



Ministry of Public Works and Transport

Integrated Urban Environmental Management in the Tonle Sap Basin Project

QUARTERLY PROGRESS REPORT No. 8

01 October to 31 December 2018

ANNUAL REPORT 2018



January 2019

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IN ASSOCIATION WITH_



Consulting Services for Project Management and Implementation Support (PMIS, Package 1)

Integrated Urban Environmental Management in the Tonle Sap Basin Project (IUEMTSBP)

ADB LoanNo.3311-CAM (SF) / 8295-CAM (SCF) / Grant 0454-CAM--Contract No. PMU/MPWT/IUEMTSP/QCBS/16/001

INTEGRATED URBAN ENVIRONMENTAL MANAGEMENT IN THE TONLE SAP BASIN PROJECT

QUARTERLY PROGRESS REPORT No.8 01 OCTOBER – 31 DECEMBER, 2018 ANNUAL REPORT 2018

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ABBREVIATIONS

ADB	Asian Development Bank
AH	Affected household
AM	Aide Memoire
ASEAN	Association of Southeast Asian Nations
CMEI	Community Mobilization and Environmental Improvements
CSEC	Cambodia Socio-Economic Consensus
CBO	Community-based Organization
CDT	Capacity Development and Training
CMEI	Community Mobilization and Environmental Improvements
DEF	Provincial Department of Economy and Finance
MEF	Ministry of Economy and Finance
DMF	Design and monitoring framework
EA	Executing Agency
EMP	Environmental management plan
GMS	Greater Mekong Subregion
ICB	International competitive bidding
IDPoor	Identification of Poor Households Programme
IEC	Information, education and communication
IEE	Initial environmental examination
JICA	Japan International Cooperation Agency
MEF	Ministry of Economy and Finance
MOE	Ministry of Environment
MOWRAM	Ministry of Water Resources and Meteorology
MPWT	Ministry of Public Works and Transport
NCB	national competitive bidding
NGOs	Nongovernment organizations
OJT	On-the-job training
O&M	Operation and maintenance
PAM	Project administration manual
PDPWT	Provincial departments of public works and transport
PIU	Project implementation unit
PMIS	Project management and implementation support
PMU	Project management unit
PPCR	Pilot program for climate resilience
PMIS	Project Management Implementation and Supervision
PPP	Public Private Partnership
PSP	Private Sector Participation
RP	Resettlement plans
SWM	Solid waste management
SNA	Sub-National Authorities
SWC	Solid Waste Committee
TOR	Terms of reference
TSA	Tonle Sap Authority
UGSW	Urban Garbage and Solid Waste
USU	Urban Services Unit (Municipal)

1 EXECUTIVE SUMMARY

1.1 Background

1. The project was approved on 10 November 2015 and declared effective on 2 March 2016. The project aims to increase economic activities and environmental protection in the towns of Kampong Chhnang and Pursat in the Tonle Sap Basin. The outcome is expected to be improved urban services and enhanced climate change resilience in Kampong Chhnang and Pursat municipalities. The project has five outputs: (i) Kampong Chhnang Urban Area Improvements; (ii) Pursat Urban Area Improvements; (iii) Community Mobilization and Environmental Improvements, (iv) Strengthened Sector Coordination and Operations and (v) Strengthened Capacity for Project Implementation and operations and maintenance (O&M). The key infrastructure financed under the project includes flood protection infrastructure (embankment)¹, construction of a new landfill facility and improvement of solid waste management and community-driven environmental improvements in Kampong Chhnang; and improvement of the storm water drainage, treatment of waste water, construction of a new landfill facility improvement of solid waste management and community-driven environmental improvements in Pursat. The planned improvements of the river embankment along the Tonle Sap have been cancelled as these improvements will be financed under an EU financed project.

1.2 Overall Project Progress

2. The overall physical progress of project implementation can be summarized as follows:

Elapsed Time	39.54%
Physical Progress	21.45%
CA - Lag	26.09%
Disb. - Lag	33.60%
Project - Lag	18.09%

3. As per the revised implementation schedule (see annex 1) the actual progress is now about 7 weeks behind the planned progress at the end of this reporting period (30-09-2018)

4. The financial progress of the project can be summarized as follows.

	USD
Loan/Grant Allocation	46,574,817
Contracts Awarded	5,798,909
Uncontracted Balance	40,775,908
Contract Disbursement	2,561,656
Undisbursed Loan Balance	44,013,161
Undisbursed Contact Balance	3,237,253

5. The main reason for the substantial lags in physical and financial progress of the project is the suspension of works on the Kamong Chhnang embankment which represents about 40% of the total project cost. The detailed design for the embankment was completed in July 2018 and the draft bid documents submitted to the ADB in August 2018 (see details below)

Kampong Chhnang Urban Environmental Improvements

Flood Protection
Embankment

The detailed engineering design for the Kampong Chhnang embankment (\$17.30m) has been completed and bidding documents submitted to ADB in August 2018 and comments have been received. However, because of resettlement challenges, the sub-project remains out of compliance with involuntary resettlement and land acquisition safeguards covenants. During the ADB review mission in September 2018 it was agreed to suspend all works on the embankment until the Government and ADB agree on a way forward for the implementation of the embankment. The Government would submit such a proposal to the ADB by 30 November, 2018, But up to the end of this reporting period (31 December 2018) the Government has not yet made a decision on this issue.

¹ Since this sub-project remains out of compliance with involuntary resettlement and land acquisition safeguards covenants, it was decided to suspend all works on the subproject until an agreement is reached on a way forward

Improved Solid Waste management The bidding documents and invitation for bids for the landfill in Kampong Chhnang and Pursat (\$2.54M) were approved by ADB on 7 September 2018, EMPs for the 2 landfills have been submitted to ADB and comments have been received. Initial screening of resettlement issues in the subprojects was done jointly with GDR.

Pursat Urban Environmental Improvements

Improvement Drainage in Pursat Town and Waste Water Treatment The detailed design for improvement of the existing drainage system was finalized, the design for the WWTP will be completed during January 2019. A draft EMP was prepared for the subproject and initial screening of resettlement issues was jointly carried out with GDR

Improved Solid Waste management The bidding documents and invitation for bids for the landfill in Kampong Chhnang and Pursat (\$2.54m) were approved by ADB on 7 September 2018.

Safeguards

Environment EMPs for the Pursat and Kampong Chhnang landfills have been submitted to ADB and comments have been received. The IEE for the project is being updated based on the data that are presently available

Resettlement Initial screening of resettlement issues in the subprojects was done jointly with GDR for the Kamong Chhnang and Pursat landfills and the Pursat Drainage subprojects. Although a formal decision by the Government on a way forward for the embankment is still pending, the Local Authorities have initiated during the last quarter of 2018 the eviction of all HH and commercial activities from the bank of the Tonle Sap River on the east side of the road linking the tourist port with the new port. From drone imagery collected by the consultant in August 2017, 189 structures could be identified in this area. From recent drone imagery only 49 structures remained. The consultant was informed by the AHs that they had been informed to vacate the area before 25 February 2019. According to the DMS prepared by GDR for this section of the embankment 143 HH are or will be affected. Most of the AHs have relocated to the river embankment north of the new port, about 20 to 30 HH have bought a plot in the designated resettlement area. This involuntary relocation has brought the subproject further out of compliance with involuntary resettlement and land acquisition safeguards covenants

Gender Action Plan The GAP as included in the PAM has been revised as per the latest requirements of ADB

Institutional Development

Capacity Development A draft capacity development plan was presented on 29 May. No feedback or comments have been received. During the 4th quarter of 2018 no further activities for capacity development have been carried out, mainly because of the uncertainty on the future scope of the project after the suspension of works on the Kampong Chhnang embankment

Establishment Urban Service Units Comments from ADB have been received on the initial note on the road map for establishment of USUs. Further support for the USU establishment by the PMIS will be initiated after the approval of a contract variation that transfers responsibilities and resources from package 3 to the PMIS contract

Operational & Financial management

Tariff Structure Tariff Setting and Subsidy Methodology Urban services contracts for Pursat and Kampong Chhnang were examined. While it appears that the Project Towns will continue to contact out the collection, transportation and treatment of solid waste, as well as fee collection, the financial sustainability remains unclear if the private companies will be able to generate sufficient revenues from their activities to offset the costs and generate some profit The regulatory mechanism for solid waste fees has been examined. The Government has issued Prakas No 195 which details the maximum solid waste fee, including landfill fees, that can be charged for prescribed categories for solid waste services in Cambodia. The proposed tariff category structure includes fifteen categories and over 100 sub-categories. In preparation of the proposed tariff structure in accordance with the Government's tariff categories there will be

problems in establishing a database for fee collection if collection is carried out by the Municipalities. A tariff setting and subsidy methodology has been determined in the development of the solid waste tariff model and the setting of fees. The methodology includes the following principle; (i) Solid waste fees be based on a monthly fee for various categories; (ii) Solid waste fee be a compulsory monthly charge to all properties in the designated collection area; (iii) Cross subsidization in the short term to be developed; (iv) Affordability to the customers.

Private Sector
Participation

Aside from the review of the available documentation, several organizations were met, including the MOE, CSARO, GAEA Company. Visits to Pursat and Kampong Chhnang enabled discussions with PIUs, municipal governments, DOE, solid waste collectors. In addition, connections were established with project implementation consultants for GMS CDTP-1 and PPTA teams for GMS CDTP-4 and GMS Capacity Development for Boarder Economic Zones in Boarder Areas (TA-8989-REG). The present contract arrangements for solid waste collection in Kampong Chhnang and Pursat were reviewed in detail including direct consultations with representatives of the contractors

1.3 Consultant Services

6. Up to the end of this reporting period, 31 December 2018, the total person months used by the International Specialists is 39.15 person-month out of a total provision of 81 person-month (including VO3), leaving a balance of 30.85 person-month. The total person months used by the National Specialists is 133.68 person month out of a total provision of 355.00 person month (including VO3), leaving a balance of 221.32 person month.

7. A second contract variation has been approved by ADB in the 3rd quarter to create a provision under the provisional sum of the contract for financing the preparation of the required domestic IEIAs. The 3rd contract was approved and signed on 31 December 2018 and includes (i) formal removal of the procurement and financial management support component of the consultancy (as this function has been covered by contractual staff recruited to the PMU); (ii) the addition of technical expertise; (iii) a provision for home office inputs and (iv) urban services master plans in Kampong Chhnang and Pursat

1.4 Targets for the next quarter

8. The targets for the next quarter can be summarized as follows:

- All works on the Kampong Chhnang Flood Embankment remain suspended as the Government and ADB have not yet agreed on a way forward for the implementation of the embankment, based on this agreement detailed designs, BOQ and bidding documents will most likely to be revised, or in the case of complete cancelation of the embankment, new alternatives for investment will have to be developed
- For the Pursat drainage system, detailed design of the new storm water drainage/sewage lines have been completed. During the next quarter the detailed design for the WWTP will be finalized, based on comments received from the PMU, together with BOQ, technical specifications and bidding documents for the drainage system and WWTP.
- EMPs for the Kampong Chhnang and Pursat landfills will be finalized together with the relevant sections of the IEE for the complete project.
- The PMIS will continue to provide support to GDR for the preparation of the DDR for the Kampong Chhnang landfill and the RPs including compensation plans for the Pursat landfill and the Pursat drainage system and WWTP
- Work on tariff structure, tariff setting and subsidy methodology will continue as well as the consultations and investigations of the most suitable modalities for SWM
- The preparation of the urban services masterplans for Kampong Chhnang and Pursat will be initiated with the collection of drone imagery of the urban areas and the preparation of base maps.
- Works on the establishment of USUs and capacity building will be resumed after a final decision is made on the way forward for the kampong Chhnang embankment which will determine the scope and direction of the project.

2 PROJECT BACKGROUND

2.1 Background

9. The project was approved on 10 November 2015 and declared effective on 2 March 2016. The impact of the project will be increased economic activities and environmental protection in the two towns in the Tonle Sap Basin. The outcome will be improved urban services and enhanced climate change resilience in Kampong Chhnang and Pursat municipalities. The project has five outputs:

- (i) Kampong Chhnang Urban Area Environmental Improvements which will now comprise the improvement of flood protection for the low lying sectors in the Kampong Chhnang urban area through; (i) the rehabilitation and realignment of a 9.5 km flood protection embankment, and; (ii) the improvement of solid waste management through the proper closure of existing dumpsite and the construction of a new solid water landfill together with the provision of the required equipment, institutional strengthening and community awareness creation. Work on the Kampong Chhnang Flood Protection Embankment is suspended until the Government and ADB reach an agreement on the way forward for the implementation of the embankment in light of the present resettlement compliance issues
- (ii) Pursat Urban Area Environmental Improvements through; (i) the improvement of the combined storm water drainage/sewerage system in the town area on the west bank of the Pursat River; (ii) the construction of a WWTP, and the construction of a new solid waste landfill site.
- (iii) Community Mobilization and Environmental Improvements, to support the Kampong Chhnang, and Pursat urban area developments through community driven environmental improvements
- (iv) Strengthened Sector Coordination and Operations and
- (v) Strengthened Capacity for Project Implementation and operation and maintenance (O&M) of urban infrastructure in general and the created infrastructure in particular.

2.2 Project Basic Data

Project Title	Integrated Urban Environmental Management in the Tonle Sap Basin Project			
Project Acronym	IUEMTBP			
Project Financing	Asian Development Bank ADF Loan	SDR 26,4M (USD 37M equivalent)		3311-CAM (SF)
	ADB Strategic Climate Fund loan	USD 5M		8295-CAM (SCF)
	ADB Strategic Climate Fund grant	USD 5M		0454-CAM (SCF)
Borrower	Kingdom of Cambodia			
Project Approval	10 November 2015	Signing of Loan		22 December 2015
Date of Effectiveness	02 March 2016	Closing Date		30 April 2023
Project Completion Date	October 2022	Overall project implementation progress		21.45% %
Elapsed Period	39.54%	Revised Loan Closing Date		N/A
Progress on Contract Award and Disbursement	Contract Award	13.5%	Disbursement	6%
Project Executive Agency	Ministry of Public Works and Transport (MPWT)			
Project Director	H.E. Vong Pisith, Deputy Director General MPWT			
Consultant ISPMC	KECC in JV with NIRAS and associated with KCC			
Team Leader	Mr. Louis Rijk,			
Dep. Team Leader	Mr. Srey Socheat			
ADB Task Manager	Mr Sameer A. Kamal			

3 DOCUMENT

Document Title	Quarterly Progress Report No. 08, Annual Report 2018
Reporting Period	Detailed progress for 01 October to 31 December 2018, overview for 2018
Author(s) & project role	Louis Rijk Team Leader/Municipal Engineer PIMS,

3.1 ADB Review Missions

10. Altogether ADB has fielded 5 Missions; Loan Inception Mission, Review Mission, Follow up meeting, Implementation Review Mission. During this reporting period a portfolio review mission took place which also included a general review of the project. No Aide Memoire of this mission was received. Agreements during the mission were confirmed in an email dated 4 April 2018. Details of the ADB Missions are given in the following table. 2-1

Table 3-1 : Details of ADB Missions

S. No.	Nature of Mission	Duration	Name and Designation of Participants from ADB	Total Nos. of Participants from ADB
2016				
1	Loan Inception Mission	7 to 14 December 2017	Sameer A. Kamal, Urban Development Specialist, SEUW/SERD (Mission Leader); Januar Hakim, Senior Portfolio Management Specialist, CARM; Genevieve O'Farrell, Environment Specialist, CARM; Melody F. Ovenden, Social Development (Resettlement) Specialist, SEUW/SERD; Tadeo R. Culla, Associate Social Development Officer, SEUW; Ludovina R. Balicanot, Associate Project Officer, SEUW and Sophy Ea, National Social Safeguards Specialist, Consultant.	7
2017				
1	Review Mission	15 to 27 March 2017	Sameer A. Kamal, Urban Development Specialist, SEUW/SERD (Mission Leader). Jan Hansen, Senior Country Economist, CARM (wrap-up meeting)	2
2	Follow up meeting	15 June 2017	Sameer A. Kamal, Urban Development Specialist, SEUW/SERD (Mission Leader).	1
3	Implementation Review Mission	August 25-29, 2017	Sameer A. Kamal, Urban Development Specialist / Mission Leader, Urban Development and Water Division (SEUW); Melody Ovenden, Social Development Specialist (Resettlement), Lao PDR Resident Mission (LRM); Genevieve O'Farrell, Environment Specialist (Safeguards), Cambodia Resident Mission (CARM); Chansouk Insouvanh, Social Safeguards Consultant, Lao PDR Resident Mission (LRM); and Sophy Ea, Social Safeguards Consultant, Urban Development and Water Division (SEUW). Januar Hakim, Senior Portfolio Management Specialist, CARM joined selected discussions. Linda Adams, Senior Social Development Specialist, SEUW and Ludovina Balicanot, Associate Project Officer, SEUW provided remote support	8
2018				
1	Portfolio Review Mission	4 April 2018	Vijay Padmanabhan Director Urban Development and Water Southeast Asia Department. Sameer A. Kamal, Urban Development Specialist.	2

S. No.	Nature of Mission	Duration	Name and Designation of Participants from ADB	Total Nos. of Participants from ADB
2	Implementation Review Mission	September 10-13 2018	Sameer A. Kamal, Urban Development Specialist / Mission Leader, Urban Development Urban Development Specialist, SEUW; Biswanath Debnath, Safeguards Consultant (Resettlement), SEUW; Ea Sophy, Safeguards Consultant (Resettlement), CARM; and Sethy Sour, Safeguards Consultant (Environment), CAR	4

3.2 Compliance with actions agreed during the Special Project Administration Mission

11. In the last formal Implementation Review Mission of ADB (10 to 13 September) the EA and ADB have agreed to comply with the following key follow-up actions. The current status of the follow-up actions as agreed and included in the Missions' Aide-Memoire is given in the table below.

Table 3-2 : Follow-up Actions and the Status of their Compliance

#	Actions	Lead	Agreed Due Date	Status
A. Project Management and Implementation Support (PMIS) Consultancy				
1	Submission of contract variation request to MEF and PMU for further discussion	PMIS	September 24, 2018	VO3 was approved and signed on 31 December 2018
2	Submission of contract variation request to ADB	PMU	October 5, 2018	Has been submitted to ADB and no objection received from ABD on 18 December 2018
B. Construction of Kampong Chhnang Embankment (CW04)				
1	Proposal on way forward for embankment	PMU	November 30, 2018	No formal decision on the way forward for the embankment has been made. It is understood that the cancellation of the complete embankment is being considered. Such a decision would affect about 40% of the total investment cost for the project
C. Construction of Pursat and Kampong Chhnang Landfills (CW06)				
1	Submission of updated procurement plan (to combine landfills into one package under CW06)	PMU	September 14, 2018	Has been submitted
2	Issuance of bidding documents by EA	PMU	September 17, 2018	Have been issued
3	Updated EMP submitted to ADB	PMU	October 8, 2018	EMPs have been submitted and comments will be incorporated during the next quarter
4	Submission of bid evaluation report to ADB	PMU	November 23, 2018	Submitted to ADB and no objection has been received

5	Submission of DDR to GDR	PMU	November 23, 2018	GDR has jointly with the PMIS carried out an initial screening of resettlement issues in the Pursat and Kampong Chhnang landfills and in the Pursat Drainage System. GDR has determined that for the Kampong Chhnang landfill a DDR is required and that for the Pursat landfill and drainage system a joint RP will be prepared
6	Updated DDR and third-party report on negotiated settlements submitted to ADB	GDR	November 30, 2018	According to GDR the third party report was submitted to ADB
7	Contract award	PMU	December 21, 2018	Pending approval of the DDR, RP and compensation plan. As the winning bid had already been selected, an extension of the bid validity will be required as this expires on 13 January 2019

D. Construction of Pursat Drainage System and Treatment Plant (CW05)				
1	Submission of draft bidding documents to ADB	PMU	October 1, 2018	Bidding documents will be completed during the next quarter
2	Issuance of bidding documents (including updated EMP) by EA	PMU	October 26, 2018	After no objection from ADB to the bid documents, possibly end of March 2019
3	Submission of DDR to GDR	PMU	November 30, 2018	The DDR can only be finalized after GDR approves the livelihood restoration plan for the waste pickers. And finalizes the compensation plan Expected by mid-April 2019 GDR has to confirm if waste pickers from privately owned and operated landfill sites qualify for LRSP as RGC is neither operating or closing
4	Submission of updated DDR to ADB	GDR	December 7, 2018	See above
5	Submission of bid evaluation report to ADB	PMU	February 3, 2019	Expected by the 3 rd week of July 2019
6	Contract award	PMU	March 20, 2019	Expected by September 2019

E. Community Driven Environmental Improvements (CW09)				
1	Clarification on procurement and financial management arrangements (PMU, MEF, ADB)	ADB	September 25, 2018	No information received from PMU and NGO
2	First set of contract awards	PMU	December 21, 2018	Bid documents for installation of household

			<p>level sanitation improvement (toilets) submitted to the ADB, comments received on high cost of the individual toilets</p> <p>With regard to this bid it should be noted that it had been overlooked by the NGO that most of the beneficiary HH have not title to the land on which their house is built and that therefore legally it will not be possible to fund the installation of HH owned sanitation facilities (toilets, septic tanks etc.) for individual HH</p>
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4 FINANCING AND FUND UTILIZATION

4.1 Financing

The project was approved on 10 November 2015 and declared effective on 2 March 2016. Financing for the \$52.6 million project includes a SDR 26,4M (USD 37M equivalent) loan from ADB (Asian Development Fund) and \$10 million (\$5 million loan and \$5 million grant) from the Strategic Climate Fund

The following table 2-1 summarizes project financing by financier

Table 4-1: Financing by financier

Financing	
Modality and Sources	Amount (\$ million)
ADB	37
Sovereign Project loan: Asian Development Fund	37
Cofinancing	10
Strategic Climate Fund - PPCR	5
Strategic Climate Fund	5
Counterpart	5.6
Government	5.4
Others	0.2
Total	52.6

Table 2-2 presents the project investment plan for the 4 components of the project as agreed in the PAM. Changes will be required as the cost of the Pursat drainage system and WWTP is expected to amount to USD 11.35M, and the cost for the Kampong Chhnang embankment will depend on the agreement between the Government and ADB on the way forward for the implementation of the embankment

Table 4-2 : Project Investment Plan (\$ million)

Item	Amount
A. Base Cost a	
1.Output 1: Kampong Chhnang Urban Area Improvements	22.9
2.Output 2: Pursat Urban Area Improvements	11.2
3.Output 3: Community Mobilization and Environmental Improvements	4.3
4.Output 4: Strengthened Sector Coordination and Operations	0.4
5.Output 5: Strengthened Capacity for Project Implementation, O&M	5.5
Subtotal (A)	44.3
B. Contingencies	6.9
C. Financing Charges During Implementation	1.4
Total (A+B+C)	52.6

ADB = Asian Development Bank, SCF = Strategic Climate Fund

Includes taxes and duties of \$4.55 million to be financed by the government through exemptions, ADB and ADB SCF grant.

