facilities.	1.1.1 50% of FHHs in project villages holding ID Poor 1 and ID Poor 2 Cards have access to safely managed drinking water. (Baseline 2022: 20%) <sup>43</sup>	MRD, PDRDs, PIC	Q4/2028
	1.1.2. At least 4,000 communal rural water supply facilities, which are climate change resilient, incorporate universal design principles and are gender inclusive,	MRD, PDRDs, PIC	Q4/2028

<sup>43</sup> The baseline is based on the national average data for rural area (JMP).

	rehabilitated or constructed (2023 baseline: 0) (OP 1.3; OP 2.4; OP 2.5; OP 5.1; OP 3.2) (DMF 1a)		
	1.1.3. At least 100 public schools and 10 community health centers are provided with water supply facilities incorporating universal design principles, which are climate change resilient and are gender inclusive. (2023 baseline: 0) (OP 2.1; OP 3.2; OP 5.1) (DMF 1b)	MRD, PDRDs, PIC	Q4/2028
1.2 Increase the participation of women, girls, and FHHs in the planning, design and implementation of rural water supply services to improve responsiveness to the needs of these groups.	1.2.1 At least 45% of participants at the commune consultations and planning meetings are women including old women (aged 60 and above) and those holding ID Poor 1 cards and IP women in villages where IP groups are residing. (Baseline 2023: 0)	PDRDs, CC, CCWC	Q4/2024–Q1/2027
	1.2.2 A WSUG/WMC for each communal water supply facility established with each WSUG/WMC comprising at least 40% women members (2023 baseline: 0 WSUGs, 0% women) (OP 2.3) (DMF 1c)	PDRDs, WSUGs, WMCs	Q4/2024–Q4/2027
	1.2.3 Two annual menstrual hygiene campaigns, appropriating BCC materials and targeting at least 50% of women / girls and men/boys, conducted in project communes. (Baseline 2023: 0)	PDRDs, PIC, CCWC, HC	Q2/2025–Q3/2028
	1.2.4 At least 50 youth trained as peer educators on hygiene, including menstrual hygiene. (Baseline 2023: 0)	PDRD, PIC, CCWC, school boards, youth focal point	Q2/2025–Q3/2028
1.3 Resources spent to secure safely-managed water reduced among women, girls and FHHs to enable them to engage in private, public and leisure and income-generating activities.	1.3.1. Time spent by women and girls in project villages to secure safe drinking water is reduced by 50% (Baseline 2023: 40 minutes per day)	PDRDs, PIC, WSUGs	Q4/2028
	1.3.2 At least 50% of FHH holding ID Poor 1 and 2 in project communes report a 40% decrease spending on purchasing water (Baseline 2023: \$40/month/household)	PDRDs, PIC, WSUGs	Q4/2028
<b>Output 2: Resilience, inclusive, and safely managed rural sanitation services and hygiene practices improved and expanded.</b>			
2.1 Ensure access to improved sanitation facilities for women, girls, and FHHs.	2.1.1 At least 80% of FHHs at the project communes with ID Poor 1 receive sanitation subsidies. (Baseline 2023: 0)	MRD, PDRDs, PIC	Q4/2028
	2.1.2. At least 3,000 poor households in the participating provinces provided with access to improved sanitation facilities that are climate resilient, incorporate universal design principles and gender-inclusive	MRD, PDRDs, PIC	Q4/2028