In September 2015 prices.

Physical contingencies computed at 10% for civil works, equipment and consulting services. Price contingencies computed at 1.8% to 2.2% on foreign exchange costs and 3.5% on local currency costs; includes provision for potential exchange rate fluctuations under the assumption of a purchasing power parity exchange rate.

Includes interest estimated at \$1.40 million during implementation for the ADB loan and \$0.02 million in service charge for the ADB Strategic Climate Fund loan, which will both be capitalized as part of the loans.

Source: Asian Development Bank estimates

4.2 Fund utilization

12. The following table 2.5 presents the consolidated status of loan and grant proceeds. The details of the fund utilization are presented in annex 2. The total amount of contracts awarded as a percentage of the total loan amount is 6%. The total disbursement as percentage of the total amount of contracts awarded is 44%.

Table 4-3: Consolidated Status of Loan and Grant Proceeds

Loan/Grant No.	US Dollars					
	Allocation	Contracts Awarded	Uncontracted Loan Balance	Contracts Disbursed	Undisbursed Loan Balance	Undisbursed Contract Balance
	A	B	C = A - B	D	E = A - D	F = B - D
Loan 3311	36,574,817	4,593,235	31,981,582	1,927,696	34,647,121	2,665,539
Loan 8295	5,000,000	-	5,000,000	-	5,000,000	-
Grant 0454	5,000,000	1,205,674	3,794,326	633,960	4,366,040	571,714
Total	46,574,817	5,798,909	40,775,908	2,561,656	44,013,161	3,237,253

The overall status of physical and financial progress of the project can be summarized as follows

Elapsed Time	39.54%
Physical Progress	21.45%
CA - Lag	26.09%
Disb. - Lag	33.60%
Project - Lag	18.09%

The decision to suspend all works on the Kamong Chhnang Flood Protection Embankment, is the principal reason for the significant lags in contract awards, disbursements and overall physical progress, since this subproject represents approximately 40% of the total investment cost under the project.

Details of fund utilization and the Contract Award and Disbursement Projections are presented in Annex 3 and 4. The summary of fund utilization is presented in the following tables.

Table 4-4: Grant Utilization

Cat. Ref.	Category Name	US Dollars					
		Allocation	Contracts Awarded	Uncontracted Loan Balance	Contracts Disbursed	Undisbursed Loan Balance	Undisbursed Contract Balance
		A	B	C = A - B	D	E = A - D	F = B - D
01A	CW - PS Drainage	2,460,000	-	2,460,000	-	2,460,000	-
01B	CW - KC Sanitation Improvement	510,000	-	510,000	-	510,000	-
01C	CW - PS Sanitation Improvement	510,000	-	510,000	-	510,000	-
02A	WS - NGO SCEI	200,000	-	200,000	-	200,000	-
02B	WS - CCAUD	10,000	10,000	-	-	10,000	10,000
03A	CS - CCAUD	200,000	200,000	-	188,637	11,363	11,363
03B	CS - NGO SCEI	810,000	829,878	(19,878)	251,323	558,677	578,555
03C	CS - Survey and Investigation	100,000	165,796	(65,796)	-	100,000	165,796
04	Unallocated	200,000	-	200,000	-	200,000	-
	Advance Account	-	-	-	194,000	(194,000)	(194,000)
	Total	5,000,000	1,205,674	3,794,326	633,960	4,366,040	571,714

Table 4-5: Consolidated Loan Utilization

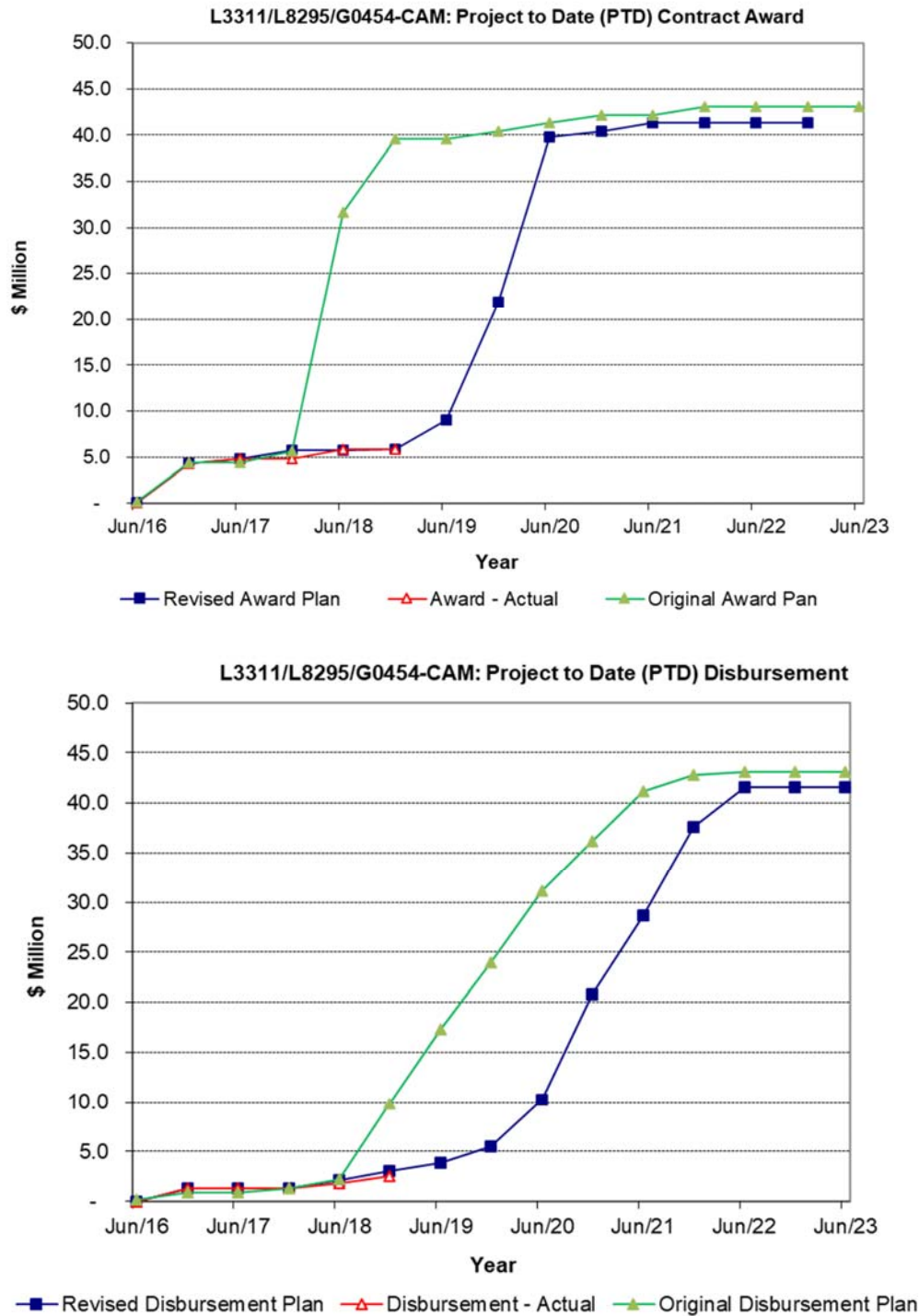
As of 31 Dec 2018

Cat. Ref.	Category Name	US Dollars					
		Allocation	Contracts Awarded	Uncontracted Loan Balance	Contracts Disbursed	Undisbursed Loan Balance	Undisbursed Contract Balance
		A	B	C = A - B	D	E = A - D	F = B - D
01A	CW - KC Flood Protection	18,976,401	-	18,976,401	-	18,976,401	-
01B	CW - KC Solid Waste Mgt.	427,310	-	427,310	-	427,310	-
01C	CW - PS Drainage	595,182	-	595,182	-	595,182	-
01D	CW - PS Flood Protection	4,821,111	-	4,821,111	-	4,821,111	-
01E	CW - PS Solid Waste Mgt.	1,012,780	-	1,012,780	-	1,012,780	-
01F	CW - KC Small-scale Inf. Dev.	728,369	-	728,369	-	728,369	-
01G	CW - PS Small-scale Inf. Dev.	728,369	-	728,369	-	728,369	-
01A	CW - PS Drainage	2,460,000	-	2,460,000	-	2,460,000	-
01B	CW - KC Sanitation Improvement	510,000	-	510,000	-	510,000	-
01C	CW - PS Sanitation Improvement	510,000	-	510,000	-	510,000	-
02A	GD - KC Solid Waste Mgt.	725,595	-	725,595	-	725,595	-
02B	GD - PS Solid Waste Mgt	808,837	-	808,837	-	808,837	-
02C	GD - KC Embank. Manual Equipment	36,072	-	36,072	-	36,072	-
02D	GD - PS Flood Manual Equipment	36,072	-	36,072	-	36,072	-
02E	GD - PS Drainage Manual Equipment	36,072	-	36,072	-	36,072	-
03A	WS - Project Mgt & Implement Supp.	572,885	534,000	38,885	82,035	490,850	451,965
03B	WS - SSCD	9,712	-	9,712	-	9,712	-
02A	WS - NGO SCEI	200,000	-	200,000	-	200,000	-
02B	WS - CCAUD	10,000	10,000	-	-	10,000	10,000
04A	CS - PMIS	3,367,547	3,597,913	(230,366)	1,041,112	2,326,435	2,556,801
04B	CS - SSCD	95,729	-	95,729	-	95,729	-
04C	Survey and Investigation	62,553	135,000	(72,447)	115,350	(52,796)	19,650
03A	CS - CCAUD	200,000	200,000	-	188,637	11,363	11,363
03B	CS - NGO SCEI	810,000	829,878	(19,878)	251,323	558,677	578,555
03C	CS - Survey and Investigation	100,000	165,796	(65,796)	-	100,000	165,796
05A	IA - Office and Travel Expense	393,447	140,369	253,077	55,780	337,667	84,590
05B	IA - Vehicles	145,125	134,500	10,625	134,500	10,625	-
05C	IA - Equipment	13,824	51,453	(37,629)	41,018	(27,194)	10,435
	Interest During Implementation	1,380,850	-	1,380,850	21,902	1,358,948	(21,902)
	Service During Implementation	18,000	-	18,000	-	18,000	-
	Unallocatd	6,781,683	-	6,781,683	-	6,781,683	-
99	Imprest Account	1,294	-	1,294	630,000	(628,706)	(630,000)
				-		-	-
	Total	46,574,817	5,798,909	40,775,908	2,561,656	44,013,161	3,237,253
	L3311 Utilization	36,574,817	4,593,235	31,981,582	1,927,696	34,647,121	2,665,539

4.3 S curves for contract awards and disbursements

Based on the updated work plan and the suspension of works on the Kampong Chhnang Embankment the contract awards and disbursement schedule have been revised, the resulting s curves are presented in the following figures

Figure 4-1: L3311/L8295/G0454-CAM: Project to Date (PTD) Contract Award and (PTD) Disbursement based on revised contract award and disbursement plans



4.4 Procurement Plan

13. The following table presents the procurement plan as updated 31 December 2018. The table reflects the delays in finalizing all designs and safeguard documentation required for preparation of the bidding documents. The bidding process for the Pursat and kampong Chhnang landfills has been completed and the winning bid selected. Contract award is pending as GDR has not yet completed the required safeguard documents (DDR, SP and Compensation Plans for the two landfill sites. The DED for the Pursat drainage system has been substantially completed but a revision of the design for the WWTP is pending. Also pending is finalizing the safeguard documentation: EMP and RP. The revision below also reflects the delay caused by the suspension of works on the Kampong Chhnang Flood Protection Embankment and no procurement. Only after a decision on the way forward for the embankment will it be possible to set a date for procurement of works². The figures in red colour represent historic data of completed procurement

Table 4-6: Procurement Plan

#	Contract Packages	Proc. Method	Advert. Date	Award Date*
Civil Works				
G07	Supply of KC and Pursat Solid Waste Management Equipment batch 1	NCB	Q4 2019	Q1 2020
G08	Supply of Pursat Solid Waste Management Equipment Batch 2	NCB	Q1 2021	Q2 2021
CW04	Construction of KC Embankment	Will depend on the agreed way forward for the embankment		
CW05	Construction of Pursat Drainage and WWTP	ICB	Q2 2019	Q3 2019
CW06	Construction of Kampong Chhnang and Pursat Landfills	NCB	Q2 2019	Q3 2019
CW07	Construction of Pursat River Embankment Protection	Cancelled		
CW08	Construction of KC Landfill Site	Merged with CW06		
CW09	KC and Pursat Community-driven Env. Improvements	NCB	Q4 2018	Q2-2019
Consulting Services				
CS01	Project Management and Implementation Support	QCBS	Q4 2015	Q4 2016
CS02	Climate Change Adaptation in Urban Development	CQS		Q3 2017
CS03	Strengthening Sector Development	Has been merged with PMIS (CS01) under VO3		
CS04	NGO Support for Output 3 (CMEI)	QBS	Q3 2017	Q1 2018
Goods and Works Under \$100K				
G01	Supply of 5 units 4WD double cabin pick-up trucks	NCB	Q1 2017	Q2 2017
G02	Supply of 8 motorcycles	Shopping		Q2 2017
G03	Office furniture for PMU and PIUs (KC and Pursat)	Shopping		Q3 2017
G04	Office equipment for PMU and PIUs (KC and Pursat)	Shopping		Q3 2017
G05	Equipment for Pursat Drainage.	Shopping		Q1 2020
G06	Manual Equipment for KC Embankment	Will depend on the agreed way forward for the embankment		
CW01	Office Repairs (PMU)	Shopping		Q2 2017
CW02	Office Repairs (PIU KC)	Shopping		Q2 2017
CW03	Office Repairs (PIU Pursat)	Shopping		Q2 2017

² For the revision of the contract award and disbursement plan it has been assumed that a contract for this subproject or any alternative investment can at the earliest be awarded in the 1st quarter of 2020

5.2 Kampong Chhnang Urban Environmental Improvements

5.2.1 Flood Protection Embankment

Preparation of Detailed Design, BOQ and Cost Estimate (DED)	<p>The detailed engineering design for the Kampong Chhnang embankment has been completed and a full set of bidding documents prepared. However, results/analysis of the geotechnical investigations showed that between chainage 8+000 and 9+250 the embankment is underlain with a thick layer of soft clay which will be susceptible to consolidation settlement. Therefore, the embankment design for this section will have to be modified to improve soil stability in this part of the alignment, including the redesign of the toe section of the embankment. The embankment can be divided into three sections; the northern section (about 1.8 km), central section (about 1.6 km) and southern section (about 5.6 km). For the northern section, where 93 households have reportedly been relocated under a provincial government initiative, GDR has informed that there continue to be challenges in the identification and compensation of all households that have already relocated. It is largely due to this reported relocation of AH in this section that the project is currently not in compliance with Schedule 5, Paragraph 10 (Land Acquisition and Involuntary Resettlement) and Schedule 5, Paragraph 15 (Safeguards Monitoring and Reporting) of the loan agreement. GDR's assessment is that it will be difficult to bring the project back into compliance. For the central section, geotechnical surveys have confirmed the presence of soft soils along the alignment of the proposed embankment, which means that the existing embankment in this section can only be strengthened by backfilling the area in front of this embankment. There would be significant challenges associated with backfilling of this area as it is presently used for dry season agriculture and backfilling operations may affect stability of about 124 stilted houses along the old embankment. Public consultations with the affected households would have to be conducted. The works for southern section consists of the reconstruction of 2. km of the existing embankment, and strengthening 3.1 km of existing road embankment with limited land acquisition and a more limited number of affected households. All works of PMIS on the Kampong Chhnang flood embankment have suspended until the decision has been made by the government and ADB on the way forward with the implementation of the embankment. The government had made a commitment to submit a proposal a way forward to the ADB by November 12, 2018. However, the Government has not yet submitted such a proposal to the ADB.</p>
Preparation of IEE & EMP	<p>Updating of IEE and EMP has been suspended based on the decision outlined above.</p>
Preparation of Domestic IEIA by a local consulting firm accredited with the MoE	<p>The preparation of the domestic IEIA will for the time being not be included in the scope of services of the local consulting firm</p>
Preparation and Implementation of a Resettlement Plan	<p>GDR has provided DMS survey data of 47 self-relocated AHs, 46 AH that have reportedly been relocated to the resettlement area, 143 AH that have to be relocated from the embankment alignment along the Tonle Sap and 51 shop that have to be relocated from the tourist port access road. All further field survey work has been suspended pending the decision on the way forward for the embankment. Although a formal decision by the Government on a way forward for the embankment is still pending, the Local Authorities have initiated during the last quarter of 2018 the eviction of all HH and commercial activities from the bank of the Tonle Sap River on the east side of the road linking the tourist port with the new port. From drone imagery collected by the consultant in August 2017, 189 structures could be identified in this area. From recent drone imagery only 49 structures remained. The consultant was informed by the AHs that they had been informed to vacate the area before 25 February 2019. According to the DMS prepared by GDR for</p>

this section of the embankment 143 HH are or will be affected. Most of the AHs have relocated to the river embankment north of the new port, about 30 HH have bought a plot in the designated resettlement area. This involuntary relocation has brought the subproject further out of compliance with involuntary resettlement and land acquisition safeguards covenants



Photo 5-1: From the comparison of the August 2017 drone imagery on the left and the December 2018 drone imagery on the right it can be noted that many houses have been removed from the river bank area between the road and the river. Remaining HH informed that they had been given till 25 February to vacate this area.



Ongoing dismantling of houses on the Tonle Sap River Bank

Bidding Process and Contract Award	Was started with the submission of the draft bidding documents to ADB and comments have been received from ADB, but the bidding process is now put on hold.
Construction Embankment & Ancillary Works	To be started
Liability Period O&M support	Not yet due

5.2.2 Improved Solid Waste management

Construction Sanitary Landfill

Preparation/Approval Design, EMP, IEIA, DDR	Detailed designs, BOQ, cost estimate and technical specifications have been completed. Comment of the draft EMP have been received, Preparation of the DDR expected to be completed during the next quarter. Preparation of the IEIA by an independent contractor is ongoing
Bidding Process/Contract Award	The bidding documents and invitation for bids for the two landfills (in Kampong Chhnang and Pursat) were approved by ADB on 7 September 2018.
Construction Landfill & Ancillary Works	To be started
Liability period O&M support for SWM	Not yet due
Remediation and Closure of existing dump sites	Existing dumpsites are located on private land and are the responsibility of the SWM contractors. There are legal obstacles to use public funds for improvements on private properties. Suitable closure of private dumpsites should have been a contractual responsibility of the SWM contractors.



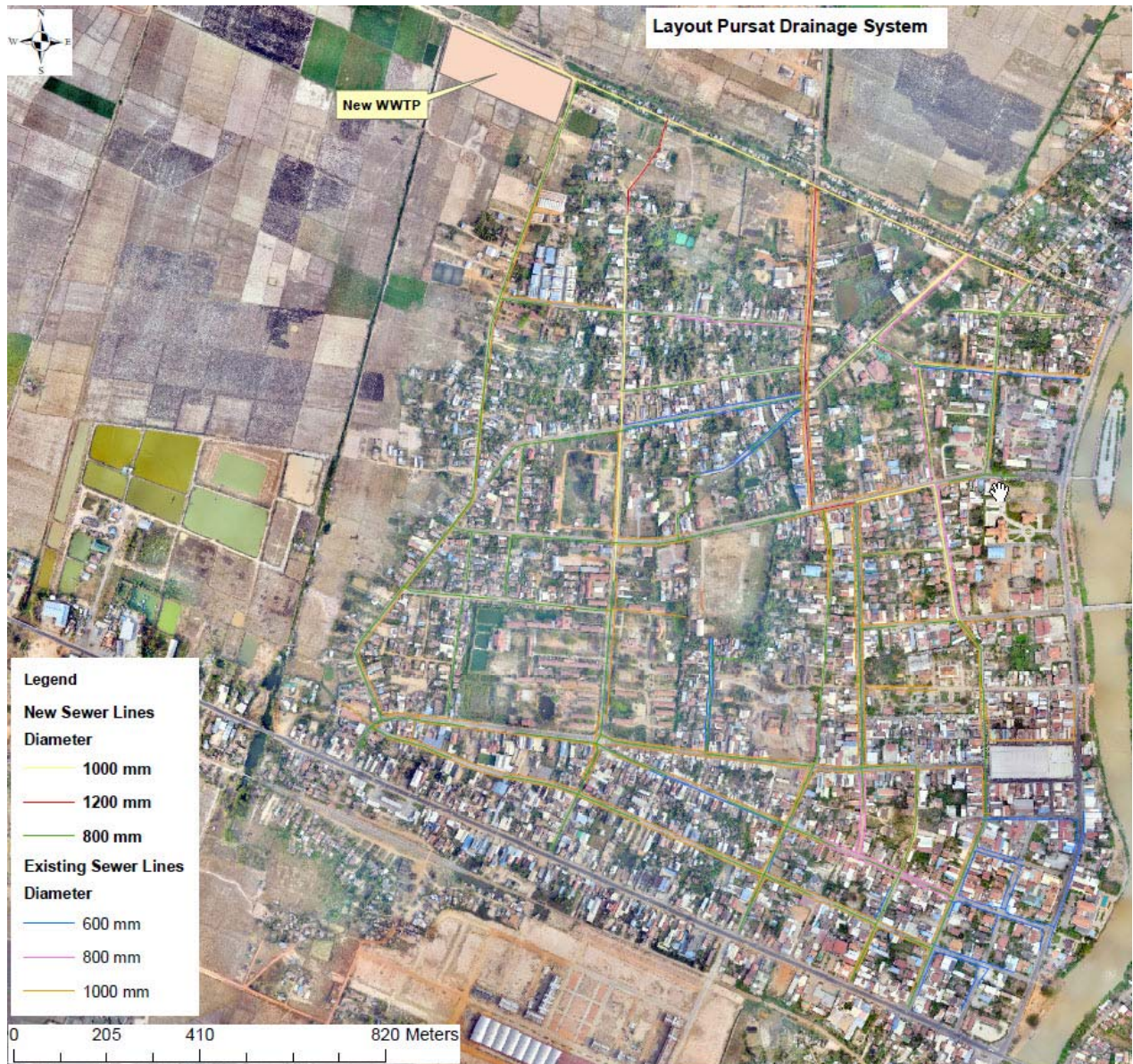
5-2 Layout Kampong Chhnang Controlled Landfill

Procurement of Equipment for SWM (collection and operation of the landfill)

Procurement 1st Batch Equipment	Delivery of the 1 st batch of SWM equipment is scheduled to coincide with the completion of construction of the controlled landfill. Discussions are ongoing with the local authorities on type and number of equipment
Procurement 2nd Batch Equipment	Procurement of the 2 nd batch of equipment is scheduled 1 year after commissioning of the landfill facility and composition of the 2 nd batch of equipment will depend on experiences obtained from the use of the 1 st batch

5.3 Pursat Urban Environmental Improvements**5.3.1 Improvement Drainage in Pursat Town and Waste Water Treatment**

Preparation of Detailed Design, BOQ and Cost Estimate (DED) for improvement of the combined storm water drainage and sewerage system	The detailed design for the improvement and expansion of the combined storm water drainage and sewerage pipe network, including the incorporation of the existing pipelines has been completed. However some modifications in the alignment of the pipelines are required to avoid resettlement issues especially in the pipeline that runs along the old irrigation canal. For this purpose it will also be necessary to obtain the respective cadastral map to confirm that all pipelines are located on public land.
Preparation of Detailed Design, BOQ and Cost Estimate (DED) for the Waste Water Treatment Plant	The detailed design for the WWTP will be finalized during the next quarter. The main issue to be resolved is the levels of the different components of the treatment plant to allow the plant to operate with only one stage pumping. To ensure a safe discharge of storm water overflow, the irrigation canal will have to be reshaped up to the drainage stream crossing at a distance of about 2 km. Since the canal is under the responsibility of the Ministry of Water Resources, and agreement between the respective ministries or their provincial departments will be required for the reshaping of this section of the canal.
Preparation of IEE & EMP	Is ongoing, will be completed during the next quarter.
Preparation of Domestic IEIA by a local consulting firm accredited with the MoE	Preparation of the domestic IEIA has been started.
Preparation and Implementation of a Resettlement Plan	During the next quarter GDR will undertake a screening of the subproject to assess if a DDR or full RP is required. This mainly concerns the alignment of the pipeline along the irrigation canal and the ownership of this land (see above). It is expected that a DDR or RP can be finalized at by the middle of April 2019
Bidding Process and Contract Award	The detailed design, BOQ, technical specifications and bidding documents will be completed by December 2018
Liability Period	Not yet due
O&M support	It is proposed to procure jetvac equipment for the future maintenance of the drainage network. It is proposed to include this equipment could be included in the contract package for the procurement of the 1 st batch of SWM equipment



5-3: Layout Pursat Drainage System

5.3.2 Improved Solid Waste management

Construction Sanitary Landfill

Preparation/Approval Design, EMP, IEIA, RP

Detailed designs, BOQ, cost estimate and technical specifications have been completed. Comment of the draft EMP have been received, Preparation of the DDR expected to be completed during the next quarter. Preparation of the IEIA by an independent contractor is ongoing

Bidding Process/Contract Award

The bidding documents and invitation for bids for the two landfills (in Kampong Chhnang and Pursat) were approved by ADB on 7 September 2018.

Construction Landfill & Ancillary Works

To be started

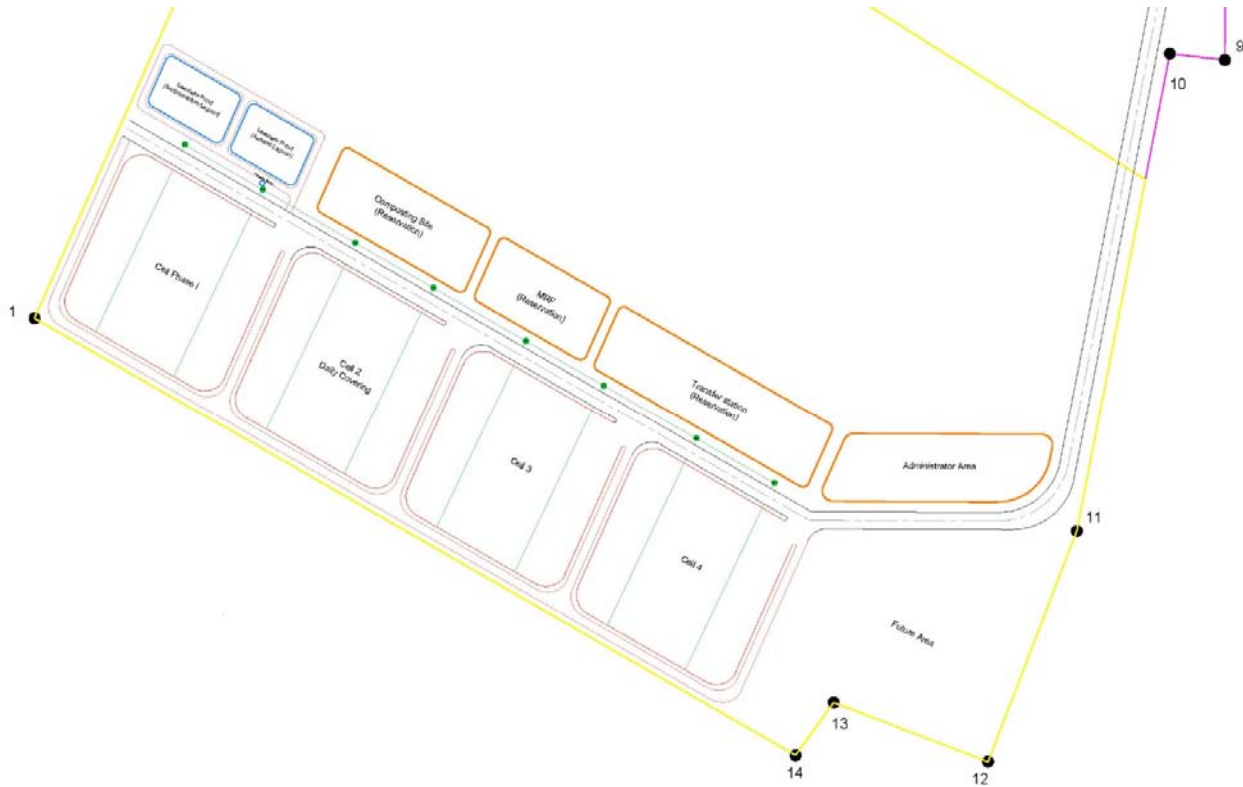
Liability period

Not yet due

O&M support for SWM

Remediation and Closure of existing dump sites

Existing dumpsites are located on private land and are the responsibility of the SWM contractors. There are legal obstacles to use public funds for improvements on private properties. Suitable closure of private dumpsites should have been a contractual responsibility of the SWM contractors.



5-4 Layout Pursat Controlled landfill

Procurement of Equipment for SWM (collection and operation of the landfill)

Procurement 1st Batch Equipment

Delivery of the 1st batch of SWM equipment is scheduled to coincide with the completion of construction of the controlled landfill. Discussions are ongoing with the local authorities on type and number of equipment

Procurement 2nd Batch Equipment

Procurement of the 2nd batch of equipment is scheduled 1 year after commissioning of the landfill facility and composition of the 2nd batch of equipment will depend on experiences obtained from the use of the 1st batch

5.3.3 River Bank Protection for the Pursat River

41. Local authorities have informed that the proposed improvement of the Pursat river bank will now be undertaken with funding from the European Commission.

5.4 Institutional Development

Review and determine human resource requirements and training needs.

A training needs assessment has been completed

Preparation of a detailed capacity development plan for the project, catering to the needs of the PMU, PIUs, and future USUs

An initial capacity development plan has been prepared. The plan was presented. The training needs assessment and the initial capacity development plan were presented to PMU and PIU representatives in a workshop held on 29 May 2018.

Implementation of the capacity development plan	To be started after receiving feedback and comments on the initial capacity development plan.
Preparation of a road map for the establishment of USUs	An initial note on the preparation of a road map for the establishment of the USUs has been prepared. Further support on the establishment of the USUs by the PMIS can only be provided after the approval of a contract variation which will allow for the transfer of resources included in the Package 3 contract for Institutional Development to the contract for the PMIS consultant services
Preparation of a 3-year rolling corporate plan for the USUs	To be started
Support the establishment of USUs and the implementation of the corporate plan	To be started

5.5 Tariff Structure Tariff Setting and Subsidy Methodology

Review of current institutional arrangements for the provision of solid waste management, flood protection, drainage and sanitation services and review contracts currently ongoing for the different operating entities in operation of urban services	<p>The institutional arrangements for solid waste management, flood protection, drainage and sanitation services have been reviewed (see annex 8) and an examination has been made of the Solid Waste Collection and Transportation Contracts for Kampong Chhnang and Pursat</p> <p>In Kampong Chhnang, up to the end of 2017, the Department of Environment (DOE) had an annual agreement with a solid waste contractor for the collection and transportation of solid waste in the city. The DOE has authorized the Municipality to enter into a contract for the provision of future solid waste collection services. Contractual negotiations for 2018 were proceeding and the current situation is to be updated.</p> <p>In Pursat the Provincial Government, signed a Contract with a Solid Waste Contractor to operate the service from 1 January 2008 until 31 December 2022. On 26 December 2014 this Contract was transferred, with the Provincial Governor's approval, to another Contractor to operate the service from 1 January 2015 to 31 December 2022. The current situation also needs updating</p> <p>While it appears that the Project Towns will continue to contract out the collection, transportation and treatment of solid waste, as well as fee collection, the financial sustainability remains unclear if the private companies will be able to generate sufficient revenues from their activities to offset the costs and generate some profit</p>
Review of the financial performance of service delivery and capacity of implementing agencies regarding cost recovery, borrowing capacity, collection of fees and taxes, accounts receivable, and subsidies.	<p>Financial performance of the provincial governments and municipalities of the project towns have been examined.</p> <p>The municipalities are virtually acting as agents of the central and provincial governments. The only revenue received by the municipalities, excluding government grants, is commission from revenue collected for the provincial government through the "one window service office". The municipalities at this stage have no revenue raising powers of their own.</p>
Development of a tariff structure, tariff setting and subsidy methodology designed to achieve financial sustainability of the related urban services.	<p>A tariff setting and subsidy methodology has been determined in the development of the solid waste tariff model and the setting of fees. The methodology includes the following principles: Solid waste fees be based on a monthly fee for various categories;</p> <ul style="list-style-type: none"> • Solid waste fee be a compulsory monthly charge to all properties in the designated collection area; • Cross subsidization in the short term to be developed; • Affordability to the customers. <p>The model provides for different tariffs in a number of categories however at this stage the methodology cannot be fully developed as the Project</p>

Towns have not been able to provide full details on customer numbers in various categories.

The Solid Waste Tariff Models that have been developed for the Project Towns estimates the fees and charges that will be required to finance solid waste services, including operation and management of the landfill. Due to the lack of information on customer numbers in the proposed categories the non-residential fee is based on a Riel/m3 basis.

When further information is available the fee structure will be further examined by providing cross subsidization between different categories to keep residential tariffs at an acceptable level. Advice has been received that it is unlikely that any Government subsidies will be available towards operation and maintenance expenses for the service.

A draft wastewater fee model has also been developed.

Undertake a willingness to pay survey for solid waste collection and management and drainage services component of the targeted population.

A Draft Willingness to Pay Survey form for solid waste collection and management and drainage services has been developed

Development of a set of performance indicators and a monitoring mechanism

Draft performance indicators for solid waste management and wastewater have been developed. The setting of benchmarks for performance indicators is difficult because in most cases the indicators have not been calculated widely, and in some cases not at all, in the past therefore the “norm” is unknown. As data is collected over the next few years, the results of the indicators will become more meaningful as trends become apparent. As part of the preparation of the master plan for urban services a benchmark survey for SWM will be included as well as a customer satisfaction index (CSI)

5.6 Public Private Partnership Development

review the existing private sector contracts in solid waste management,

Detailed review of the existing contracts for SWM in Pursat and Kampong Chhnang have been reviewed and results have been presented in QPR 5.

Development of a strategy for including existing private sector into SWM

Review of the available documentation was continued and several organizations were met, including the MOE, CSARO, GAEA Companies. During to Pursat and Kampong Chhnang in May 2018 discussions with PIUs, municipal governments, DOE, solid waste collectors were held. In addition, connections were established with project implementation consultants for GMS CDTP-1 and PPTA teams for GMS CDTP-4 and GMS Capacity Development for Boarder Economic Zones in Boarder Areas (TA-8989-REG), in an attempt to get to a more coordinated and uniform approach for SWM in ADB funded urban development projects.

Advise the PIUs/USUs and provincial authorities on the most viable modalities for SWM.

Various modalities for PPP in SWM are being analyzed based on the discussions with the local authorities. Local authorities seem to favor the continuation of the present arrangements for SWM, under which a concession for SWM is granted to a private sector contractor on a no cost basis. The contractor is responsible for waste collection, disposal and for this service the contractor collects fees directly from the customers.

Assist the revenant authorities with the implementation of the selected modality for SWM including providing advice on procurement and O&M of SWM equipment.

To be started after agreement on the preferred modality for SWM

Identification of Performance Milestones to be implemented.

To be started

Table 5-1: Status of planned activities with milestones as presented in the PAM

As Planned in the PBME	Present status
1. Kampong Chhnang urban area environmental improvements	
a) Conduct topographical and soil surveys (Q1, 2017)	Topographical surveys and geotechnical investigations completed for the new landfill site. The topographical survey work for the flood embankment has been completed
b) Update feasibility study and appraisal report for ADB and government approval (Q1–Q3, 2017).	The detailed engineering design for the Kampong Chhnang embankment has been completed and a full set of bidding documents prepared. However, works have been suspended until the Government and ADB agree on a way forward for the embankment
c) Issue bids, evaluate bids, and submit to ADB for no objection (Q4, 2017–Q3, 2018).	The bidding documents and invitation for bids for the two landfills (in Kampong Chhnang and Pursat) were approved by ADB on 7 September 2018.
d) Transfer O&M and tariff collection for SWM to USU (Q4, 2017–Q2, 2018)	Delayed, PMIS will provide support for the establishment of the USUs after approval of VO3
e)	
f) Award landfill civil works contract, procure landfill equipment and construct landfill (Q2, 2018–Q3, 2019)	Contract award expected by Q3 2019 as the preparation of DDRs/RPs for the landfills is delayed. It is proposed to procure the equipment in two batches, 1 st batch before completion of the landfill site and 2 nd batch after one year of operation. Type and number of equipment will depend on operation modalities (force account of contract)
g) Transfer O&M responsibilities for drainage and flood control systems to USU (Q3, 2018)	USUs to be established, it looks like the PA through the Provincial Department of Environment (DOE) will remain responsible for SWM for the time being
h) Remediate old open dumpsites and construct controlled landfill (Q4, 2018–Q2, 2019)	No likely because of legal obstacles
i) Award civil works contract and construct embankment (Q2, 2018–Q4, 2019)	Will depend on agreement on the way forward with the embankment between the Government and ADB
j) Dry season 1, Construct embankment segments A to C (Q1–Q3, 2019)	See above.
k) Procure solid waste collection equipment (Q4, 2019)	Procurement of the first batch of SWM equipment will be scheduled to have delivery of equipment coincide with the commissioning of the landfill construction works
l) Hand over works of landfill site and defects liability period (Q4, 2019–Q4, 2020)	On track
m) Dry season 2, Construct embankment segments D to I (Q1–Q3, 2019 and Q1–Q3, 2020)	Will depend on agreement on the way forward with the embankment between the Government and ADB
n) Construct embankment segments I to M during higher lake levels (Q1, 2019–Q4, 2020)	See above
o) Road surfacing and supervision intermittent (Q1–Q2, 2020 and Q1–Q2, 2021)	See Above.
p) Handover embankment works and defects liability period (Q3,2021–Q3, 2022)	See Above
q) Internal and external monitoring of safeguard documents (2017–2022, quarterly)	Monitoring results will be presented in the QPRs.
2. Pursat urban area environmental improvements	
a) Conduct topographical and soil surveys (Q1, 2017)	Topographical Surveys and geotechnical investigations have been completed

As Planned in the PBME	Present status
b) Update feasibility study and appraisal report for ADB and government approval (Q1–Q3, 2017)	Detailed designs of the Pursat drainage system have been completed. The detailed design for the WWTP will be completed during the next quarter. The alignment of sewer lines might have to be modified to minimize resettlement issues, during the preparation of the DMS by GDR.
c) Transfer O&M and tariff collection for SWM to USU (Q4, 2017–Q2, 2018)	PMIS will support the establishment of USUs now that VO3 has been approved
d) Issue bids, evaluate bids, and submit to ADB for no objection (Q4, 2017–Q2, 2018)	Contract award expected in Q3 2019
e) Award contract for drainage and embankment works (Q3, 2018)	The bidding documents and invitation for bids for the two landfills (in Kampong Chhnang and Pursat) were approved by ADB on 7 September 2018.
f) Procure landfill equipment (Q2–Q3, 2018)	Expected in Q4 2019 It is proposed to procure the equipment in two batches, 1st batch before completion of the landfill site and 2nd batch after one year of operation. Type and number of equipment will depend on operation modalities (force account of contract)
g) Award contract for landfill construction (Q4, 2018)	Expected by Q3 2019 because of delays in the preparation of DDRs/RPs for the landfills
h) Remediate old open dumpsites and construct controlled landfill (Q4, 2018–Q3, 2019)	Closure of existing landfill sites can only be done if ownership of these sites is transferred to the government
i) Construction of riverbank protection (Q3, 2018–Q2, 2019)	Cancelled, as this will be done under EU financing
j) Transfer O&M responsibilities for drainage and flood control systems to USU (Q3, 2018)	Slippage likely as USUs have not yet be established
k) Procure solid waste collection equipment (Q4, 2019)	See above at landfill equipment
l) Hand over works for landfill and defects liability period (Q4, 2019–Q4, 2020)	Target still likely to be met
m) Construct drainage system starting at foot of system, construct pumping stations and WWTP with road rehabilitation as required (Q4, 2018–Q2, 2020) Update feasibility study b and appraisal report for ADB and government approval (Q1–Q3, 2017)	Construction will start in Q4 2019
n) Supervise start-up and commissioning of WWTP (Q3–Q4, 2020)	On track
o) Handover of drainage and embankment works and defects liability period (Q3, 2019–Q1, 2022)	Improvement river embankment has been cancelled
p) Internal and external monitoring of safeguard documents (2017–2022, quarterly)	
q) Internal and external monitoring of safeguard documents (2017–2022, quarterly)	On track
o3. Community mobilization and environmental improvements	
a) Recruit International NGO (Q2–Q4, 2016)	NGO has mobilized, Inception report will be presented during the next quarter
b) Train village development committee units for project briefing and output training (Q2–Q3, 2017)	
c) Climate change adaptation and sanitation needs assessments (Q1–Q2, 2017)	NGO has carried out a detailed survey of sanitation needs for IDPoor 1 and IDPoor 2 households. The IDPoor classification does not seem to take into