	(2023 baseline: 0) (OP 5.1; OP 3.2; OP1.3) (DMF 2a)		
	2.1.3 At least 50 public schools and 10 community health centers in the participating provinces are provided with access to improved sanitation facilities that are climate resilient, incorporate universal design principles and are gender-inclusive <sup>44</sup> . (2023 baseline: 0). (OP5.1; OP 2.4; OP 2.5) (DMF 2b)	PDRDs, PIC, school boards	Q4/2025–Q4/2028
	2.1.4 At least 100 schools at the project communes conduct campaigns to promote healthy hygiene behavior among youth and provide hygiene information and educational materials for boys and girls that are free from bias and stigma.	PDRDs, PIC, CC, CCWC, school boards	Q2/2025–Q3/2028
	2.1.5. At least 50% of students of whom 50% are female at primary and high schools in participating communes involved in behavioral change and hygiene awareness training and/or campaigns (2023 baseline: 0%) (OP 5.1, OP 2.2) (DMF 2c)	MRD, PDRDs, PIC	Q4/2028
<b>Output 3: Institutional capacity and regulatory framework strengthened for sustainability and climate resilience.</b>			
<b>Project:</b>			
3.1 Ensure the participation of women in leadership skill training.	3.1.1 At least two leadership skills development trainings conducted at commune level for female WSS focal points at CC and VDC, female WSUG members, and female WMC members, including at least 10% FHHs (Baseline 2023: 0)	MRD, PDRDs, CC, PIC	Q4/2024–Q1/2028
	3.1.2 100% of women in WSUGs and WMCs are provided training on O&M. (Baseline 2023: 0).	MRD, PDRDs, PIC	Q3/2025–Q4/2028
	3.1.3. Two provincial training hubs are established and/or strengthened, which disseminate knowledge on socially inclusive, gender-sensitive and climate change resilient rural WASH planning and delivery. (2023 baseline: N/A). (OP 6.2) (DMF 3h)	MRD, PDRDs, PIC	Q4/2028
	3.1.4. ODF verification teams with gender-balanced memberships, roles, and responsibilities established in all project provinces and districts (2023 baseline: 0) (OP 6.2; OP 2.3) (DMF 3i)	MRD, PDRDs, PIC	Q4/2028

<sup>44</sup> Gender-inclusive means the provision is referred to having a female-only toilets equipped with sanitary pad disposal bins.

3.2 Ensure the collection of data disaggregated by sex, age, and income to measure progress through the Program Performance Monitoring System.	3.2.1 Sample survey among female beneficiaries conducted at start and project completion to measure decreased time poverty, increase productive use of water and other gender impacts. (Baseline 2023: 0)	MRD, PDRDs, PIC	Q3/2024–Q4/2028
	3.2.2 Findings and analysis of survey developed into a case study of the gender benefits of the project (Baseline 2023: 0)	MRD, PDRDs, PIC	Q2/2006–Q4/2026
<b>Policy-based loan:</b>			
3.3 Gender mainstreamed in MRD guidelines and standard operating procedures.	3.3.1 At least one planning tool and annual training developed to mainstream gender in MRD operating procedures (Menstrual Health Management Guideline) (baseline 2023: 0) (baseline 2023: 0)	MRD	Q2/2024
	3b. SOP to expand the provision and access to safe water supply in rural areas that ensure affordability, social inclusion and incorporates climate change considerations is approved and implemented. (2023 baseline: 0) (OP 5.1; OP 2.4; OP 3.2) (DMF 3b).	MRD	Q2/2024
	3c. SOP on user contribution structures of community-managed water supply system, which is gender inclusive and socially inclusive to ensure sustainable and integrating climate change and environmental protection measures issued and implemented (2023 baseline: N/A) (OP 6.1; OP 2.3) (DMF 3c)	MRD	Q2/2024
	Guidelines for Menstrual Health Management issued and implemented 2023 baseline: 0) (OP 2.2) (DMF 3d)		
	3e. Gender-inclusive and socially inclusive national principles of sanitation subsidies, which incorporate climate change consideration, issued, and applied (2023 baseline: N/A). (OP 1.3; OP 2.4; OP 3.2) (DMF 3e)	MRD	Q2/2024
	3.3.2 Gender equity integrated in other MRD standard operating procedures and guidelines as part of policy actions for the RWSHISDP (baseline 2023: 0)	MRD	Q2/2024

BCC = behavior change communication, CC = Commune Council, CCWC = Commune Council for Women and Children, DMF = design and monitoring framework, FHH = female-headed household, FSM = fecal sludge management, HC = Health Center, MRD = Ministry of Rural Development, O&M = operations and maintenance, ODF = open defecation free, OP = operational priority, PDRD = Provincial Department of Rural Development, PIC = project implementation consultant, PCU = project coordination unit, PPT = provincial project team, RWS = rural water supply, RWSHISDP = Rural Water Supply, Sanitation, and Hygiene Improvement Sector Development Program; SOP = standard operation procedures; Q = quarter; VDC = village development committee; WASH = water supply, sanitation and hygiene; WMC = water management committee; WSUG = water and sanitation user group.