As Planned in the PBME	Present status
<p>d) Undertake community awareness programs (Q3, 2017–Q3, 2018 and intermittent)</p> <p>e) Needs assessments for small-scale infrastructure works on climate change adaptation and sanitation (Q1–Q3, 2017)</p> <p>f)</p> <p>g) Assist in planning, implementing, and supervising community environmental improvements (Q3, 2017–Q4, 2021)</p> <p>h) Prepare report on community environmental improvements and lessons (Q4, 2021)</p> <p>i) Internal and external monitoring of safeguard documents (2017–2022, quarterly)</p>	<p>account if the households have a title of the plot they occupy. Improvement of household sanitation can only be provided to HH that have a title of their residential plot.</p> <p>Ongoing as part of the surveys and sanitation needs assessment.</p> <p>Needs assessment and small scale infrastructure is being carried out and will focus on improvement of sanitation at HH level.</p> <p>Design, BOQ and Bidding documents for a first set of HH level sanitation improvements has been prepared. However, it should be notes that sanitation improvements such as toilet can only be done at HH level if the HH has a title of the land they occupy. None of the HH in the selected 3 villages on Kampong Chhnang and Few of the HH in the village of Kbal Hong in Pursat have a title for the land they occupy.</p> <p>Not yet due</p> <p>NGO will contribute to the safeguard monitoring, coordination between the NGO and the PIMS for safeguard monitoring will have to be developed.</p>
4. Strengthened sector coordination and operations	
<p>a) Recruit and mobilize climate change resilience consultants (Q3–Q4, 2016)</p> <p>b) Recruit and mobilize institutional development consultants (Q1–Q2, 2016)</p> <p>c) Prepare, approve, establish, and strengthen USU institutions (Q2, 2016–Q3, 2022)</p> <p>d) Review climate change and urban development documents, and sanitation standards in building codes (Q1, 2017)</p> <p>e) Implement TSUADF, including revising building codes and developing the plan for climate change adaptation in urban areas (Q2, 2017–Q1, 2019)</p> <p>f) Plan for climate change adaptation in urban areas is endorsed, including revised building codes in Tonle Sap provinces (Q4, 2018–Q1, 2019)</p> <p>g) National task force for urban development meetings (Q1, 2017–Q1, 2022)</p>	<p>Final report on climate resilience has been submitted</p> <p>Tasks and resources under this contract will be transferred to the PMIS under VO3</p> <p>Initial note on road map for establishment of USUs prepared by the PIMS, comments from ADB have been received. Further support by PMIS can now be provided with the approval of VO3</p> <p>Final report submitted</p> <p>No information</p> <p>No information</p> <p>No information</p>
5. Strengthened capacity for project implementation, and O&M	
<p>a) Appoint and update PMU and PIU members, including grievance focal points (Q1, 2016 and Q4, 2016)</p> <p>b) Recruit and mobilize project management and implementation support consultants (Q4, 2015–Q4, 2016)</p> <p>c) Recruit external resettlement monitor (Q3–Q4, 2016)</p> <p>d) Develop project performance management system and capacity development plan (sex-disaggregated) (Q2, 2017)</p> <p>e) Undertake training programs in project and financial management, procurement, safeguards, gender mainstreaming, and others (Q1, 2017–Q1, 2022)</p>	<p>Ongoing</p> <p>Completed</p> <p>Not done</p> <p>Initial capacity building plan has been prepared and presented to the PMU and PIUs. Performance management system to be prepared</p> <p>To be initiated</p> <p>Ongoing</p>

As Planned in the PBME	Present status
<ul style="list-style-type: none"> f) Submit quarterly project progress reports (1 month after each quarter, starting in Q1, 2017) g) Prepare annual PPME reports (31 January, 1 month after close of calendar year) h) Submit Government completion and post-evaluation reports on resettlement activities (Q2, 2019 and Q1, 2020) i) Submit government project completion report and resettlement report (Q3, 2022) 	<p>Included in this quarterly report as only preparatory activities are ongoing, has been agreed to merge PPR and DFM data sheets for the PPME</p> <p>No yet Due as implementation of resettlement plans has not yet been started</p> <p>Not yet due</p>

6 PROJECT MANAGEMENT ARRANGEMENTS

6.1 Project Management Unit (PMU) and Project Implementation Units (PIU)

15. MPWT is the executing agency (EA). The implementing agencies (IAs) are the Provincial Department of Public Works and Transport (PDPWT) and Municipal Governments in Kampong Chhnang and Pursat. A Project Steering Committee (PSC) has been established by MPWT although there is no report available on any meeting of the PSC. The PSC is responsible for: (i) overseeing implementation in conformity with the Project's development objectives and scope; (ii) assisting in coordination among government agencies involved in Project implementation and policy reforms (in consultation with the PCU in Phnom Penh); (iii) ensuring coordinated and efficient implementation of Project activities; (iv) monitoring the progress of achieving all outputs, in particular, measuring the development impact and outcome envisaged under the Project; and (v) provide guidance and direction towards the accomplishment of the Project's impact and outputs. The PSC is chaired by MPWT and members include representatives from Ministry of Economy and Finance (MEF), Tonle Sap Authority (TSA), MPWT, and Ministry of Land Management Urban Planning and Construction (MLMUPC).

16. A Provincial Coordinating Committee (PCC) has been established in each town to oversee the work of the PIUs. The PCC includes Provincial Governor (chair), deputy governors or municipality governors (deputy chair), select members of the provincial technical coordinating committee, and PMU project director (members), PIU manager (secretariat). There is one woman in each committee. The PCC has met in several opportunities

17. A project management unit (PMU) has been established with full time staff from MPWT. The PMU includes a Project Director, Project Manager, two Supervisory Engineers, Social and Resettlement Officer, Environment Officer, Office Manager, Procurement Officer, Accounting Officer, Assistant Accountant and Secretary/Office Assistant. It is aimed that at least 30% of the PMU staff are women. This target has not yet been achieved.

18. The project management and implementation support (PMIS) consultants is based in Phnom Penh and works directly with the PMU. The consultant team leader and PMU Procurement Officer are verifying all procurement and consulting service documents.

19. The PMU is responsible for coordinating detailed preparation and implementation of project activities. More specifically it is (i) promoting the Project to the targeted beneficiaries; (ii) assisting in subproject development and implementation; (iii) evaluating the technical, financial and economic, social, and environmental viability of proposed subprojects; (iv) undertaking Project supervision and monitoring; (v) establishing and implementing the Project Performance Management System (PPMS); (vi) preparing community action plans, bidding arrangements, and bid documents; (vii) evaluating bids; (viii) awarding and supervising construction contracts; (ix) exercising quality control; and (xi) recruiting, managing and supervising project consultants. The PMU reports directly to the General Department of Public Works (GDPW) regarding project-related matters.

20. Mr. Ya Samol, Project Engineer, was hired on April 25, 2018 for 22 person months to oversee all implementation activities under the Project Director. Mr. Samol's TOR includes close coordination on activities relating to financial management, procurement, engineering and administration with the executing and implementing agencies

21. Project Implementation Units (PIUs) are set up in Kampong Chhnang and Pursat and are operational. The PIU's are staffed jointly by the Provincial Department of Public Works and Transport and the Municipal government.

6.2 Project Implementation and Management Support (PMIS) Consultant

22. The contract with the PMIS consultants, Korea Engineering Consultants Corp. (KECC) in joint venture with NIRAS A/S and in association with Key Consultants (Cambodia) Ltd., was signed on 20 October 2016 and the consultant services were started on 17 November 2017

6.2.1 Contract variations

23. **VO1:** AS there was no specific provision under the consultant contract to conduct detailed topographical surveys and geological investigations for the Kampong Chhnang and Pursat landfills, Kampong Chhnang embankment and Pursat drainage subprojects, the general provision for surveys and investigations of USD 85,000 under the provisional sum was increased with USD 33,670.40 to as total provision of 118,670.40 which was based on the lowest and substainal bids received for the implementation of these requested studies and investigations. The increase was financed from the contingencies which was reduced from USD 227,379.60. to USD 261,050.00

24. **VO2** Since the scope of services in the Terms of Reference for the Consultant did not include Initial Environmental Impact Assessment study (IEIA) in provisional sum for both towns, a provision of USD 118,000 was added to the provision sum for the direct engagement of a sub-contractor who can meet the qualifications as per the Terms of Reference (TOR) and is licensed by the Ministry of Environment (MOE) for this IEIA study for two packages: Package A - Kampong Chhnang and Package B – Pursat This provision for the IEIA studies was financed from the provision for contingencies under the consultant contract which was reduced from USD 261,050.00 to USD 109,379.60

VO3 The variation order covers the following items that have been agreed during the ADB mission as outlined above:

- Removal of the responsibility and national specialists for the procurement and financial management support from the consultancy as agreed in the ADB Aide Memoire and Reduction, Consolidation of tasks for national specialists, increase of input by support staff and creating a provision for unallocated person-month to make it possible to provide short term specialized input for structural designs, electromechanical engineering, specific design details for WWTPs and additional specialized construction supervision support.
- The replacement of specialists for 3 international positions, and 2 national positions as the originally proposed specialists had informed that they could not guarantee their availability as per the requirements of the project
- The Consolidation the 8 positions for national specialists in to 4 positions as the TOR for positions required a continuous input while the person month allocated for these positions only allowed intermitted interventions.
- Creation of a provision for home office input for the international specialists which would increase the flexibility for the specialists to provide their services as it would open the possibility that the specialists provide special short time support and advise as and when required when not available in Cambodia. Merging the TOR of the consulting package for Strengthening Sector Development (CS03) to take full advantage of the overlaps in the TOR of this package with the related TOR under the contract for the PMIS consultant services
- The preparation of drainage/sewerage masterplans for Kampong Chhnang and Pursat of which the need and urgency was confirmed in the ADB Aide Memoire of ADB Aide Memoire, dated 14 September 2018
- Improvement of the capacity in the PIMS for translation from Khmer to English and English to Khmer during coordination and consultation meetings with the local authorities, in training, workshops and seminars together with the preparation of training materials in Khmer as well as in the preparation and editing of reports in English and if necessary the translation of these reports.
- Increasing the provision for procurement of equipment, in particular for the procurement of a high resolution, lamp-less laser-phosphor for presentation of advanced graphics, high resolution drone imagery and training, especially in the use of the online urban services management system that will be used for the masterplan presentation.

The Additional Costs for merging the TOR of the Strengthening Sector Development (CS03) consultancy package, USD 57,155 with the TOR of the PMIS consultant services, the preparation of the drainage masterplans for Kampong Chhnang and Pursat, USD 399,474 and procurement of supplementary equipment USD 2,500.00 will be funded by using savings under the provisions for national specialists USD 168,150, and the per diem provision for international and national specialists USD 51,600.00 Reducing the provision for training, seminars and workshops under the provisional sum by USD 150,000 from USD 534,000.00 to USD 384,000.00 and reducing the provision for contingencies by USD 88,965 from USD 109,380 to USD 20,415 .

As a result of this Variation Order the Remuneration for International Specialists is increased by USD 57,155 from USD 1,520,563 to USD 1,577,718 , the reimbursable expenses are reduced by USD 51,600 from 624,600 to USD 573,000 , the Provisional Sums are increased by USD 251,560 from USD 780,670 to USD 1,032,230 and the Contingency is reduced by USD 88,965 from USD 109,380 to USD 20,415 . The total contract amount after this variation remains unchanged at USD 4,206,913.

6.2.2 Utilization Consultants' Inputs

25. Up to the end of this reporting period, the total person-months used can be summarized as follows.

Table 6-1: Consultant's Staff Inputs

Specialists	Total p/m as per VO3			p/m used			Balance			percentage p/m used		
	Home	Field	Total	Home	Field	Total	Home	Field	Total	Home	Field	Total
International	11	70	81	0	39.15	39.15	11	30.85	41.85	0.0%	55.9%	55.9%
National		355	355		133.68	133.68		221.32	221.32		37.7%	37.7%
Total	11	425	436	0	172.83	172.83	11	252.17	263.17	0.0%	40.7%	40.7%

7 SAFEGUARDS

7.1 Environmental Safeguard Monitoring

Subproject	Status/activities	Comments
Kampong Chhnang Flood Protection Embankment Construction	Draft EMP has been prepared	All works for the embankment have been suspended until the Government and ADB agree on a way forward for the embankment implementation.
Kampong Chhnang Landfill Construction and Operation	Comments from the ADB on the draft EMP have to be incorporated	
Pursat Improvement of the Combined Storm Water and Sewerage System and Construction of the Waste Water Treatment Plant	Draft EMP has been prepared	The PPTA proposed three deep main lines with outfalls at the old irrigation canal 4 to 6 m below the ground level. This would have required pumping of all storm water collected in the system and a pumping station of very high capacity and equally high operation cost. To avoid this, a design has been proposed such that the storm water flows into the existing irrigation canal by gravity and only the sewage flow need to be pumped to the WWTP which significantly reduces the pumping requirement. However, this design has resulted in the low velocity in the pipes during the dry flow period i.e. when there is no rainfall which may result in the accumulation of sewage in the pipe system and will therefore require frequent cleaning of the pipes. Therefore the procurement of jetvac equipment has been recommended
Pursat Landfill Construction and Operation	Comments from the ADB on the draft EMP have to be incorporated	

7.2 Monitoring of the implementation of the Resettlement and Compensation Plans

Subproject	Status/activities	Comments
Kampong Chhnang Flood Protection Embankment Construction	DMS/SES has reportedly been completed for 51 AH in the village of Phsar Chhnang and in the Chong Koh Village of for 47 self-relocated AH, 46 AH relocated to the resettlement area and 143 AH to be relocated.	All works for the embankment have been suspended until the Government and ADB agree on a way forward for the embankment implementation
Kampong Chhnang Landfill Construction and Operation	Subproject screening has been done by GDR, GDR has determined that only a DDR is required. PMIS has prepared the draft DDR but requires data on compensation of AH and waste pickers to complete the report	GDR will have to confirm if waste pickers from privately owned and operated dump sites qualify for LRSP as RGC is neither operating or closing the existing dump site where waste pickers are active.
Pursat Improvement of the Combined Storm Water and Sewerage System and	GDR has completed the screening of the subproject and assessed the resettlement impacts. A RP will be	Consultation with market stall owners for temporary relocation of these stalls during the installation

Construction of the Waste Water Treatment Plant	required for this subproject as compensation of AH is required	of the sewer lines will be conducted during the next quarter
Pursat Landfill Construction and Operation	During the initial screening GRD determined that because of land acquisition and compensation for productive losses in the right of way of the access road a full RP will be required. DMS/SES of AH and waste pickers has been completed	GDR will have to confirm if waste pickers from privately owned and operated dump sites qualify for LRSP as RGC is neither operating or closing the existing dump site where waste pickers are active.

7.3 Social Safeguards

7.3.1 The indigenous peoples

26. The indigenous peoples safeguard category for the project has been set as C. Kampong Chhnang flood embankment has direct impact on ethnic Cham. However, monitoring of the indigenous peoples safeguards in the Kampong Chhnang Flood Protection Embankment subproject has been suspended as a decision on the way forward for the implementation of the embankment is pending

7.3.2 Grievance Redress Mechanism (GRM).

27. Ministry of Economy and Finance (MEF) General Department of Resettlement (RD-MEF) have set up Provincial Resettlement Sub-Committees Working Groups (PRSC-WG) in October 2017 for Kampong Chhnang and Pursat, RD-MEF has also provided guidance to the Provincial Resettlement Sub-Committees (PRSC) and the Grievance Redress Mechanism (GRM) has been made operational. However, the Kampong Chhnang GRM seems to be inactive as it was not involved in the large scale relocation of HH from the Tonle Sap river bank during the last quarter of 2018. HH consulted were not informed of the existence of the GRM and the possibility and required procedure to lodge a complaint with the GDR.

7.3.3 Gender Action Plan

28. The Project is classified as 'Effective Gender Mainstreaming' (EGM) under the Asian Development Bank's (ADB) guidelines (March 2010). The Project impact is increased economic activities and environmental protection in towns in the Tonle Sap Basin and the outcome of the project will be improved urban services and enhanced climate change resilience in Kampong Chhnang and Pursat municipalities. A Gender Action Plan (GAP) has been prepared in accordance with ADB's Policy on Gender and Development (1998), ADB Operations Manual Section C2/BP (2010) Gender and Development in ADB Operations, and the Government's goal to strengthen the role and social status of women through capacity building for women in all sectors, changing discriminatory social attitudes, and safeguarding women's rights to actively and equally participate in nation building.

29. The Gender Action Plan includes specific gender actions to help ensure men and women actively participate in project activities, receive project information, and have access to opportunities during project implementation. There are no changes in the status of the GAP since the previous quarterly report. The GAP monitoring table is presented in annex 5.

Design Summary	Performance Targets and Indicators with Baselines	Assessment of the Project Implementation
	municipality of Kampong Chhnang (2013: 4% or 400 households)	HH in the municipality from the present SWM coverage of 30% of the HH.
<p>Output 2</p> <p>Pursat urban area environmental improvements</p>	<p>By 2022: (Baseline: not applicable, if not otherwise stated)</p> <p>2a. At least 9.89 km of drains are improved and extended (2013: 5.64 km of drains) controlled landfill.</p> <p>2f. Two open dumpsites are closed and capped (2013: 1 of 2 landfill sites is closed)</p> <p>2g. Household collection increases to at least 60% in Pursat municipality (2013: 11%)</p>	<p>Installation of 22 km of new combined storm water drainage sewer lines which will be connected with the existing pipelines through connection with the existing manholes</p> <p>A WWTP will be constructed with a capacity to treat an average dry weather sewage flow of 24.4 l/s which assuming a water consumption per capita of 120 l/s would be able to serve a population of 20.000 people. The present population in the service of the system is about 12.000 people.</p> <p>The open dumpsites are located on private land. Closure of existing landfill sites can only be done if ownership of these sites is transferred to the government</p> <p>Household collection will be limited to the urban areas of the Pursat Municipality. The Municipality includes large rural and peri-urban areas where collection will not be economically viable. Therefore, it is estimated that only about 40% of the total population in Municipality will be provided with waste collection services. The household collection in the urban area will increase from 30% at present to 80% in 2030</p>
<p>Output 3</p> <p>Community mobilization and environmental improvements</p>	<p>By 2022: (Baseline: 0)</p> <p>3a. At least 40% of participants in output activities and training are women.</p>	<p>NGO has started community mobilization, for details refer to reporting by the NGO</p>
<p>Output 4</p> <p>Strengthened sector coordination and operations</p>	<p>By 2022: (Baseline: not applicable)</p> <p>4a. A plan for climate change adaptation in urban areas around the Tonle Sap is adopted by Tonle Sap provinces</p> <p>4b. Building codes with refined latrine standards are adopted by Tonle Sap provinces.</p> <p>4c. MPWT chairs at least two coordination meetings per year</p> <p>4d. Semi-autonomous USUs in Kampong Chhnang and Pursat municipalities are established</p>	<p>Ongoing, no progress data available</p> <p>Ongoing, no progress data available</p> <p>Ongoing, no progress data available</p> <p>Delayed, PMIS will assume the responsibility for establishment of the</p>

Design Summary	Performance Targets and Indicators with Baselines	Assessment of the Project Implementation
	and become operational (20% of staff are women).	USUs now that VO3 has been approved
Output 4 5. Strengthened capacity for project implementation, and operations and maintenance	By 2022: 5a. At least 20% of training participants are qualified women (2013: 5%-10%) 5b. A capacity development program is adopted by each municipality (baseline: not applicable).	A training needs assessment was completed and based on this assessment a capacity development plan was prepared and present during a workshop in May. No feedback on the proposals have been received so far

9 LOAN COVENANTS

9.1 Sched 5, para 3: Roadmap for Establishing Urban Service Units: Within 12 months of the Effective Date

31. The establishment of Urban Service Units (USUs) has emerged as a possible and feasible solution to achieve the goal of substantially improve the urban environment sanitation in Cambodian provincial towns and such units could eventually evolve into fully-functioning urban management authorities. It is envisaged that such USUs will take departure from the existing Project Implementation Units (PIUs) in Kampong Chhnang and Pursat, and evolve further through appropriate Prakas to be allowed to operate independently and collect revenues/fees, which will gradually be increased in parallel with service improvements and steadily move towards full recovery of costs for operation and maintenance.

32. Ministerial Prakas for this purpose were issued on issued on 29 March 2017, confirming the Ministry's commitment for formally establishing a self-financed "wastewater and solid waste management unit in each of the municipalities, these two Prakas, issued in December 2017 for Kampong Chhnang and Pursat (see attached working paper), are provided the legal basis to establish Wastewater Treatment System and Solid Waste Units (WTSSWUs) under control of the PDPWT, not the municipalities. In this respect it is worth noting that these prakas include solid waste management, for which responsibility has been decentralized to the municipalities

33. However, it should be noted that Ministerial Prakas that are issue for different urban services all have their own specific characteristics, norms and tariff structures. It will therefore be difficult to reconcile all these different norms, requirements and tariff structures under one unit with a uniform environmental fee. Therefore, the Consultant considers the long-term road map of Urban Service Units and Progression to Urban Management Agencies the most realistic. The present pace of decentralization, capacity development, and service improvement at provincial and municipality level, together with experiences in general on creating autonomy, do not provide any evidence that this can be developed sooner nor speeded up. A schedule of 10 years before autonomous and self-financed Urban Service Management Units in Kampong Chhnang and Pursat can be expected to be fully operational seem to be a reasonable outlook

34. Therefore, based on the present legal framework and institutional set up and capacities it is recommended to modify this loan covenant to a more realistic outlook as presented above.