### Procurement Plan

Basic Data	
<b>Project Name:</b> Rural Water Supply, Sanitation, and Hygiene Improvement Sector Development Program (RWSHISDP)	
<b>Project Number:</b> 55220-001	<b>Approval Number:</b> .....
<b>Country:</b> Kingdom of Cambodia	<b>Executing Agency:</b> Ministry of Rural Development (MRD)
<b>Procurement Risk:</b> Moderate before mitigation and Low after mitigation	<b>Implementing Agency:</b> MRD and Departments of Rural Development of the nine project provinces
<b>Project Financing Amount:</b> \$96.69 million <b>ADB Financing:</b> \$90.00 million Policy-based loan (PBL): \$40.00 million Sector project: \$50.00 million <b>Japan Fund Financing:</b> \$3.00 million <b>Govt. Financing:</b> \$3.69 million	<b>Project Closing Date:</b> 30 June 2029
<b>Date of First Procurement Plan:</b> 16 October 2023	<b>Date of this Procurement Plan:</b> 16 October 2023
<b>Procurement Plan Duration:</b> 18 months	<b>Related to COVID-19 response efforts:</b> No
<b>Advance contracting:</b> Yes	<b>Use of e-procurement (e-GP):</b> No

#### A. Methods, Review and Procurement Plan

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, non-consulting services, and consulting services.

Procurement of Goods, Works and Nonconsulting Services	
Method	Comments
Open Competitive Bidding (OCB) for Works with international advertisement	No packages in the current procurement plan
Open Competitive Bidding (OCB) for Works with national advertisement	Works packages for new drilled wells & rehabilitation of existing drilled wells & installation of PE tanks, household rainwater harvesting tanks, CoWaSTFs, pipe system, latrines, and Fecal sludge management. Goods packages for vehicles, motorcycles, office equipment
Request for Quotation (RFQ)	Goods packages for water test kits and groundwater monitoring equipment, supply of office furniture, and financial management software
For other packages that may be added during project implementation, the procurement method will be decided based on the nature of procurement, contract size, and availability of suppliers/ contractors in Cambodia, in the region and in the international market. The procurement methods will be agreed with ADB before starting any new procurement.	

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection (QCBS) with international advertisement	Project Implementation Consultant

Selection based on Consultants' Qualifications (CQS)	Endline survey consultant
Individual Consultant Selection (ICS)	Groundwater monitoring consultants, Financial Management Specialist, Project Implementation Support Assistant, and Financial Management Assistant
For packages that may be added during project implementation, the selection method will be decided based on the nature of procurement, contract size, and availability of consultants in Cambodia, in the region and in the international market. The procurement methods will be agreed with ADB before starting any new procurement.	

## **B. List of Active Procurement Packages (Contracts)**

2. The following table lists goods, works, non-consulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

Goods, Works, and Nonconsulting Services							
Package Number	General Description	Estimated Value (US\$) (Inclusive of taxes)	Procurement Method	ADB's Review	Bidding Procedure	Advertisement Date	Comments
CW-01	Construction of new drilled wells (including pilots with solar and electrical pumps), rehabilitation of existing drilled wells and installation of PE tanks for Batch 1  Lot 1: Kampot and Kampong Speu Provinces  Lot 2: Battambang, Pailin, Otdar Meanchey, and Banteay Meanchey Provinces  Lot 3: Stung Treng, Kratie, and Preah Vihear Provinces	5,683,000 Lot 1: 1,844,000 Lot 2: 1,541,000 Lot 3: 2,298,000	OCB	Prior	1S1E	Q4/2023	Category: Works Advertising: National No. of Contracts: 3 Prequalification: No Domestic Preference: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Works <sup>45</sup> with admeasurement contract E-procurement: No Covid-19 Response: No
CW-02	Construction of household rainwater harvesting jars for Batch 1	851,000	OCB	Post (Sampling)	1S1E	Q4/2023	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic

<sup>45</sup> KC's SBD for NCB Works is Standard National Competitive Bidding Document for Procurement of Works as annexed in "Standard Operating Procedures on Procurement for all externally financed Projects/Programs in Cambodia" issued by the Ministry of Economy and Finance, Cambodia.