35. Sched 5, para 4: Environmental Sanitation Fees. Within 18 months of the Effective Date

36. 20. The Solid Waste Tariff Models that have been developed for the Project Towns estimates the fees and charges that will be required to finance solid waste services, including operation and management of the landfill. Due to the lack of information on customer numbers in the proposed categories the non-residential fee is based on a Riel/m³ basis.

37. When further information is available the fee structure will be further examined by providing cross subsidization between different categories to keep residential tariffs at an acceptable level. Advice has been received that it is unlikely that any Government subsidies will be available towards operation and maintenance expenses for the service. A draft wastewater fee model has also been developed.

38. The regulatory mechanism for solid waste fees has been examined. The Government has issued Prakas No 195 which details the maximum solid waste fee, including landfill fees, that can be charged for prescribed categories for solid waste services in Cambodia. It is unknown how the maximum fees and categories were determined however it appears that the fees do not relate to the amount of waste generated for each category but rather relate to income and/or values of a property and has all the characteristics of an environmental tax rather than a service fee

39. This Prakas acts as a regulatory mechanism by providing the maximum fee level in a number of customer categories with the categories further divided into the capital city, municipalities and districts. The Prakas provides for fifteen categories and over one hundred sub-categories including five categories for residences and fourteen sub - categories. The concept in Prakas No. 195 is suitable to be used as a regulatory mechanism for setting solid waste fees and charges subject to the following: (i) the number of categories and sub - categories be reduced for municipalities; (ii) maximum fee levels be based on waste generation rather than income and/or property values; (iii) maximum fee levels be provided for individual towns/cities rather than on a country wide basis

40. At present there is no mechanism to regulate wastewater fees. Waste water fees should be preferably linked to water supply, However, in both project towns water supply is managed by private operators.

41. Therefore, the covenant for the establishment of uniform environmental sanitation fees should be modified to more accurately reflect the present situation and the available options for solid waste and sewerage service fees.

9.2 Sched 5, para 10; Land Acquisition and Involuntary Resettlement, Kampong Chhnang Embankment

42. During the ADB review mission in August 2017 the provincial authorities in kampong Chhnang reported that they had started with the relocation of HH under their riverfront beautification plan; according to their information, from the Chong Koh Village 47 HH had self-relocated and 46 HH had relocated to the resettlement area. According to the mission all resettlement under the provincial government plan, the required steps as per ADB SPS (2009) should be or have been followed as it was assumed that a large number of AHs under the provincial resettlement programme are or were residing within or close to the proposed alignment of the flood protection embankment and that this alignment was known before the provincial authorities embarked on their resettlement initiative. The subproject was therefore found in noncompliance with the ADB safeguard requirements.

43. However, from a comparison between Google Earth Imagery dated 1/1/2017 (possibly collected during the last month of 2016) and drone imagery collected by the consultant in August 2017, it was not possible to identify from which area in the embankment alignment these reported 93 HH had been relocated. In the Google Earth imagery 202 structures could be identified in the path of the proposed embankment alignment, and from the August 2017 drone imagery 186 structures could still be identified. Of the 16 structures that had disappeared, at least 7 were floating houses, which may have moved to the new mooring site, and 4 to 5 structures appeared to have been temporary storage sheds. The locations of remaining structures that had disappeared were scattered all along the river bank and did not seem to have been part of an organized relocation plan. In addition, from sample checks of the new residents on the resettlement area, it transpired that most of them had acquired their plots at the commercial price and had not been relocated from the river bank. Some HH from the Cham community near the end of the proposed embankment had relocated to the resettlement area but their original houses near the river were not located in the path of the proposed alignment.

44. During the first quarter of 2018 GDR carried out the DMS of the AH located in the sector of the proposed embankment between the end of the tourist port boulevard and the new port. Every HH surveyed received a small slip that contained the number of the survey, name sex and age of the person interviewed, location of the property (location was recorded as points in running distance along the alignment measured from a fixed commencing point, however the commencing point is unknown and the distances recorded have no relation to our design or the PPTA design so it is impossible to locate these properties on a map), type and size m² of the property and signatures of the surveyor and the person interviewed (supposedly a representative of the HH that owned the property).

45. According to data received from the GDR, in July 2018, the DMS was made for a total of 143 AH in the Chong Koh village along the bank of the Tonle sap and for 51 stall/shops in the Psar Chhnang village located along the access road to the tourist port where the proposed southern section of the new embankment would be joined with the existing road. The 143 AH seemed to be consistent with the drone imagery collected by the consultant. The consultant had identified 186 structures in this area based on roof counts and this also included the stalls/shops at the ferry landing site near the tourist port that were apparently not included in the GDR DMS. Therefore, the GDR count of 143 HH located in the path of the alignment seemed to be with the range of the probable. However, the DMS also included details of the 47 self-relocated HH and the 43 HH relocated to the resettlement area. These numbers cannot be reconciled with a comparison between satellite and drone imagery as the removal of that many structures cannot be confirmed and the occupation of the new resettlement area was not very high.

46. During the ADB review mission in September 2018 GDR informed that there continued to be challenges in the identification and compensation of all households that have already relocated. It was due to the reported relocation of AH in this section that the project was not in compliance with Schedule 5, Paragraph 10 (Land Acquisition and Involuntary Resettlement) and Schedule 5, Paragraph 15 (Safeguards Monitoring and Reporting) of the loan agreement. GDR's assessment was that it would be difficult to bring the project back into compliance. It was agreed that the government will propose a way forward to the ADB by November 12, 2018.

47. Apparently very soon after the ADB review mission the local authorities started with the removal of all remaining HH from the Tonle Sap river bank in the section between the road and the river. It is not known if the local authorities have informed the project authority, GDR or MEF of this action, but the consultant was not informed of this decision and of the start of this complete removal of all HH from the above mentioned section of the embankment.

48. A comparison between drone imagery from august 2017 and the recent drone imagery collected by the consultant showed that from the 186 structures that could be identified on the 2017 drone imagery only 49 structures remained in the embankment section between the road and the river.

49. Although it is doubtful that the subproject was in non-compliance because of the reported relocation of 93 HH from the embankment before August as there is no evidence that these HH were relocated from the embankment alignment. However, the recent and still ongoing eviction of at least 143 HH from the Tonle Sap river bank between the road linking the tourist port and the new port in the section between the road and the river, has now brought the subproject in noncompliance with the ADB safeguard requirements

50. The review of existing solid waste collection fees and the feasibility study on future waste collection fees to ensure cost recovery is ongoing (as per Schedule 5, Para 4). Apart from fees for waste collection that are directly charged to the customers by the private operators there are no other environmental fees charged in the two municipalities. The cost for drainage is funded by the PDPWT from the budget for road maintenance

51. The project performance monitoring and evaluation system is being put in place, with regular updates of the Project Performance Review and contracts tracker spreadsheets, as well as quarterly reports, being submitted to ADB (as per Schedule 5, Para 5). A summary of the covenants is presented in annex 6.

10 ASSESSMENT OF VALIDITY OF KEY ASSUMPTIONS AND RISKS

52. In the Project Design and Monitoring Framework the following risks that could adversely affect effective implementation and sustainable benefits had been identified. The present validity of those risks can be summarized as follows:

Assumptions and Risks	Validity
Outcome Improved urban services and enhanced	climate change resilience in Kampong Chhnang and Pursat municipalities.
Economic activities are adversely affected by natural disasters and lack of climate change impact mitigation. Municipalities are not prepared to collect revenues for O&M of urban infrastructure.	Detailed flood hazard modelling by MRC has shown that a 12 m level for the Kampong Chhnang flood protection embankment provides security for 50 years return period floods. The formation of USUs and the establishment of uniform environmental sanitation fees might not be possible within the project implementation period and a transitional phase will have to be considered
Output 1. Kampong Chhnang urban area environmental improvements	
Project start-up delays increase the number of affected people along the embankment alignment CSOs and/or NGOs raise concerns during project implementation.	GDR has informed that there continue to be challenges in the identification and compensation of all 93 households that have already relocated. It is largely due to the resettlement in this section that the project is currently not in compliance with Schedule 5, Paragraph 10 (Land Acquisition and Involuntary Resettlement) and Schedule 5, Paragraph 15 (Safeguards Monitoring and Reporting) of the loan agreement. GDR's assessment is that it will be difficult to bring the project back into compliance. The recent ongoing eviction of 143 HH and other commercial establishments from the Tonle sap river bank has further complicated this issue
Output 2. Pursat urban area environmental improvements	
NGOs raise concerns during project implementation	The INGO under package 4 will close cooperate with local NGOs and timely address the concerns of affected people. Beneficiary population and the general population. The implementation of the stakeholder communication plan should timely address and mitigate these concerns.
Output 3. Community mobilization and environmental improvements	
CSOs and/or NGOs raise concerns during project implementation.	See above
Output 4. Strengthened sector coordination and operations	
A plan for climate change adaption will be difficult to formulate as short and midterm environmental impacts will mainly result from the flow alterations in the Mekong River, due to development activities in the upstream countries. These will cause negative effects for ecosystem productivity, and thus also for livelihoods of the inhabitants of Tonle Sap floodplain, who directly depend on the lake's natural resources. The projected changes in the dry-season water levels, estimated to increase the water level in Tonle Sap Lake by 0.15– 0.60 m, would, in particular, be harmful to the present ecosystem of the lake.	The Mekong River Commission has commissioned a study on Modelling of Future Land-Use, Infrastructure & Flood Behaviour across the Cambodian Floodplain, Tonle Sap and The Mekong Delta of Cambodia under different land use, development and climate change scenarios. A report with the results of the study is available
Output 5. Strengthened capacity for project implementation, and operations and maintenance	
Participants might not be fully receptive to the training and capacity building	A draft capacity development plan has been prepared and presented but no feedback has been received. The uncertainty with regard to the way forward for the Kampong Chhnang embankment has created uncertainty about the direction and scope of the project and the related capacity development needs
Financial Management Arrangements	

Municipalities are not prepared to collect revenues for O&M of urban infrastructure.	Problems in revenue collection is being identified by the municipal financing specialists. It is proposed to establish a special municipal office for collection of user fees from private and institutional users. The municipal financing specialists will support these units to introduce business plans to recover O&M costs for the services provided.
The project implementation units (PIUs) in Kampong Chhnang and Pursat are new entities and may have difficulty in managing project sub-accounts and adhering to accounting policies and procedures.	The PIUs has drawn management staff from PDPWTs and municipalities. A PMU in the MPWT is supporting the PIUs in project implementation. The PMU is using a project financial management system developed under previous ADB projects, and is be responsible for all procurement. It is supporting the PIUs, with assistance from the PMIS consultants. A provincial coordination committee is guiding the project in each town. Each PIU sub-account has a ceiling of \$5,000. To ensure strict financial controls, each PIU is required to liquidate every month. A late submission of liquidation (more than 10 days from the end of the month) is be grounds for suspension of the sub-account—
Fund mismanagement	The implementation arrangements are outlined in the project administration manual. All procurement are done from within the PMU; a representative from each PIU is invited to participate on the procurement committee. An imprest account has been established in the PMU. A sub-account has been established in each PIU, with a ceiling of \$5,000 and requirement for monthly liquidations. The proposed fund allocation also helps minimize fund mismanagement—reducing the risk to low.
Inadequate internal audit	Each government ministry has a Department of Inspectorate, whose role is to carry out the functions of an internal auditor within the ministry, and ensure that government rules and regulations are observed at all times. The MPWT has extensive experience in undertaking audits for externally financed projects. The Standard Operating Procedures for all Externally Financed Projects/Programs in Cambodia (May 2012) outline the requirements for internal audit
Inadequate external audit	The MEF has recruited an independent auditor to carry out external audits of all externally financed projects, including ADB-supported projects. The Standard Operating Procedures for all Externally Financed Projects/Programs in Cambodia (May 2012) outline the requirements for external audit

11 TARGETS FOR THE NEXT QUARTER

53. The targets for the next quarter can be summarized as follows:

Targets this quarter	Compliance	Targets next quarter
<p>The government will discuss the way forward for the Kampong Chhnang embankment and advise ADB. Meanwhile all works on the flood protection embankment have been suspended.</p>	<p>The Government has not yet made a decision on a way forward for the implementation of the Kampong Chhnang embankment, but during the last quarter of 2018 the local authorities have initiated de eviction of all HH and commercial infrastructure from the bank of the Tonle Sap River that are located east of the road linking the tourist port and the new port</p>	<p>This will depend on the final decision on the way forward for the implementation of the embankment</p>
<p>Finalize the detailed design, BOQ, Cost Estimates, Technical Specification and Bidding Documents. It is expected that the cost for the Pursat Drainage system will exceed the budgeted amount. Approval of the contract variation and initiate preparatory works for the preparation of the urban services masterplans</p>	<p>The detailed design of the drainage system has been finalized and the detailed design of the WWTP is ongoing</p> <p>The 3rd Contract Variation, VO3 was approved and signed on 31 December 2018</p>	<p>Finalize the detailed design of the WWTP BOQ, Cost Estimates, Technical Specification and Bidding Documents.</p> <p>Initiate the preparation of Urban Services Master Plans for Pursat and Kampong Chhnang, with the collection of drone imagery and the preparation of inventories of the existing infrastructure for urban services (drainage, sewerage, water supply, main power lines, urban road network)</p>
<p>Finalize the EMPs for the landfill subprojects and start the preparation of the EMP for the Pursat Drainage Subproject</p>	<p>The detailed designs for the Landfills were on completed towards the end of the reporting period. Draft EMPs have been prepared ADB submitted for comments to ADB</p>	<p>Finalize the EMPs for the landfill subprojects and the Pursat drainage subproject by incorporating the comments from ADB.</p> <p>Preparation of the IEIA for the landfills and the Pursat drainage subprojects by the appointed local consultant up to the approval in principle by the MEF</p>
<p>It is expected that GDR will complete the DMS for the landfill subprojects and the Pursat Drainage subproject. PMIS will assist with the preparation of the DRRs or RPs as required</p> <p>Finalize the review of current institutional arrangements for the provision of solid waste management, flood protection, drainage and sanitation services, contracts currently ongoing for the different operating entities in operation of urban services with duration, incentives, due dates and termination conditions, the financial performance of service delivery and capacity of implementing agencies regarding cost recovery, borrowing</p>	<p>GDR did not conduct any field level survey works during the reporting period</p> <p>No feedback was received on the draft Capacity Building Plan A tariff setting and subsidy methodology has been determined in the development of the solid waste tariff model and the setting of fees. The model provides for different tariffs in a number of categories however at this stage the methodology cannot be fully developed as the Project Towns have not been able to provide full</p>	<p>It is expected that GDR will complete the DMS for the landfill subprojects and the Pursat Drainage subproject. PMIS will assist with the preparation of the DRRs or RPs as required</p> <p>To be able to continue with the development and implementation of the capacity development plan it will be imperative that a final decision on the way forward is made or alternatively a new scope and direction for the project is agreed upon.</p> <p>For finalizing the tariff setting it will be required to; (i) further development of Wastewater Tariff Model when O&M expenditure details are available; (ii) further</p>

capacity, collection of fees and taxes, accounts receivable, and subsidies, as appropriate and private sector opportunities and review the existing private sector contracts in solid waste management, including collection in both Pursat and Kampong Chhnang municipalities

details on customer numbers in various categories. Urban services contracts for Pursat and Kampong Chhnang were examined. A review has been made of the institutional arrangements for solid waste management, flood protection, drainage and sanitation services in both project towns

development of the solid waste tariff model when details on fee categories are provided by the Project Towns; (iii) update information on urban services contracts in the Project Towns; (iv) examine how Prakas No. 195 was formulated especially relating to the determination of categories. The options for PPP in the provision of the urban services will be further refined in consultation with national, provincial and municipal authorities and with relevant private sector entities.

Annexes

Annex 1 : Revised Implementation Schedule

Annex 2 : Revised Personnel Schedule

Annex 3 : Fund Utilization

Status of Loan Utilization (Loan 3311)

As of 31 Dec 2018

Cat. Ref.	Category Name	US Dollars					
		Allocation	Contracts Awarded	Uncontracted Loan Balance	Contracts Disbursed	Undisbursed Loan Balance	Undisbursed Contract Balance
		A	B	C = A - B	D	E = A - D	F = B - D
01A	CW - KC Flood Protection	13,994,401	-	13,994,401	-	13,994,401	-
01B	CW - KC Solid Waste Mgt.	427,310	-	427,310	-	427,310	-
01C	CW - Pursat Flood Protection	595,182	-	595,182	-	595,182	-
01D	CW - Pursat Drainage	4,821,111	-	4,821,111	-	4,821,111	-
01E	CW - PS Solid Waste Mgt	1,012,780	-	1,012,780	-	1,012,780	-
01F	CW - KC Small-scale Inf. Dev.	728,369	-	728,369	-	728,369	-
01G	CW - PS Small-scale Inf. Dev.	728,369	-	728,369	-	728,369	-
02A	GD - KC Solid Waste Mgt.	725,595	-	725,595	-	725,595	-
02B	GD - PS Solid Waste Mgt	808,837	-	808,837	-	808,837	-
02C	GD - KC Embank. Manual Equipment	36,072	-	36,072	-	36,072	-
02D	GD - PS Flood Manual Equipment	36,072	-	36,072	-	36,072	-
02E	GD - PS Drainage Manual Equipment	36,072	-	36,072	-	36,072	-
03A	WS - Project Mgt & Implement Supp.	572,885	534,000	38,885	82,035	490,850	451,965
03B	WS - SSCD	9,712	-	9,712	-	9,712	-
04A	CS - PM & IS	3,367,547	3,597,913	(230,366)	1,041,112	2,326,435	2,556,801
04B	CS - SSCD	95,729	-	95,729	-	95,729	-
04C	CS - Survey & Investigations	62,553	135,000	(72,447)	115,350	(52,796)	19,650
05A	IA - Office and Travel Expense	393,447	140,369	253,077	55,780	337,667	84,590
05B	IA - Vehicles	145,125	134,500	10,625	134,500	10,625	-
05C	IA - Equipment	13,824	51,453	(37,629)	41,018	(27,194)	10,435
06	Interest During Implementation	1,380,850	-	1,380,850	21,902	1,358,948	(21,902)
07	Unallocatd	6,581,683	-	6,581,683	-	6,581,683	-
	Imprest Account	1,294	-	1,294	436,000	(434,706)	(436,000)
	Total	36,574,817	4,593,235	31,981,582	1,927,696	34,647,121	2,665,539

5%

Status of Loan Utilization (Loan 8295)

As of 31 Dec 2018

Cat. Ref.	Category Name	US Dollars					
		Allocation A	Contracts Awarded B	Uncontracted Loan Balance C = A - B	Contracts Disbursed D	Undisbursed Loan Balance E = A - D	Undisbursed Contract Balance F = B - D
1	CW - KC Flood Protection	4,982,000	-	4,982,000	-	4,982,000	-
2	Service During Implementaton	18,000	-	18,000	-	18,000	-
	Imprest Account			-	-	-	-
	Total	5,000,000	-	5,000,000	-	5,000,000	-

Status of Grant Utilization (Grant 0454)

As of 31 Dec 2018

Cat. Ref.	Category Name	US Dollars					
		Allocation A	Contracts Awarded B	Uncontracted Loan Balance C = A - B	Contracts Disbursed D	Undisbursed Loan Balance E = A - D	Undisbursed Contract Balance F = B - D
01A	CW - PS Drainage	2,460,000	-	2,460,000	-	2,460,000	-
01B	CW - KC Sanitation Improvement	510,000	-	510,000	-	510,000	-
01C	CW - PS Sanitation Improvement	510,000	-	510,000	-	510,000	-
02A	WS - NGO SCEI	200,000	-	200,000	-	200,000	-
02B	WS - CCAUD	10,000	10,000	-	-	10,000	10,000
03A	CS - CCAUD	200,000	200,000	-	188,637	11,363	11,363
03B	CS - NGO SCEI	810,000	829,878	(19,878)	251,323	558,677	578,555
03C	CS - Survey and Investigation	100,000	165,796	(65,796)	-	100,000	165,796
04	Unallocated	200,000	-	200,000	-	200,000	-
	Adavance Account	-	-	-	194,000	(194,000)	(194,000)
	Total	5,000,000	1,205,674	3,794,326	633,960	4,366,040	571,714

Annex 4 : Revised Contract Award and Disbursement Projections

Annex 5 : Gender Action Plan Monitoring Table

GENDER ACTION PLAN MONITORING TABLE

STRATEGY	ACTIVITIES AND TARGETS	TIMELINE	RESPONSIBILITY	PROGRESS	ISSUES & CHALLENGES	
Output 1: Kampong Chhnang Urban Environmental Improvements						
Economic empowerment for women	1.1 Equal employment opportunities for female and male unskilled local labor is improved through contractors following relevant clauses on core labor standards in the special conditions of contract (equal pay for equal work, equal opportunities for employment, prioritize employment of women and the poor, providing protective gears to workers, no use of child labors, etc)	During implementation of construction contracts from Q1 2019 to Q2 2021	Contractors, with oversight from PMU, and PMIS consultants	Relevant clauses on core labor standards have been included in the special conditions of contract		
	Target 100% compliance with core labour standards included in the special conditions of contract.					
Reduction in gender inequalities and social risks	1.2 Households irrespective of income, ethnicity or gender of household head receive equal compensation and payment for any land acquisition, resettlement or livelihood losses.	Before award of the respective construction contracts Q4 2018 to Q4 2019	PMU, IRC/GDR, PMIS consultants, and Contractors	Not started		
	Target 100% compliance on equal compensation for similar losses with no gender difference.					
	1.3 Women's financial security is improved by registering household main assets in both husband and wife names.	Before award of the respective construction contracts Q4 2018 to Q4 2019				
	Target In case of relocation 100% of land titles issued in both wife and husband names					
	1.4 Safe and hygienic sanitation conditions are provided for women at work sites.	During implementation of construction contracts from Q1 2019 to				Hygienic sanitation conditions have been included in the special conditions of contract
	Target 100% of contractors provide separate toilet and washing facilities for women and men with adequate privacy for women including adequate arrangements for Menstrual Hygiene Management.					
1.5 Mitigate HIV/AIDS and human trafficking risks during civil works	During implementation of construction contracts from Q1 2019 to	Not started				
Target 100% of contractors' labor force participate in HIV/AIDS training provided by PMIS. Contractors facilitate participation of labour force during working hours.						