							Preference: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Works with admeasurement contract E-procurement: No Covid-19 Response: No
CW-03	Construction of community water storage and treatment facilities (CoWaSTF) for Batch 1	712,000	OCB	Post (Sampling)	1S1E	Q4/2023	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Works with admeasurement contract E-procurement: No Covid-19 Response: No
CW-04	Construction of pipe system for Batch 1	1,154,000	OCB	Post (Sampling)	1S1E	Q4/2023	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Works with admeasurement

							contract E-procurement: No Covid-19 Response: No
CW-05	Construction of household and public latrines for Batch 1	557,000	OCB	Post (Sampling)	1S1E	Q4/2023	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Works with admeasurement contract E-procurement: No Covid-19 Response: No
G-01	Supply of 4WD pick-up vehicles	280,000	OCB	Prior	1S1E	Q1/2024	Category: Goods Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Goods <sup>46</sup> E-procurement: No Covid-19 Response: No
G-02	Supply and	184,200	OCB	Post	1S1E	Q1/2024	Category:

<sup>46</sup> RGC's SBD for NCB Goods is Standard National Competitive Bidding Document for Procurement of Goods as annexed in "Standard Operating Procedures on Procurement for all externally financed Projects/Programs in Cambodia" issued by the Ministry of Economy and Finance, Cambodia.

	installation of office equipment			(Sampling)			Goods Advertising: National No. of Contracts: 1 Prequalification: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Goods Evaluation: Item-wise E-procurement: No Covid-19 Response: No
G-02a	Supply and installation of office furniture	14,000	RFQ	Prior	1S1E	Q1/2024	Category: Goods Advertising: National No. of Contracts: 1 Prequalification: No Advance Contracting: Yes Type of Bidding Document: KC's RFQ Document for Goods Evaluation: Item-wise E-procurement: No Covid-19 Response: No
G-03	Supply water test kits for Batch 1	35,000	RFQ	Post (Sampling)	1S1E	Q1/2024	Category: Goods Advertising: As per KC's SOP No. of Contracts: 1 Prequalification: No Advance Contracting: Yes Type of Bidding Document: KC's RFQ Document

							for Goods <sup>47</sup> E-procurement: No Covid-19 Response: No
G-04	Supply of motorcycles	103,000	OCB	Post (Sampling)	1S1E	Q1/2024	Category: Goods Advertising: National No. of Contracts: 1 Prequalification: No Advance Contracting: Yes Type of Bidding Document: KC's SBD for NCB Goods E-procurement: No Covid-19 Response: No
G-05	Supply of financial management software	10,000	RFQ	Post (Sampling)	1S1E	Q4/2023	Category: Goods Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: Yes Type of Bidding Document: KC's RFQ Document for Goods E-procurement: No Covid-19 Response: No

1S1E = Single-Stage-One-Envelope, ADB = Asian Development Bank, CoWaSTF = Community Ponds with Treatment Facilities, KC = Kingdom of Cambodia, NCB = National Competitive Bidding, OCB = Open Competitive Bidding, Q = Quarter, RFQ = Request for Quotation, SBD = Standard Bidding Documents, SOP = Standard Operating Procedures.

### Consulting Services

<sup>47</sup> RGC's RFQ Documents for Goods is Standard Request for Quotations (Shopping) Document for Procurement of Goods as annexed in "Standard Operating Procedures on Procurement for all externally financed Projects/Programs in Cambodia" issued by the Ministry of Economy and Finance, Cambodia.

Package Number	General Description	Estimated Value (\$) (Exclusive of taxes)	Selection Method	Review	Type of Proposal	Advertisement Date	Comments
CS-01	Project Implementation Consultant	4,527,000	QCBS	Prior	FTP	Q4 / 2023	Type: Firm Advertising: International Quality-Cost Ratio: 80:20 Type of Contract: Time-based Advance Contracting: Yes E-procurement: No Covid-19 Response: No
CS-02	National Financial Specialist	220,000	ICS	Prior	CV	Q4 / 2023	Type: Individual Advertising: National Type of Contract: Time-based Advance Contracting: Yes E-procurement: No Covid-19 Response: No
CS-03	Project Implementation Support Assistant	48,000	ICS	Prior	CV	Q3 / 2024	Type: Individual Advertising: National Type of Contract: Time-based Advance Contracting: No E-procurement: No Covid-19 Response: No
CS-04	Financial Assistant	48,000	ICS	Prior	CV	Q3 / 2024	Type: Individual

							Advertising: National Type of Contract: Time-based Advance Contracting: No E- procurement: No Covid-19 Response: No
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FTP = full technical proposal, Q = quarter, QCBS = Quality- and Cost-Based Selection.