STRATEGY	ACTIVITIES AND TARGETS	TIMELINE	RESPONSIBILITY	PROGRESS	ISSUES & CHALLENGES
Output 2: Pursat Urban Environmental Improvements					
Economic empowerment for women	1.1 Equal employment opportunities for female and male unskilled local labor is improved through contractors following relevant clauses on core labor standards in the special conditions of contract (equal pay for equal work, equal opportunities for employment, prioritize employment of women and the poor, providing protective gears to workers, no use of child labors, etc)	During implementation of construction contracts from Q1 2019 to Q2 2021	Contractors, with oversight from PMU, and PMIS consultants	Relevant clauses on core labor standards have been included in the special conditions of contract	
	Target 100% compliance with core labour standards included in the special conditions of contract.				
Reduction in gender inequalities and social risks	2.2 Households irrespective of income, ethnicity or gender of household head receive equal compensation and payment for any land acquisition, resettlement or livelihood losses.	Before award of the respective construction contracts Q4 2018 to Q4 2019	PMU, IRC/GDR, PMIS consultants, and Contractors	Not started	
	Target 100% compliance on equal compensation for similar losses with no gender difference.				
	2.3 Women's financial security is improved by registering household main assets in both husband and wife names.	Before award of the respective construction contracts Q4 2018 to Q4 2019		Not started	
	Target In case of relocation 100% of land titles issued in both wife and husband names				
	2.4 Safe and hygienic sanitation conditions are provided for women at work sites.	During mobilization of contractors		Hygienic sanitation conditions have been included in the special conditions of contract	
Target 100% of contractors provide separate toilet and washing facilities for women and men with adequate privacy for women including adequate arrangements for Menstrual Hygiene Management.					
2.5 Mitigate HIV/AIDS and human trafficking risks during civil works	At the start of				

STRATEGY	ACTIVITIES AND TARGETS	TIMELINE	RESPONSIBILITY	PROGRESS	ISSUES & CHALLENGES
	<p>Target</p> <p>100% of contractors' labor force participate in HIV/AIDS training provided by PMIS. Contractors facilitate participation of labour force during working hours.</p>	<p>construction works and periodically during the construction activities depending on the turnover of construction labour</p>		<p>Not started</p>	
Output 3: Community Mobilization and Environmental Improvements (CMEI)					
Enhance women's involvement in planning, awareness, and commune and household level conditions on hygiene	<p>3.1 Improved household level sanitation for poor female-headed households which would focus on; (i) safe disposal of urine and faeces including desiccated and composted wastes; (ii) good personal hygiene practices; (iii) importance of clean toilets; food hygiene; (iv) access to clean drinking water and keeping stored water clean and hygienic; (v) safe disposal of wastewater; (vi) implications of inappropriate hygiene practices and associated diseases.</p>		PMU, PIUs, NGO, PDOWA and WCCC	<p>NGO has started HH surveys in villages selected during the PPTA. No survey data have been made available</p>	<p>A well structured mechanism for data sharing between the PMIS and NGO will have to be agreed upon.</p>
	Targets				
	(i) Household sanitation grants cover 100% of IDPoor 1 and IDPoor 2 female-headed households;			No data	
	(ii) clean functional toilets available for all HH			No data	
	(iii) proper maintenance with safe disposal of urine and faeces for all toilet facilities;			No data	
	(iv) all HH have access to safe drinking water;			No data	
	(v) In all HH good hygienic practices introduced.			No data	
	3.2 Women participate in identification of commune small-scale infrastructure needs and their location				
	Targets				
	(i) 40% of participants in CMEI consultations are women.			No data	
	(ii) 100% of women groups in CMEI project localities are consulted on location and appropriateness of small-scale infrastructure.			No data	
	3.3 Hygiene training and awareness campaigns benefit women			No data	
	Targets				
(i) 40% of participants in CMEI training sessions are women.		No data			
(ii) 30% of hygiene campaigns focus on menstrual hygiene and solid waste management (SWM).		No data			

STRATEGY	ACTIVITIES AND TARGETS	TIMELINE	RESPONSIBILITY	PROGRESS	ISSUES & CHALLENGES
Output 4: Strengthened sector coordination and operations					
Improve integration women's needs in institutional structures for urban area development	4.1 Semi-autonomous urban service units (USU) have women represented.	Depends on the establishment of the USUs	PMU, PIU, PMIS consultants and PDOWA	An initial note on the establishment of USUs has been prepared emphasizing the representation of women	Support for the establishment of USUs by the PMIS will require a contract variation that will transfer the responsibilities and inputs under package 3 to the PMIS
	Target				
	At least 20% of USU staff in Kampong Chhnang and Pursat are women.			Not started	
	4.2 Consultations during Master Plan studies for improvement urban services take into account women's needs.	Q4 2018 to Q1 2019		Not started	
	Targets				
	(i) 100% of women groups are consulted.			Not started	
(ii) 40% participants in general consultations are women.	Not started				
Output 5: Strengthened Capacity for Project Implementation, and Operations and Maintenance					
	Targets				
	5.1 At least 1 member of the Project Steering Committee is a woman.	Before the first meeting of the steering committee		Steering committee has not yet met	
	5.2 At least 30% of PMU and 30% of staff in both PIUs are women, preferably in decision making and technical positions; 2017 Baseline: PMU=1 woman (administration); PIU Kapong Chhnang=1 women (administration); PIU Pursat=1 women (administration).	Q 4 2019		No change in the composition of the PIUs	The present composition of the PMU and PIUs is not in compliance with the target set in the GAP/PAM
	5.3 Project management and implementation consultants include an international social development /resettlement specialist (6 person-months) and national gender specialist (6-person months).	Q4 2016		The international social development specialist has been mobilized. The national gender specialist has not yet been mobilized	
	5.4 A resettlement/social development officer is appointed in the PMU	Q1 2017		A resettlement/social development officer has been appointed in the PMU	

STRATEGY	ACTIVITIES AND TARGETS	TIMELINE	RESPONSIBILITY	PROGRESS	ISSUES & CHALLENGES
Capacity of women strengthened for project implementation, and operations and maintenance	5.5 A government community coordinator is appointed in Pursat PIU and two government community coordinators are in Kampong Chhnang PIU.	Q1 2017	PMU, PIUs and PMIS consultant	2 community coordinators have been included in the Kampong Chhnang PIU and 1 community coordinator in the Pursat PIU	
	5.6 A representative from the PDOWA is appointed to the provincial coordination committee in Pursat and Kampong Chhnang.	Q1 2017		A representative from the PDOWA has participation in meetings with the provincial coordination committee in Pursat and Kampong Chhnang	
	5.7 The annual project performance monitoring and evaluation reports will include progress against sex-disaggregated indicators. Routine monitoring will be done, and indicators and risks added to logical framework.	Q1 2019		A performance monitoring system which will include sex-disaggregated indicators is being set up	
	5.8 Progress reports (e.g., quarterly, safeguards, annual project performance monitoring and evaluation, and PPCR reports) include information on gender activities. The GAP monitoring table is updated and attached to the project progress report (twice a year)	Q4 2018		Included in this progress report	
	5.9 GAP performance included in mid-term and final project reviews.	Dates to be confirmed		Not due	
	5.10 At least 20% of technical training participants are professional staff women of PMU, PIUs and other relevant government agencies.	Q4 2021		Not started	

Annex 6 : Compliance with Loan Covenants

Ref	COVENANT	STATUS	ACTIONS	REMARKS
Covenants in the Loan Agreement				
Sched 5, para 2	Tonle Sap Urban Areas Development Framework. Within 18 months of the Effective Date, the Borrower shall ensure the adoption of the Tonle Sap Urban Areas Development Framework, an urban planning document that guides sustainable and climate resilient infrastructure development and growth of urban areas in the Tonle Sap basin.	Due in September 2017. Under review by Under Secretary of State.	Prakas to be adopted following further review by Secretary of State, Minister MPWT.	Adoption is pending
Sched 5, para 3	Roadmap for Establishing Urban Service Units: Within 12 months of the Effective Date, the Borrower shall ensure, and cause the Project Executing Agency to ensure, that the plans for establishing semi-autonomous USUs within the municipalities of Kampong Chhnang and Pursat are in place, including relevant draft ministerial <u>prakas (or ministerial decisions) to be signed by MPWT</u> for the establishment of USUs, its board of directors (or its equivalent), staffing requirements, human resource recruitment plan, office location, reporting responsibilities, financial management and audit requirements, good governance actions, assets transfer, and <u>timeline and process of conversion from a PIU to a USU.</u>	Due by 02 March 2017. Non-compliant	Ministerial Prakas (103 PRK/SK for Pursat and 104 PRK/SK for Kampong Chhnang), issued on 29 March 2017, establishes the Ministry's commitment for formally establishing a self-financed "wastewater and solid waste management unit in each of the municipalities. An Initial Note on Urban Service Unit Road Map has been prepared by the PIMS	Ministerial Prakas for this purpose were issued on issued on 29 March 2017, confirming the Ministry's commitment for formally establishing a self-financed "wastewater and solid waste management unit in each of the municipalities, these two Prakas, issued in December 2017 for Kampong Chhnang and Pursat (see attached working paper), are provided the legal basis to establish Wastewater Treatment System and Solid Waste Units (WTSSWUs) under control of the PDPWT, not the municipalities. In this respect it is worth noting that these prakas include solid waste management, for which responsibility has been decentralized to the municipalities..
Sched 5, para 4	Environmental Sanitation Fees. Within 18 months of the Effective Date, the Borrower shall ensure, and cause the Project Executing Agency to ensure, that each USU conducts a review of existing Environmental Sanitation Fees levied in the municipalities of Kampong Chhnang and Pursat and completes a feasibility study on levying Environmental Sanitation Fees that recovers operations and maintenance costs and gradual depreciation of solid waste management, flood control and drainage, taking into account affordability for the poor.	Due in September 2017. Non-compliant	Review ongoing under PMIS. In light of the scheduling of other activities related to the construction of solid waste and waste water/drainage infrastructure the date for the establishment of an environmental sanitation fee was premature	The Solid Waste Tariff Models that have been developed for the Project Towns estimates the fees and charges that will be required to finance solid waste services, including operation and management of the landfill. Due to the lack of information on customer numbers in the proposed

				categories the non-residential fee is based on a Riel/m ³ basis The regulatory mechanism for solid waste fees has been examined. The Government has issued Prakas No 195 which details the maximum solid waste fee, including landfill fees, that can be charged for prescribed categories for solid waste services in Cambodia
Sched 5, para 5	Project Performance Monitoring and Evaluation. Within 18 months of the Effective Date, the Borrower shall ensure, and cause the Project Executing Agency to ensure, that a project performance monitoring and evaluation is established, acceptable to ADB, to monitor and evaluate the Project performance during implementation.	Due in September 2017	Project Performance Monitoring is ongoing, it has been agreed that the PPR can be expanded, incorporating a data set for the DMF, to form the PPME	Since multiple consultant teams are involved in the implementation of the project responsibilities for and coordination of data collection will need proper coordination. And possibly the development of an online data collection system
Sched 5, para 6	Environmental Decommissioning of Open Dumpsites. The Borrower shall ensure and cause the Project Executing Agency to ensure that the open dumpsites in Kampong Chhnang and Pursat relating to the Project shall be closed and properly decommissioned according to the plans set forth in the IEEs and finally in the IEEs updated during detailed design.	Not yet due	The existing open dumpsites are mainly located on private land owned or leased by the SWM contractors. The legal implications of closing these private dumpsites with public funds still have to be explored	It is proposed to add a national legal specialist to the PIMS team for assessment of legal issues with regard to closing private dumpsites
Sched 5, para 7	Plan for Climate Change Adaptation. Within 36 months of the Effective Date, the Borrower shall ensure that the Project Executing Agency has adopted the plan for climate change adaptation in urban areas around the Tonle Sap and revised building codes.	Not yet due.		
Sched 5, para 8	Counterpart Funds. The Borrower shall ensure that all counterpart funds necessary for the Project is provided on a timely basis.	Ongoing.		

<p>Sched 5, para 9</p>	<p>Environment. The Borrower shall ensure, and cause the Project Executing Agency to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project 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; and (c) all measures and requirements set forth in the EARF, IEEs, the EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report. The Borrower shall ensure, and cause the Project Executing Agency to ensure, that the foregoing is applied and implemented for all outputs of the Project described in Schedule 1, regardless of the financing source.</p>	<p>Ongoing.</p>	<p>Preparatory activities are ongoing for updating the subproject IEEs and the preparation of the EMPs, as well as for the preparation of the government mandates IEAEs to be prepared by an independent licensed firm.</p>	<p>Updating of IEEs and preparation of EMP can only be done after the detailed designs have been substantially completed. It is expected that the detailed designs for the sanitary landfills will be completed by May 2018</p>
<p>Sched 5, para 10</p>	<p>Land Acquisition and Involuntary Resettlement. The Borrower shall ensure, and cause the Project Executing Agency to ensure, that all land and all rights-of-way required for the Project 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 the RPs based on (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the applicable principles and requirements set forth in the SPS; and (c) any necessary corrective or preventative actions as agreed by the IRC set forth in a Safeguards Monitoring Report.</p>	<p>45. During the ADB review mission in September 2018 GDR informed that there continued to be challenges in the identification and compensation of all households that have already relocated. It was due to the reported relocation of AH in this section that the project was not in compliance with this schedule. GDR's assessment was that it would be difficult to bring the project back into compliance. It was agreed that the government will</p>	<p>GDR has commenced the implementation of a corrective action plan but has also confirmed that it is unlikely that these challenges could be resolved to bring the project back into compliance. The government will discuss the way forward for the Kampong Chhnang embankment and advise ADB.</p>	
	<p>Without limiting the application of the SPS or the RPs, the Borrower shall ensure or cause the Project Executing Agency to ensure that no physical or economic displacement takes place in connection with the Project until:</p> <p>(a) prior to the award of any Works contract which involves involuntary resettlement impacts, the Borrower has (i) updated the agreed RPs following completion of detailed design; and (ii) prepared, disclosed to affected persons and submitted to ADB the final RPs based on the Project's detailed design and obtained ADB's concurrence with such RPs;</p> <p>(b) compensation and other entitlements have been provided to affected people in accordance with the RPs; and</p> <p>(c) a comprehensive income and livelihood improvement program has been put in place in accordance with the RPs.</p>	<p>relocated. It was due to the reported relocation of AH in this section that the project was not in compliance with this schedule. GDR's assessment was that it would be difficult to bring the project back into compliance. It was agreed that the government will</p>	<p>GDR has prepared the DMS was made for a total of 143 AH in the Chong Koh village along the bank of the Tonle sap and for 51 stall/shops in the Psar Chhnang village located along the access road to the tourist port where the proposed southern section of the new embankment would be joined with the existing road, The DMS also included details of the 47 self-relocated HH and the 43 HH relocated to the resettlement area</p>	<p>All works for the flood protection embankment have been suspended until the Government and ADB agree on a way forward for the implementation of the embankment. During the last quarter of 2018 mission the local authorities started with the removal of all remaining 143 HH and other commercial establishments from the Tonle Sap river bank in the section between the road and the river. It is not known if the local authorities have informed the project authority, GDR or MEF</p>

		propose a way forward to the ADB by November 12, 2018		
Sched 5, para 11	Indigenous Peoples. The Project, including Output 3 described in Schedule 1 hereto, shall benefit Ethnic Minorities. The Borrower shall ensure and cause the Project Executing Agency to ensure, that it adheres to applicable laws and regulations of the Borrower relating to indigenous peoples, and the Indigenous Peoples Safeguards and any corrective or preventative actions set forth in a Safeguard Monitoring Report.	Not yet due		
Sched 5, para 12	Human and Financial Resources to Implement Safeguards Requirements. The Borrower shall ensure, and cause the Project Executing Agency to ensure, to make available the necessary budgetary and human resources to fully implement the EARF, EMPs and the RPs.	Not yet due		
Sched 5, para 13	<p>Safeguards – Related Provisions in Bidding Documents and Works Contracts. The Borrower shall ensure, and cause the Project Executing Agency to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:</p> <p>(a) comply with the measures relevant to the contractor set forth in the EARF, IEEs, the EMPs and the RPs (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;</p> <p>(b) make available a budget for all such environmental and social measures; and</p> <p>(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 EARF, IEEs, the EMPs and the RPs.</p>	Not yet due		
Sched 5, para 15	Safeguards Monitoring and Reporting. The Borrower shall ensure, and cause the Project Executing Agency to do the following:	Being brought in compliance		To be recruited

	<p>(a) no later than the commencement of land acquisition and resettlement activities, engage qualified and experienced external monitoring organization(s) (EMO), under the terms of reference(s) acceptable to the Borrower and ADB to verify information produced through the Project monitoring process and facilitate the carrying out of any verification activities;</p> <p>(b) submit quarterly Safeguards Monitoring Reports relating to implementation of and compliance with the RPs and submit semi-annual Safeguards Monitoring Reports relating to the implementation of and compliance with the EARF, EMPs, and any IPP (if it becomes applicable), in each case to ADB and disclose relevant information from such reports to affected persons promptly upon submission;</p> <p>(c) 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 EARF, IEEs, the EMPs and the RPs, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and</p> <p>(d) report any actual or potential breach of compliance with the measures and requirements set forth in the EARF, EMPs or the RPs promptly after becoming aware of the breach.</p>		<p>External monitoring organization to be recruited by GDR</p>	
<p>Sched 5, para 16</p>	<p>Gender and Development. The Borrower shall ensure, and cause the Project Executing Agency to 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; (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB; and (e) key gender outcome and output targets including, but not limited to, 30% of staff in the PMU and PIUs and 20% of staff of USUs shall be composed of women.</p>	<p>Ongoing.</p>	<p>This quarterly report includes the status of compliance with the Gender Action Plan.</p>	

Sched 5, para 17	Labor. The Borrower shall ensure, and cause the Project Executing Agency to ensure (i) compliance with all applicable labor laws of the Borrower on the prohibition of child and forced labor; (ii) giving of equal pay for equal work regardless of gender, ethnicity or social group; and (iii) dissemination of information on sexually transmitted diseases (including HIV/AIDS) and human trafficking to sub-contractors/employees and local communities surrounding the Project construction sites.	Ongoing		
Sched 5, para 18	Governance and Anticorruption. 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.	Ongoing		
	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.	Ongoing		
Sched 5, para 19	Prohibited List of Investments. The Borrower shall 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.	Ongoing		

Annex 7 : Overview of the input by Key International and National Specialists

KEY EXPERT (INTERNATIONAL)

No.	Expert / Position	Original Contract / VO3			Upto Last Quarter		This Quarter		Total		Balance	
		Inputs (Person-)		Total Inputs	Total Inputs (Person-Months)		Total Inputs (Person-Months)		Total Inputs (Person-Months)		Total Inputs (Person-Months)	
		Home	Field		Home	Field	Home	Field	Home	Field	Home	Field
A. Remuneration												
Key Expert (International)												
KI-01	Christopher Konecki/Louis RIJK <i>Team Leader / Municipal Engineer</i>	0.50	34.50	35.00		12.17		2.63		14.80	0.50	19.70
KI-02	KIM, Dong Min <i>Geotechnical Engineer</i>	0.50	3.50	4.00		2.27		-		2.27	0.50	1.23
KI-03	Ricky Kwan/ Prashant MALLA <i>River Engineering Specialist</i>	4.25	3.75	8.00		1.43		0.77		2.20	4.25	1.55
KI-04	Herkko Kristian Torssonen <i>Solid Waste Management Specialist</i>	1.50	4.50	6.00		2.93		-		2.93	1.50	1.57
KI-05	Cliff Massey/Rachel Wildblood <i>Environment Specialist</i>	1.50	2.50	4.00		1.57		0.43	-	2.00	1.50	0.50
KI-06	Paul Van Strijp/Teemu Antero Jantunen <i>Social Development and Resettlement Specialist</i>	0.25	5.75	6.00		4.66		0.77		5.43	0.25	0.32
KI-07	Kerry Maxwell Blanch <i>Municipal Finance Specialist/Economist</i>		6.00	6.00		2.99		1.96		4.95		1.05
KI-08	Eric Baye <i>Private Sector Specialist</i>	1.00	3.00	4.00		0.84		0.60		1.44	1.00	1.56
KI-09	Claes Clifford <i>Institutional Specialist</i>	1.50	6.50	8.00		3.13		-		3.13	1.50	3.37
	Subtotal Key Expert (International)			81.00		31.99		7.16		39.15	11.00	30.85

KEY EXPERT (NATIONAL)