**C. List of Indicative Packages (Contracts) Required under the Project**

3. The following table lists goods, works, non-consulting, and consulting services contracts for which the procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan’s duration).

Goods, Works and Nonconsulting Services						
Package Number	General Description	Estimated Value (US\$) (Inclusive of taxes)	Procurement Method	Review	Bidding Procedure	Comments
CW-06	Fecal sludge management (removal, collection and disposal) - Pilot	500,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC’s SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-07	Construction of new drilled wells and rehabilitation of existing drilled wells	5,700,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 3

	and monitoring wells, and installation of PE tanks for Batch 2 (3 lots)					Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-08	Construction of household rainwater harvesting tanks for Batch 2	900,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-09	Construction of community water storage and treatment facilities (CoWaSTF) for Batch 2	700,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-10	Construction of	1,200,000	OCB	Post	1S1E	Category:

	pipe system for Batch 2			(Sampling)		Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-11	Construction of household and public latrines for Batch 2	600,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
G-06	Supply water test kits for Batch 2	50,000	RFQ	Post (Sampling)	1S1E	Category: Goods Advertising: As per RGC's SOP No. of Contracts: 1 Prequalification: No Advance Contracting: No Type of Bidding Document: RGC's RFQ Document for Goods E-procurement:



						No Covid-19 Response: No
G-07	Groundwater monitoring equipment	50,000	RFQ	Post (Sampling)	1S1E	Category: Goods Advertising: As per RGC's SOP No. of Contracts: 1 Prequalification: No Advance Contracting: No Type of Bidding Document: RGC's RFQ Document for Goods E-procurement: No Covid-19 Response: No
CW-12	Construction of new drilled wells and rehabilitation of existing drilled wells, and installation of PE tanks for Batch 3 (3 lots)	5,700,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 3 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-13	Construction of household rainwater harvesting tanks for Batch 3	900,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding

						Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-14	Construction of community water storage and treatment facilities (CoWaSTF) for Batch 3	700,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-15	Construction of pipe system for Batch 3	1,200,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-16	Construction of HH household and public latrines for Batch 3	600,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No

						Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
G-08	Supply water test kits for Batch 3	50,000	RFQ	Post (Sampling)	1S1E	Category: Goods Advertising: As per RGC's SOP No. of Contracts: 1 Prequalification: No Advance Contracting: No Type of Bidding Document: RGC's RFQ Document for Goods E-procurement: No Covid-19 Response: No
CW-17	Construction of new drilled wells and rehabilitation of existing drilled wells, and installation of PE tanks for Batch 4 (3 lots)	5,700,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 3 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-18	Construction of household rainwater harvesting	900,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National

	tanks for Batch 4					No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-19	Construction of community water storage and treatment facilities (CoWaSTFs) for Batch 4	700,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
CW-20	Construction of pipe system for Batch 4	1,200,000	OCB	Post (Sampling)	1S1E	Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19

CW-21	Construction of HH household and public latrines for Batch 4	600,000	OCB	Post (Sampling)	1S1E	Response: No Category: Works Advertising: National No. of Contracts: 1 Prequalification: No Domestic Preference: No Advance Contracting: No Type of Bidding Document: RGC's SBD for NCB Works E-procurement: No Covid-19 Response: No
G-09	Supply water test kits for Batch 4	50,000	RFQ	Post (Sampling)	1S1E	Category: Goods Advertising: As per RGC's SOP No. of Contracts: 1 Prequalification: No Advance Contracting: No Type of Bidding Document: RGC's RFQ Document for Goods E-procurement: No Covid-19 Response: No

Consulting Services						
Package Number	General Description	Estimated Value (US\$) (Exclusive of taxes)	Selection Method	Review	Type of Proposal	Comments
CS-05	Endline survey consultant	100,000	CQS	Prior	STP	Type: Firm Advertising: National Type of Contract: Lump-sum Advance Contracting: No

						E-procurement: No Covid-19 Response: No
CS-06	International Groundwater monitoring consultant	65,000	ICS	Prior	CV	Type: Individual Advertising: International Type of Contract: Time-based Advance Contracting: No E-procurement: No Covid-19 Response: No
CS-07	National Groundwater monitoring consultant	15,000	ICS	Post	CV	Type: Individual Advertising: National Type of Contract: Time-based Advance Contracting: No E-procurement: No Covid-19 Response: No

CQS = Selection based on Consultants' Qualifications, CV = Curriculum vitae, ICS = Individual Consultant Selection, STP = Simplified Technical Proposal.