No.	Expert / Position	Original Contract			Upto Last Quarter		This Quarter		Total		Balance	
		Inputs (Person-)		Total Inputs	Total Inputs (Person-Months)		Total Inputs (Person-Months)		Total Inputs (Person-Months)		Total Inputs (Person-Months)	
		Home	Field		Home	Field	Home	Field	Home	Field	Home	Field
Key Expert (National)												
KN-01	Phai Sokheng <i>Deputy Team Leader/Civil Engineer 1</i>	2.11		2.11	2.11			-		2.11		-
KN-02	Srey Socheat <i>Deputy Team Leader/Civil Engineer 2</i>	63.89		63.89	18.00			4.00		22.00		41.89
KN-03	Ty Sopheak/Chea Ketia <i>National Geotechnical Engineer</i>	12.00		12.00	11.20			0.80		12.00		-
KN-04	Som Kosal <i>Senior Civil Engineer 1</i>	0.00		-	-			-		-		-
KN-05	Sim Sen <i>Senior Civil Engineer 2</i>	24.00		24.00	9.90			2.00		11.90		12.10
KN-06	Phung Katry/ Mam Sanoun <i>Civil Engineer-River Hydrology</i>	12.00		12.00	10.90			1.10		12.00		-
KN-07	Yim Mong Toeun <i>Civil Engineer-Solid Waste Management</i>	10.00		10.00	10.00			-		10.00		-
KN-08	Chhoeum Ravann <i>Resident Engineer 1</i>	34.00		34.00	-			-		-		34.00
KN-09	So Saran <i>Resident Engineer 2</i>	0.00		-	-			-		-		-
KN-10	Chhor Ratha <i>Site Engineer 1</i>	34.00		34.00	-			-		-		34.00
KN-11	Ro Rosbunnat <i>Site Engineer 2</i>	0.00		-	-			-		-		-
KN-12	Pong Veasna <i>Site Engineer 3</i>	34.00		34.00	-			-		-		34.00
KN-13	Vuth Ratha <i>Site Engineer 4</i>	0.00		-	-			-		-		-
KN-14	Chhay Theara <i>AutoCAD Operator-Solid Waste Management</i>	18.00		18.00	10.46			1.04		11.50		6.50
KN-15	Norm Mara <i>AutoCAD Operator-Drainage and River Bank Protection</i>	0.00		-	-			-		-		-
KN-16	Pen Titdara <i>AutoCAD Operator-Flood Control</i>	20.00		20.00	12.80			1.70		14.50		5.50
KN-17	Hep Srey Leak <i>Gender and Development Specialist</i>	6.00		6.00	-			-		-		6.00
KN-18	Chap Samoeun <i>Resettlement Specialist 1- Pursat</i>	15.00		15.00	10.29			1.52		11.81		3.19
KN-19	Mel Sophanna <i>Resettlement Specialist 2- Kampon Chhnang</i>	0.00		-	-			-		-		-
KN-20	Chea Mong <i>Environment Specialist</i>	12.00		12.00	4.23			2.60		6.83		5.17
KN-21	Ouk Monyroath <i>Financial Management/Accounting Specialist</i>	0.00		-	-			-		-		-
KN-22	Bun Sangvar <i>Procurement Specialist</i>	0.00		-	-			-		-		-
KN-23	Chan Vannak <i>Municipal Finance/Tariff/Economic Specialist</i>	24.00		24.00	10.60			3.93		14.53		9.47
KN-24	Houth Ratanak <i>Human Resource/Training Coordinator</i>	24.00		24.00	4.20			0.30		4.50		19.50
KN-26	Unallocated	10.00		10.00				-		-		10.00
	Subtotal Key Expert (National)			355.00	114.69			18.99		133.68		221.32

Annex 8 : Private Sector Participation in Urban Garbage and Solid Waste Management in Cambodia; from National Analysis to Local Actions in Kampong Chhnang and Pursat

1. Introduction

1. This Report comprises the missions realized by the PSP specialist in Cambodia on during 2018. Aside from the review of the available documentation, several organizations were met, including the MOE, CSARO, GAEA Company. Visits to Pursat and Kampong Chhnang in May 2018 enabled discussions with PIUs, municipal governments, DOE, solid waste collectors. Last, but not least, connections were established with project implementation consultants for GMS CDTP-1 and PPTA teams for GMS CDTP-4 and GMS Capacity Development for Boarder Economic Zones in Boarder Areas (TA-8989-REG).

2. The progress report complements the Progress Report delivered by the Municipal Financial/Tariff/Economic Specialist. Specific information related to contracts arranged in Pursat and Kampong Chhnang can also be found in this report.

2. National Context

2.1. Main institutions

3. Materials related to PSP in urban garbage and solid waste (UGSW) sector are not easy to gather. Although ministries are in principle informed of local PSP arrangements, the information is not centralized and local contractual arrangements are not a matter of monitoring or information disclosure by line ministries. The MOE knows apparently who provides the collection service and where but, so far, no national-level and comparative study, for instance based on a benchmarking approach, has been made available by competent ministries.

4. The MOE is the main ministry in charge of UGSW (Department of Solid Waste, established in 2015). MOE is also in charge of environmental impacts of waste through its Department of Environmental Impacts and Department of Pollution Control. The MOI (General Department of Local Administration) and the MEF (Local Finance Department, Department of Budget) are also involved concerning institutional/organizational and staffing matters for the former and to financial/tariff matters for the later. MPWT (General Directorate of Public Works) is responsible of construction of landfills and construction / maintenance of access roads to dumpsite/landfills¹. MPWT is also concerned by the illegal dumping of GSW into the drainage systems, although this often relates to deficiencies of the collection service. However, sub-decree 113² does not mention the MPWT as a key ministry for UGSW management. Another important regulation is sub-decree 235 for drainage and waste water, issued in 2018, which makes the MPWT competent for drainage cleansing and management of waste water sludge.

5. Since the Organic Law (2008), towns have been granted more responsibilities, as part of the Deconcentration and Decentralization Policy³. Aside from the provincial capitals, several secondary provincial towns with a rapid growing population (e.g. Poipet and Bavet in 2008) were upgraded as municipalities (*krong*), giving them opportunities to directly deal with the private sector to manage urban services. Recently, and with encouragement of the ADB,

¹ The MPWT is generally designated as the Executing Agency of most urban projects including solid waste components financed by international donors, first of all the ADB

² The previous one was the Sub-decree on Solid Waste Management, 36 ANRK BK, dated April 1999, which insisted much on hazardous waste.

³ Initiated on the basis of the so called Rectangular Strategy, defined by the RGC in the early 2000s

the MPWT promotes the establishment of urban services units (USU) at the municipal (*krong*) levels. These units are expected to operate and manage, at least, UGSW and drainage. Eventually, establishing USU in Pursat and Kampong Chhnang is a loan covenant of the Tonle Sap Urban Environmental Development Project loan agreement. This important contextual aspect will be discussed further in this note.

2.2. Private solid waste industry sector profile

6. The private sector is massively present in the urban solid waste sector in Cambodia. Presently all the 26 cities plus Phnom Penh have contracted with one private operator. The involvement of the private sector started in the early 2000s, first in Phnom Penh, encouraged by the joint prakas No 80 (MOE and MOI)⁴. PSP has resulted from financial incapacity of SNAs to assume UGSW while urbanization was accelerating. PSP developed much more recently in provincial towns. In small cities, the urgent task was above all to remove waste from the core urban area; as for a result, many city-areas remain today un-served. Unless in the case of ODA supported projects, financial resources and policy guidance lacked to implement engineered / sanitary landfills complying with basic environmental protection and sanitation principles. Although contracts were generally arranged between private parties and provincial authorities (rather than municipal ones), the MEF has in some cases directly contracted with the private⁵.

7. The larger private operators for UGSW management are CINTRI and GAEA, both Cambodian firms. Their approximate yearly turnover in this sector is, respectively, 16,800,000 for CINTRI and 4,560,000 USD for GAEA. These companies are mostly interested by business opportunities offered by the largest cities, where the quantities of solid waste can facilitate the return on investments. Their development was historically supported by Cambodians expatriated with the support of foreign companies (Canadian company CINTEC [case of CINTRI]). GAEA belongs to a multi-activity group (DEVENCO), partially staffed with French employees, also active in water supply, other urban services and real estate. CINTRI provides solid waste management services in Phnom Penh and Battambang⁶ whereas GAEA operates in Siem Reap, and in Sihanoukville through its subsidiary KSWM, Serei Saophoan, and Stung Saen (Kampong Thom)⁷. The Cambodian firm ANCO (ANCO Brothers Ltd, conglomerate chaired by Mr. Kok An), historically involved in import trading and casino business (in Poipet and Bavet, in particular), expanded its activities to power and water supply sector and seeks today entering the UGSW market as service provider.

8. In other provincial capital towns, and also in some District's towns, UGSW collection - commonly a few tenths of tons per day for provincial capitals - is assumed by smaller private companies, most of the time individual enterprises. Several among them develop other business lines to complement solid waste management business. They are generally headed by a native entrepreneur and commonly limit their service to 'their' city and never in neighboring provinces. Their geographical experience is therefore limited and taking advantage of economies of scale in the service when two cities are neighboring provinces is eventually difficult. Presumably, most of these private operators have limited investment capacities to expand their service area. PSP in UGSW service is fragmented.

⁴ Delegating solid waste management to provinces and municipalities

⁵ Meeting, MEF, 25th May 2018.

⁶ Historically, CINTRI has benefited of the support of influential decision makers within the central government

⁷ GAEA also assumed collection of solid waste in Kampot until these recent years.

9. Most municipalities have also contracted with specific operators to collect waste from market places. Contracts are specific and limited to a market's stands areas. Service providers are commonly of a small size. In general in one city, UGSW services and market service collection coexist.

10. Foreign private companies, e.g. from Thailand or Vietnam, are so far not involved as operators in Cambodia⁸. Some private firms such as Endress + Hauser or Waste to Energy Pte Ltd develop in the solid waste sector but rather as manufacturers, or as consultants (SLP Environmental Co. Ltd, from Thailand). A Russian company, Demura, is positioned on the market of construction waste collection. CINTRI⁹ is presently said to now develop ties with a potential Chinese investor. In spite of the rapid development of special economic zones and industrial estate, it does not seem that the connection between UGSW sector and industrial waste management is strong (e.g. in Sihanoukville). Apparently, but this might be a matter of further studies, industrialists or large companies from the tourism sector (e.g. Sokha Group) now acquire on the market small and efficient imported devices to treat and burn their own waste.

11. Septic tanks are emptied by private operators which however differ from UGSW operators. Management of industrial waste is unclear: in some cases collection is assumed by the SNAs or assumed directly by industries themselves, sometimes and partially by the local UGSW operator (Bavet). Since 2001 (inter-ministerial prakas), the Sarom Trading Company (Men Sarom Import Export Group) has developed a landfill in Kandal province (for Phnom Penh area) dedicated to recyclable and reusable industrial waste to store them in a trading perspective.

12. NGOs are also involved in UGSW management, such as CSARO in Phnom Penh and Kampot (capacity development of communities and Sangkat, composting), or COMPED in Battambang (Social Waste Management Centre, composting). These organizations are sometimes supported by foreign funds (Red Cross in Phnom Penh, support of Spain in Kampong Cham in the early 2010s, etc.). Specific program on domestic toxic waste or medical waste have been implemented with international support but not connected with private UGSW management.

2.3. Types of contracts up to sub-decree 113

13. Competitive bidding is relative in Cambodia. At the early stage of PSP, most of contracts were arranged directly with private parties. Now, the dominating rule is the bidding process but most of towns limit publications of invitations to tender to the local area, which makes difficult difficult for non-residing service providers to bid. Most of these towns lack the resources to organize a national or international competitive bidding process for solid waste collection, which also explains the limited format of contractual arrangements.

14. Contractual arrangements are traditionally negotiated between provincial governments (and signed by the provincial governor) and the private parties. Bidders are generally in a limited number. Recently, in the case of Sihanoukville (2017), bidders were only CINTRI (the former operator) and KSWM (finally selected). In Phnom Penh, JICA proposed in the mid-2000s to organize tendering process for service operation requiring at least three tenders in each Khan. In fact, the municipality opted for direct negotiation with CINTRI (not following JICA' recommendation). Whatever, making tenders for UGSW management attractive to a large scope of bidders remains difficult in Cambodia This is possibly due to

⁸ Particular case: in Bavet, the operator is ethnically Vietnamese. He has organized selling in Vietnam (Moc Bai) of recyclable waste.

⁹ Chairman: Mr. Sveng Sary

the uncertainty regarding the financial return for the private parties which does not have already good relation with the public parties, and to the fears of bias in the competition process..

15, Contracts are most of the time one or two years' terms and relate to households solid waste collection only. There is no standardized arrangement but, to be confirmed by a comprehensive study based on a sufficient number of different contractual arrangements. For instance in the case of Kampong Chhnang (2016);

- A minimum installment fee is defined by the contract (1,750 USD for one year in the case of Kampong Chhnang)
- Selection is based on the maximum installment fee proposed by bidders
- The service provider must strictly comply with the tariffs set by the local government regarding solid waste collection fees.
- There is few mention of the performance of service
- The service area is not precisely determined
- With the approval of the public parties, the contract owner can transfer it to another parties before its termination
- One copy of the contract is cc to the provincial DOF and Tax Office

In the case of Pursat (2008, 2014), some major points of difference

- Duration of the contract (up to 2022)
- No installment fees (mentioned in the contract)
- Trucks and land sold to the operator by the local government
- Services not limited to solid waste collection (sweeping, facilitating water runoffs in streets)

16. The private operator provides its own trucks and staff (driver, pickers, administrative staff, etc.). In some cases, the private operator provides also land to serve as dumpsite (Kampong Chhnang) or landfill (Battambang, Siem Reap, Kampong Cham). Albeit initially designed as a landfill, one site can rapidly become a dumpsite due to the lack of proper O&M. Since the UGSW sector started virtually from nothing in the 2000s, private operators had to invest for all equipment, staff and in some cases land, which – combined with the lack of experience of PSP in the country – explains the surprising length of the contract signed initially.

17. In large cities contracts were long-term ones up to 2015. Their duration ranged from 49 years (CINTRI in Phnom Penh) to 90 years (CINTRI claimed this length in Sihanoukville; GAEA in Siem Reap, etc.)¹⁰. In Pursat, the initial contract signed in 2008 with the private collector had a term of 15 years. One-year contracts developed gradually in small cities, justified by the availability of the yearly budget made available to municipalities for UGSW including sometimes street cleaning and greening tasks.

¹⁰ Market waste collectors collecting waste in some districts have had also long contracts (e.g. In Prasat Sambo in Kratie for 16 years; Chouk in Kampot for 22 years etc.).

Table 1: PSP in Urban Solid Waste Management in Cambodia at a Glance

Aspects of PSP	Overall situation in Cambodia (as on July 2018)
Public parties	Contracts often signed by Provincial Governors up to 2015. Since sub-decree 113: municipal governors
Activities of the private parties	It has commonly several business lines
Market solid waste collection	PSP also but separated from households solid waste collection
Construction and industrial waste collection recycling and disposal	Separated segments (of the urban waste sub-sector). Operators are private but not the same as those collecting households solid waste
Scavengers/waste pickers	No major conflicts identified between private parties and scavengers' activities until now. But to be confirmed
History of PSP	Recent aside from the largest cities (early-mid 2000s). PSP arrangements number has increased from 2008 – 2010, sometimes from waste collection on market places, but the contracts remain separated
Market organization	Fragmented. Potentially active if PSP regulatory framework and cost recovery mechanisms are improved. If not, public management model may replace PSP model
Market segments	The larger operators are mostly interested by the largest urban centers where the quantity of waste to be collected is significant
Number of private operators estimated	From 30 to 40 for households solid waste (excl. waste collection on market places)
PSP limited to provincial capitals	Not true anymore. Other towns have also their own arrangements (e.g. Poipet). PSP not linked to the status of the city
PSP to cover several administrative units within a province	Possible. PSP arrangement not limited to a single area (e.g. in Kampot Province), but this remains rare
Technical experience of the private partner	Very limited in general, stronger in the cases of CINTRI and GAEA
Geographical experience of the private partner	Limited to one town in most cases, except for CINTRI and GAEA
Size of companies	In general individual and very small size companies, except in the largest cities (GAEA, CINTRI)
Collection Service	Systematically assumed by private in PSP contracts
Landfill operation	Minority of contractual arrangements (the largest companies). In general the land is merely a dump site and not operated by the private
Tariffs for collection service	Controlled (local governments and MEF) in principle (in reality negotiable) and not cost reflective
Collection of fees	By the private operator. Commercial risk fully supported by private parties
Commercial risk	Fully assumed by the private parties
Construction risks	Concerns a minority of contracts
Customer management	By the private operator. Generally limited or non-existing
Ownership of dumpsite in PSP arrangements	Frequently in small towns, the private operator is the owner
Ownership of trucks in PSP arrangements	By private operator (often second hands) which in some cases purchase them to the municipality
Staff employed by private companies	Private status
Staff number (private operator)	Several hundred in large cities (300 in Siem Reap). In smaller towns, 10 to 12 is a maximum.
Duration of PSP contracts	Very long-term contracts not rare before 2015. Now limited to 10 years. In quantitative terms, one or two-year contracts dominate now in Cambodia
Regulation of PSP contracts	Assumed in principle by DOE, municipal/provincial

	governments or both. Limited in practice
Turnover of operators	High. Many contracts have suffered of problems (service financially unsustainable)
NGOs involvement	In a limited number of towns but active in capacity development (CSARO, COMPED) for composting. Also campaigns to limit uses of plastic bags
Sangkat and Villages involvement in UGSW management	Rather awareness, not as collectors
Communities involvement	Impact presumably limited on existing PSP arrangements
National information system on PSP/solid waste	None (although MOE and MEF have data)
Professional association of private UGSW operators	None

18. Private operators collect fees among residents¹¹. Tariffs are administered and their structure should follow guidance jointly established by MOE, MOI and MEF, including categories of service users. Tariff levels vary from a city to another one. A review of UGSW-related studies suggests that:

- Tariffs are not cost reflective
- SNAs were always reluctant to increase them
- The willingness to pay of residents is low, and the rate of collection fees limited (e.g. Kampong Cham)
- Socio-economic surveys suggest that residents would be ready to pay for the service provided that this service is performing

19. Contracts, commonly service agreements are drafted in very general terms. Most contractual arrangements do not mention key aspects such as ownership of assets (during and after the contract), performance indicators, or price adjustments mechanisms. Globally, the private parties assume most of the commercial and technical risks related to the operation. At the same time, possibly the largest operators excepted, initial investments in equipment are limited: second hand trucks recruitment and precarious status for staff. Although companies may face the discontentment of residents when the service is not properly assumed, complaints indirectly target also local governments.

20. Last, but not least, there is no licensing procedure for solid waste operators as existing for water supply since 2016¹². This regulation was issued by the MIH with for specific purpose to structure the water supply business and similar initiative still lacks in the solid waste sector.

2.4. Contracts since sub-decree 113 (August 2015)

21. This sub-decree stipulates that Municipalities are now expected to take the lead of these negotiations and the duration of contracts should not exceed 10 years anymore. In Phnom Penh for instance, contracts for solid waste collection are now renegotiated between CINTRI and each Khan: the process is not completed and this eventually results in an unclear situation. In provincial cities, the picture varies; in Poipet for instance, the UGSW

¹¹ In some cases, as in Stung Sen (Kampong Thom province), Village authorities also assume part of this task. See NCDD, Konrad Adenauer Stiftung, 2016, Survey Report on Solid Waste Management Practices at Municipality/District level, p.20.

¹² Prakas on procedure for issuing, revising, suspending and revoking permit for water supply business

management contract was signed by the municipality, but, generally the provincial governor still remains for the time being the signatory parties.

22. So far, categories of users are determined by ministerial guidance. The rates are in some cases calculated according to volumes of solid waste produced or on the surface of building occupied (e.g. in Siem Reap). The MEF sets also regularly a maximum limit for prices, including for collection services. A new prakas to guide tariff setting for urban solid waste management and set maximum fees to be charged by categories of residents has been prepared by the MOE¹³. It is expected to be issued in the course of 2018.

23. Sub-decree 113 clarified responsibilities as following:

- MOE coordinates partnership, including with private sector, in the management of solid waste (Art. 5)¹⁴
- Municipalities and districts are confirmed the legal possibility to delegate partially or totality UGSW services to the private sector (Art. 31)¹⁵. The service can also be delegated to Sangkats, and communities (Art. 31)
- Garbage fees, subject to guidance of MOI, MOE and MEF, should take into consideration several aspects, not limited to costs (Art. 33)¹⁶.
- Revenues from solid waste are considered as incomes of the local government concerned (Art.34)¹⁷, i.e. not transferrable to other public budgets (Province or National)
- Licenses to collect garbage are granted by the provincial DOE (Art. 35)
- Selection of disposal/landfill is subject to the approvals of i) the provincial administration and ii) the MOE (Art. 36)

24. In addition, sub-decree 113 insists on:

- The role of SNA to deal with illegal burning and dumping of solid waste (in particular in this later case if dumping affects the well-functioning of the sewerage system)
- The importance of participation and education and the role of Sangkat to this respect
- Planning responsibilities: MOE for strategic planning and provincial administrations (coordination by each DOE) for management plans within their territorial jurisdiction.

25. In 2015, a “Sanitation budget” was informally (no specific official decision was issued) established at the central level following the recommendation of the Minister of MOE to subsidize Municipalities and Districts (except Phnom Penh) for them to improve their sanitary situation, including by expanding solid waste collection. This budget represents 2 million USD per year and the MEF allocated it to municipalities/districts upon recommendations formulated by the MOE; in other words beneficiary municipalities are selected. The Sanitation budget mechanism has stimulated PSP one-year contractual

¹³ Its draft version is presently reviewed by the MEF

¹⁴ “Take lead in coordinating with development partners, private or public sector to gather financial resources, means and materials supporting sub-national administration in the management of garbage and solid waste of downtowns work”

¹⁵ “Entitle rights to private sectors as responsible entities to provide cleaning or/and collecting or/and transporting services or/and service of garbage and solid waste of downtowns landfills”.