#### D. List of Awarded and Completed Contracts

4. The following table lists the awarded contracts and completed contracts for goods, works, nonconsulting, and consulting services.

Goods, Works and Nonconsulting Services					
Package Number	General Description	Contract Value	Date of ADB Approval of Contract Award	Date of Completion	Comments
None					

Consulting Services					
Package Number	General Description	Contract Value	Date of ADB Approval of Contract Award	Date of Completion	Comments
None					

#### E. Non-ADB Financing

5. The following table lists goods, works, non-consulting, and consulting services contracts over the life of the project, financed by non-ADB sources.

Goods, Works and Nonconsulting Services				
General Description	Estimated Value (cumulative, US\$)	Estimated Number of Contracts	Procurement Method	Comments
None				
Consulting Services				
General Description	Estimated Value (cumulative, US\$)	Estimated Number of Contracts	Recruitment Method	Comments
None				

## **Rural Water Supply, Sanitation, and Hygiene Improvement Sector Development Project**

### **(Draft) Assurances**

#### **PROJECT LOAN AGREEMENT**

1. The MRD will ensure that implementation of the project conforms to all applicable ADB policies. Such policies include the Anticorruption Policy (1998, as amended to date); the Safeguard Policy Statement (SPS); the Procurement Regulations; the Policy on Gender and Development (1998) and the Loan Disbursement Handbook (2017, as amended from time to time). The detailed implementation arrangement will be set forth in the PAM, to be agreed between MRD and ADB.

#### **Definitions**

2. “Project Executing Agency” for the purposes and within the meaning of, the Loan Regulations, means MRD, or any successor thereto acceptable to ADB, which is responsible for the overall carrying out of the Project;

3. “Project Implementing Agency” means each of DRD, or any successor thereto acceptable to ADB, which are responsible for the day-to-day implementation of their respective part of the Project, as described in more detail in the PAM, collectively the “Project Implementing Agencies”.

#### **Execution of Project**

##### Implementation Arrangements

4. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

##### Procurement

5. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that:

- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations and Standard Operating Procedures On Procurement for All Externally Financed Projects/Programs in Cambodia;
- (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan;



- (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

#### Conditions for Award of Contract

6. The Borrower shall not award any Works contract for a Subproject which involves environmental impacts until the Project Executing Agency has:

- (a) obtained the final approval of the updated IEE and EMP for the particular Subproject from the Borrowers authorized ministry or agency, based on such Project Sites detailed design and clearance of such IEE and EMP from ADB;
- (b) incorporated the relevant provisions from the EMP into the respective Works contract.

7. The Borrower shall not, or shall ensure that the Project Executing Agency shall not award any Works or contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final DRP for such Subproject based on the Subproject's detailed design, and obtained ADB's clearance of such DRP.

8. The Borrower shall not, or shall ensure that the Project Executing Agency shall not award any Works contract which involves impacts on indigenous peoples until the Borrower has prepared and submitted to ADB the final IPP, and obtained ADB's clearance of such IPP.

9. The Borrower shall not, or shall ensure that the Project Executing Agency shall not award any Works contract until the Borrower has prepared and submitted to ADB the final DDR, and obtained ADB's clearance of such DDR, except for the Works contracts awarded under advanced procurement actions.

#### Conditions for Commencement of Works

10. The Borrower shall cause the Project Executing Agency to ensure, that except for the detailed engineering design, no Works shall commence on any Project Site until the Project Executing Agency obtained approval from:

- (a) the appropriate authority of the Borrower, the national environmental impact assessment, and if required any requisite environment, health and safety licenses, approvals, or authorization;
- (b) where such Project Site involves construction on public land, ADB on the final due diligence report with supporting documents confirming state ownership of that land.



## Environment

11. The Borrower shall ensure or cause the Project Executing Agency and Project Implementing Agencies to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project, each Subproject and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

## Land Acquisition and Involuntary Resettlement

12. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that all land and all rights-of-way required for the Project, each Subproject and all Project Facilities are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the respective DRP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

13. Without limiting the application of the Involuntary Resettlement Safeguards or the RF or DRP, the Borrower shall ensure, or cause the Project Executing Agency to ensure, that no physical or economic displacement takes place in connection with the Subprojects until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the DRP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the DRP.

14. The Borrower shall ensure that (a) a due diligence report is prepared for Subproject with no resettlement or land acquisition and submitted together with all the relevant supporting documents to ADB for its review and concurrence; (b) no contract will be awarded until ADB has given its no objection.

15. Voluntary donation of land is not envisioned in this Project. In case of Shared Use Agreement application, the Borrower and the Project Executing Agency shall ensure that: (a) implementation is conducted in accordance with the CPF; (b) there was informed consent and power of choice of affected persons through prior and informed consultations with them; and (c) such arrangements do not affect the living standards and/or assets of the affected persons.

## Indigenous Peoples

16. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the IPPF; and (d) all measures and requirements set forth in the respective IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

### Human and Financial Resources to Implement Safeguards Requirements

17. The Borrower shall make available or cause the Project Executing Agency to make available necessary budgetary and human resources to fully implement the IEEs, EMPs, the RP, the IPP, and the CPF.

### Grievance Redress Mechanism

18. The Borrower shall cause the Project Executing Agency to ensure that a safeguards grievance redress mechanism, acceptable to ADB, that has been established for the Project at the Project Coordination Unit and Provincial Project team of each province in accordance with the provisions of the EARF, IEE, EMP, RF, DRP, IPPF, IPP, CPF and the SPS, is maintained throughout the Project implementation, to consider any complaints by members of the affected community during the implementation of the Project.

### Safeguards – Related Provisions in Bidding Documents and Works Contracts

19. The Borrower shall ensure or cause the Project Executing Agency to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures and requirements relevant to the contractor set forth in the IEEs, the EMPs, the DRP and the IPP or the CPF (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEEs, the EMPs, the DRP, the IPP, and the CPF;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

### Safeguards Monitoring and Reporting

20. The Borrower shall do the following or shall cause the Project Executing Agency to do the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEEs, the EMPs, the DRP, the IPP, or the CPF, promptly inform ADB of the

occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;

- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs, the DRP, the IPP or the CPS promptly after becoming aware of the breach.

#### Prohibited List of Investments

21. The Borrower shall ensure or cause the Project Executing Agency to ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

#### Labor Standards, Health and Safety

22. The Borrower shall ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall cause the Project Executing Agency to include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

23. The Borrower shall cause the Project Implementing Agencies to strictly monitor compliance with the requirements set forth in paragraph [16] above and provide ADB with regular reports.

#### Gender and Development

24. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

#### Counterpart Support

25. The Borrower shall ensure that the Project Executing Agency and Project Implementing Agencies have sufficient funds to satisfy their liabilities arising from any Works, Goods and/ or Services contract.

#### Governance and Anticorruption

26. The Borrower, the Project Executing Agency, and the Project Implementing Agencies shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge

that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

27. The Borrower, the Project Executing Agency, and the Project Implementing Agencies shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

## **PROGRAM LOAN AGREEMENT**

### **Program Implementation and Other Matters**

#### Implementation Arrangements

1. The Borrower, through the Program Executing Agency, shall oversee and coordinate the timely implementation of the policy actions.

#### Policy Actions and Dialogue

2. The Borrower, through the Program Executing Agency, shall ensure that all of the Policy Actions adopted under the Program continue to be in effect for the duration of the Program.

3. The Borrower shall keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the Program and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Borrower shall take into account ADB's views before finalizing and implementing any such proposal.

#### Use of Counterpart Funds

4. The Borrower shall ensure that the Counterpart Funds are used to finance the implementation of certain programs and activities consistent with the objectives of the Program.

#### Governance and Anticorruption

5. The Borrower, the Program Executing Agency, and the implementing agencies shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Program; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

#### Monitoring and Review

6. The Program shall be carried out and performance shall be monitored in conjunction with the Project reviews and monitoring, as detailed in the Project Loan Agreement.