¹⁶ “Based upon maximum service fee determined by inter-ministerial prakas of Ministry of Interior, Ministry of Environment and Ministry of Economy and Finance, capital, municipal and district administration shall determine fee for cleaning, collecting and transporting services and service of garbage and solid waste of downtowns landfills to be carried out locally, compliance with following principles”.

¹⁷ “Income generated from service of management of garbage and solid waste of downtowns is personal income of capital, municipal and district administration per se”

arrangements for solid waste collection in several cities but this budget can be suppressed at any time.

3. Brief Analysis/Assessment

3.1. Industry, market and services

26. In Cambodia, structuring of the private sector with a minimum number of experienced companies, opened to innovation is a long-term process. The situation is similar, or less advanced, in other countries such as Lao PDR, Myanmar and even Vietnam.²⁷ PSP in UGSW sector has flourished since a decade and has permitted a greater access to the service, but the capacity of the private sector to assume operation – even limited to collection – remains precarious, due to several reasons, including:

- Very limited competition, and even difficulties for local authorities to find a service provider.
- Limited business strategy and investment capacities, aside from the largest companies
- Limited capacities to anticipate revenues flows from the service, partially (but not only) due to the short duration of many contracts.
- Lack of business management experience aside from the largest companies
- Inadequate tariff structure (controlled tariffs, not cost reflective)
- Many residents refuse to pay for the service. Fees collection rate is low.
- Customer management remains basic, when existing
- Limited service areas and quantity of waste collected.
- Service performance technically affected by condition of equipment (essentially trucks), accessibility to residents' premises, floods...¹⁸.
- There is no real national-wide competition based on skills and financial strength of service providers. Competition is not always transparent.

28. The duration of many present contracts does not fit with the sharing of risks assumed by private and public parties. Except in the case of the largest cities, contracts commonly do not exceed 2 or 3 years. On the one hand, this fits with the limited competition in the awarding process (bidding is most of the time local), the very limited investment required from the private (old and trucks without compactors are acceptable, not performance indicators, etc.). On the other hand, these short durations do not fit much with the fact that the private parties assume 100% of the risk of non-collection of fees whereas it has very limited capacity to increase these fees. Its business visibility is limited whereas its commercial risk is maximum. Moreover, it has often to pay significant fees such as installment fees and tipping fees.

29. Local communities play in the local PSP arrangement a very limited role. Yet, such involvement would fit with the D&D policy, attempts to stimulate sangkats initiatives in the improvement of local livelihood (e.g. sangkat fund of the MEF). Last but not least, emphasizing the operational role of local communities' in the collection service might pave the way for an improvement of the service, for an increased willingness to pay of residents, and ultimately for a better global financial sustainability of PSP arrangements.

¹⁸ "Cooperation with private service providers has reportedly been problematic. Twenty six out of 36 surveyed, or 72%, said they had no relationship at all. Only three (Kampot, Chouk in Kampot Province and Kampong Svay in Kampong Thom) reported that they had received monthly activity reports while 29 others received no report at all from these companies. A small number of M/D claimed that they have had some relationship with these companies through their district office of environment". See NCDD, Konrad Adenauer Stiftung, 2016, p. 17.

30. In the majority of towns where investigations were conducted in the course of ADB projects preparations, UGSW service is estimated as backward and prone to severe economic difficulties: Sihanoukville in 2015 or presently Kampong Cham, Pursat, Kampong Chhnang, Poipet or Kratie¹⁹. Consequently, the quality of relation between private operators and service users is eventually poor²⁰. Another difficulty for the private sector is to adapt to the current change of public decision mechanism (D&D policy implementation) and to the changes of the regulatory framework (e.g. Sub-decree 113).

31. Therefore, the structure of UGSW sector is likely to evolve in the coming years, although this may take time and require from the RGC initiatives to improve the efficiency of UGSW services and its regulation; for instance, by supporting joint initiatives of towns or provinces (e.g. regional landfills) or by encouraging establishing inter-municipal syndicates / authorities. Several factors may lead to changes of this structure. The first one is the arrival of foreign companies interested in investing in the sector, but one has noted that so far, this interest has not concretized. Another and more likely perspective is the concentration of the sector by the progressive purchase of local operators (or of their contracts) by the main private companies involved today UGSW, or by the multiplication of joint-venture between the later and local operators. .

Focus on unsuccessful experiences

PSP-based UGSW management is still often severely criticized. In Phnom Penh (the contract with CINTRI was arranged in 2002), protests against the quality of service are current and the problem was eventually raised by the Council of Ministers²¹. In Siem Reap, the 20-year collection contract arranged in 2000 between the Municipal Investment Cambodian Company (MICC) and the Siem Reap District Authority has failed; and the operator is now GAEA. In Sihanoukville, CINTRI, after years of dissatisfaction expressed by residents, was replaced in 2017 by a local company, the Kampong Som Waste Management (KSWM), following a tendering process.

32. As mentioned above, there is no centralized management of the information on private operators at the national level. The large number of cities concerned and the short duration of the majority of contracts - implemented in difficult economic conditions - suggest that the turnover of private partners is high in towns: once the contract terminates, the (local) private operator likely disappears from the scope of potential service providers in Cambodia. Few operators are originally professionals of the solid waste sector: this raises the question of the effectiveness of the licensing mechanisms (responsibility the MOE and provincial DOE). Although this would facilitate the identification of a new operator by provinces/municipalities, no national database exists listing potential operators, scoring their respective performance and providing basic economic characteristics of private companies concerned (financial sustainability, staffing etc.).

33. Another option would be to have a professional association concentrating the experiences of privately managed experiences of UGSW and, by the same way, updating a list of professionals meeting with a minimum of qualifications. This does not exist for at least two reasons: i) the sector is not yet enough mature and the majority of potential member-enterprises likely unable financially to pay for such an initiative ii) the fragmented

¹⁹ GMS CDTP-1, GMS CDTP-2, GMS CDTP-4, Integrated Urban Environment Management in the Tonle Sap Basin Project, GMS Border Economic Zone (TA 8989)

²⁰ To some extent, many private operators are rather waste transporters than solid waste service professionals.

²¹ Cambodian Daily, 12 Feb. 2015. CINTRI has also experienced several strikes of its workers. See also A. Woodside, 2014, Lacking a Formal Recycling System, Phnom Penh relies on its Waste Pickers, Feb. 19, <https://nextcity.org/daily/entry/lacking-a-formal-recycling-system-phnom-penh-relies-on-its-waste-pickers>

characteristics of the UGSW market and a limited competition. The emerging of a professional independent association could however benefit to Cambodian private operators, towns, and service users, actually not necessarily limited to solid waste only, but also urban water supply, wastewater, greening, possibly urban transports, etc.

3.2. Environmental aspects of PSP

34. Few contractual arrangement mention specifically environmental responsibilities of private collectors. This shall change after the commissioning of several landfills presently under construction and financed by ADB loans. Most of private operators are basically waste collectors and not landfill managers; very few of them have the required skills to assume this task. They commonly have no mandate to manage dumpsites.

35. Most contracts do not consider reduction of solid waste as an objective. There is no solid waste real strategy at provincial level. Therefore, the objective of the service provider is rather to maximize the quantity of solid waste to users willing to pay than to reduce this quantity.

36. Solid waste management is not much regarded as a factor of environmental improvement (and also as a source for local jobs with social concerns). The first objective is rather to contribute to town's beautification and attractiveness. In the case of dumpsites are lands owned by the private sector, they are not remediated when they are saturated, unless in cases of ODA projects such as UEMTSB. Presumably, the present situation of PSP in Cambodia leads to the multiplication of such sites which remained un-remediated when full of solid waste whereas there is no evidence they do not content substances harmful to the environment, in particular groundwater.

37. Provincial DOEs are in principle in charge of environmental monitoring of dumpsites and landfills. They act as "advisers" to the provincial government as regards UGSW. More generally their tasks also cover the management of hazardous waste such as medical waste, e-waste, etc. Yet, and as long as PSP are concerned one can assume that the generally limited resources of DOEs enable them to effectively assume this monitoring task – at least on a regular basis. One concern, as in other Asian countries (e.g. Lao PDR or Myanmar) is the lack of financial resources of sub-national environmental administrations. Their support is however useful to SNAs to access specific funding (e.g. Sanitation Fund) made available by the MOE.

3.3. Land management aspects of PSP

38. Dumpsite land ownership is presumably a critical aspect of UGSW management in Cambodia.

- Case 1; the dumpsite is public and supposedly managed by local authorities. The private parties have none or limited responsibilities once solid waste disposed. Waste separation (at a transit station for instance) is generally not included in PSP contracts – at least in small provincial towns with a large potential service area. Once the dumpsite saturated, the local government has two options; i) contracting with a private operator owning the needed available land (case 2), or ii) dedicating an appropriate publicly-owned land²², which is commonly scarce.
- Case 2: The dumpsite is owned by the private operator. This later rarely maintains the site, which located in areas where the value of land is low, disregarding the distance from collection points. In this case, the contract duration should in

²² Owned by the Municipality

principle²³ fit with an estimated capacity of the dumpsite compared with quantities of waste expected to be collected. A small dumpsite makes difficult building a strong long-term PPP unless the private parties can easily purchase another land or optimizes the use of its land. The lack of compactors on sites suggests that there is even no long-term strategy or no investment capacities of the private parties to optimize the use of privately-owned dumpsites.

- Case 3: part of the dumpsite is owned by the government and part is owned by the private. This is the case for example in Pursat (Sreah Srang dumpsite²⁴). A given town can also use different dumpsite of a small size, some being under public ownership and some under private one.

Table 2: National Regulations for Solid Waste in Cambodia

Dates	Regulations (excluding environmental assessment aspects)
1997	Law on natural resource protection
1999	Sub-Decree 36 on solid waste management
1999	Prakas (Declaration) No. 12 on the delegation of functioning to the provincial/municipality department by implementation of a sub-decree on the monitoring of water pollution and waste management
1999	Prakas (Declaration) No. 33 on the organization and functioning of the Environmental Provincial Municipal Department
1999	Sub-Decree #72 on Environmental Impact Assessment Process
2003	Inter-ministerial declaration (Prakas) No. 80 of the Ministry of Environment and Ministry of Interior on solid waste management in all provinces and cities of the Kingdom of Cambodia
2006	Environmental Guidelines of MOE on Solid Waste Management
	Sub-decree on Water Pollution Control (bans dumping solid waste in public waters or drainage system [art. 3])
2015	Sub-Decree 113 on the Management of Garbage and Solid Waste in Urban Areas
2016	Sub-decree 16 on Electrical and Electronic Waste
2018	Sub-Decree 235 on Sewage and wastewater treatment system management

4. PSP Situation in Kampong Chhnang and Pursat

4.1. Kampong Chhnang²⁵

39. In Kampong Chhnang, the history of solid waste collection is recent. It is not before 2014 that solid waste collection started – partially on a voluntary basis with the support of DOE officers and market waste collectors. Then private investor got involved, an following a bidding procedure, service contracts were awarded to a first private operator during three years which benefited from MOE subsidies to the province in order to keep low collection fees. The history became then more eventful. A second operator, the Seou Chhang Cny²⁶, again following a bidding procedure, was awarded a two-year contract (2017-2018) and provided three trucks and a dump site. However the expected subsidies which had benefited to the previous contract could not be revolved and the new operator decided to increase the fees at rates exceeding those permitted by the MEF. Residents refused to pay

²³ Once used as a dumpsite, the land cannot be used for other purposes. Presumably, its value declines.

²⁴ Around 1ha is public land and 2ha are private land. This dumpsite is going to be remediated, with the financing of IUEMTSB project.

²⁵ Information gathered in Kampong Chnanh on 31th May 2018.

²⁶ Owned by a local businessman and has several business lines including land brokerage, guesthouses and tourism

and the number of service users dropped from 4,000 households (as stipulated in the contract) to 600. Estimating the service unprofitable the Seou Chhang Cny sold its rights (three trucks were part of the deal) to the Sok Sambath Cny (also an individual company) however dissimulating the real number of customers.... Finally, a conflict about installment fees arose between the two companies and, the Seou Chhang Cny refused to deliver the trucks to the Sok Sambath Cny whereas this later was legally already owner of the contract. The Province tried to find an arrangement and granted to the new operator two trucks confiscated by authorities to wood traffickers

40. UGSW collection service is today assumed by the Sok Sambath Cny, but in very difficult financial conditions²⁷. The company owns the land of the present dump site. The 53-year old owner of Sok Sambath Cny, a former taxi driver, collects today 20 tons/day from 2,000 households with his three trucks²⁸. Motivated by its desire to make Kampong Chhnang regularly cleaned of solid waste, he tries to stimulate residents' willingness to pay by continuously dialoguing with households and village chiefs. He eventually provides collection service without charging those who remain reluctant to pay. He claims today that, according to his customer record book, his efforts have in a few months enabled to increase the number of payers. At the present time, the Sok Sambath Cny performs the service without contract (the former one is terminated); according to Mr. Sok Sambath, the municipality promised to arrange with him a new one once the landfill financed under ADB project will be commissioned.

41. In Kampong Chhang the collection service area encompasses 21 villages of the four sangkats (number of villages into parenthesis); Phsar Chhnang (6), Khsam (5), Ph'er (4) and Kampong Chhnang (6). The municipality oversees UGSW management but the provincial government (Governor's Office, DEF, DOE DPWT in particular) seems more committed in the PSP arrangement compared with Pursat, possibly because the service concerns both Kampong Chhang municipality (collection service area), but also the district of Rolea B'ier district (location of the present dumpsite and future landfill). Whatever, the oversight of UGSW management will remain under the municipality which would also manage directly the controlled landfill to be constructed under UEIMTBP.

4.2. Pursat²⁹

42. The ongoing PSP arrangement for UGSW management is dated early 2017. The private partner, an individual enterprise, the Nhem Rotha Cny, originally collected UGSW on market places (based on a 20-year contract; 2003-2023). The company's owner was approached in 2017 to 'help' the municipality to assume UGSW and to ensure cleaning of public spaces, following the failure of a previous PSP arrangement with another operator. Nhem Rotha Cny owns two trucks (one dedicated to the market places, one to households' solid waste) and employs in total 2 drivers and 6 workers. Its owner (or his wife) collects himself the fees from residents. The land of the dumpsite used until now belongs to Pursat municipality. The service operation is not profitable due to a limited willingness to pay of many residents. Fees collected from households' garbage and solid waste³⁰ represent

²⁷ Among those mentioned by the operator are: the increasing manpower cost (concurrence of neighboring Thailand where many staff prefers to work), vehicles repairing costs, distance to the landfill and irregular accessibility during rainy season, etc.

²⁸ The company owned 1 truck initially and rented another one. The province promised to give it 2 trucks but one remains to be delivered. Once this second vehicle transferred, the operator plans to terminate the renting contract and keep 3 trucks.

²⁹ Information gathered in Pursat on 30th May 2018.

³⁰ 24 tons/day, four times a week, and the dumpsite is located 8km from the town

2,000 USD/month whereas the monthly cost of manpower represents 800 USD for the 6 workers and 400 USD for the two drivers (employed also to collect solid waste from the market).

43. Initially, the existing PSP was only based on an oral arrangement. Yet, this later prepared a draft service agreement which was recently refused by the Nhem Rotha Cny which considered its conditions financially not acceptable. The present PSP arrangement is therefore seriously threatened. In practice, the Nhem Rotha Cny continues providing collection service because it has other ongoing contracts with the provincial governments: any interruption of the service would impact negatively on relation with the provincial government.

44. In Pursat, the collection service area encompasses 25 villages of six of the seven sangkats (number of villages into parenthesis); Phteah Prey (5), Banteay Dei (6), Prey Nhi (3), Svay At (2), Lolok Sa (2), Roleab (5), There is so far no service in Chamraeun Phal sangkat. The municipality overlooks UGSW management and has of plan to manage directed the controlled landfill to be constructed under UEIMTBP.

5. Medium-term Vision and Short-term Actions to be implemented in Kampong Chhnang and Pursat

5.1. Medium-term Vision

45. In both towns, UGSW management is in a critical situation and unsatisfactory to the residents. In parallel, the ADB is presently supporting a project to construct a new landfill in each town, which shall be municipally-owned.

46. Given present UGSW management in the two cities, it is likely hopeless to make large solid waste collection companies or foreign investors interested to collect solid waste in Kampong Chhnang and Pursat. None of these cities have industrial zones which could provide opportunities to combine urban and industrial solid waste management in a single PSP arrangement.

47. Any PSP arrangement with more than 1 or 2-year duration cannot be set-up at least until the USU is established with clearly defined functions and financing mechanisms. In principle, USU have to cover their operating costs. PSP arrangement must be compatible with PSP arrangements. Private parties need visibility about this.

48. Long-term PSP arrangements (more than 3 or 4 years, the maximum legal limit being 10 years now) are not recommended in Kampong Chhnang and Pursat before the institutional framework and financial mechanisms for UGSW management are not stabilized further at the national level.

49. PSP sophisticated arrangement must be excluded until the Municipalities and provincial administrations (DOE, but also DEF) can support an effective regulation of the PSP contracts implementation, if possible based on a master plan for solid waste management. The focus to perform appropriate PSP arrangements in Kampong Chhnang and Pursat should be the basic performance of the service in order to increase residents' willingness to pay and a more strong-willed policy oriented toward tariff increases.

50. Private parties in Kampong Chhnang and Pursat represent two different cases. In Kampong Chhnang, the present private operator expects to continue assuming its task,

motivated by the personal will to contribute to his city's beautification and attractiveness. At least in the second case, and insofar the private operator is entrusted by the municipality, associating this operator to some discussions should be a plus to identify realistic solutions for the future. In Pursat, the present operator is reluctant to continue providing the service: if this situation is confirmed, alternative operators must be pre-identified urgently, and bidding process organized soon by the Municipality to select a temporary operator, even if the service is transferred under USU in a longer term.

51. The ADB should remain, together with other donors with solid waste experience in Cambodia, consulted to establish an appropriate management scheme for UGSW in the two towns. Organizations such as bilateral technical assistance agencies (GIZ, TICA³¹, KOICA, etc.) can also be approached to design/prepare specific grant supports (e.g. to prepare a solid waste management plan in each province, to stimulate city-t-city cooperation³², etc.). Large Cambodian companies can also be approached for specific financial support (awareness campaigns³³)

5.2. Short-term Actions (9 months)

52. As for a conclusion of this Progress Report 8 actions are proposed, subject of discussions within the PMIS Consultant Team and between this later and the Implementing Agency.

- Action 1. i) Circulate this report among team members (in particular Team Leader and Deputy Team Leader, solid waste and financial/tariffs specialists and institutional specialist) concerned by solid waste aspects ii) present this report to the MPWT and discuss with this ministry about the schedule/ operational mechanisms expected to establish and make operational USU in Kampong Chhnang and Pursat.
- Action 2. Continue investigating among ADB projects implementing consultants, other cities (e.g. Siem Reap, Sihanoukville or Battambang) about contractual arrangements in course.
- Action 3. Organize in Kampong Chhnang and Pursat a joint working session to present alternative PSP arrangements based on international experience.
- Action 4. Present this report to MOE and also to MOI and MEF separately during working meetings to gather their comments. MOE should be continuously inquired about possible change in regulation regarding i) licensing of solid waste operators ii) coming prakas to guide tariff setting for urban solid waste management and set maximum fees iii) standardization of service agreements for solid waste collection and/or disposal.
- Action 5. Joint-working session with MPWT, MOE, MOI and MEF focusing on PSP on solid waste management (national policy and regulatory framework), including opportunities to experiment solutions such as contract management, leasing contracts etc. Objective: for Kampong Chhnang and Pursat to be possibly national experimental sites for PSP arrangements of UGSW management (in medium-size provincial cities).
- Action 6. Engage direct dialogue (to last along the duration of this assignment) with each Municipal and provincial governments and Sangkat on key issues such as tariffs, service performance indicators, customer management, USU and PSP

³¹ Thailand International Cooperation Agency

³² See experiences in course between Thai cities and Lao provinces in the urban solid waste sector.

³³ Angkor Beer is also supporting such initiatives

arrangements. To be possibly connected with drainage and waste water management.

- Action 7 Connect with Community Mobilization and Environmental Improvements project (ADB grant amounting 800,000 USD plus a budget for the purchase of small equipment) to explore possibilities of joint initiatives, in particular regarding training, information and communication and awareness of community groups.
- Action 8, Consider in depth scenarios planned to manage the two engineered landfills to define the scope of services expected from private parties in the future and locally “monitorable” service performance indicators. Availability to the municipalities to suggest technical and financial criteria to select the operator.
- Action 9. In Kampong Chhnang, support the municipality to design a contract which could make a private operator responsible for both collection and management of the landfill site. In Pursat, start supporting the municipality to establish an USU team in capacity to manage the landfill site and to arrange a PSP arrangement taking lessons of the previous failures of PSP arrangement.

Annex 9 : Review of Institutional Arrangements in Pursat and Kampong Chhnang

1 INTRODUCTION

1.1 Background

The Integrated Urban Environmental Management in Tonle Sap Basin (IUEMTB) Project was approved on 10 November 2015 and declared effective on 2 March 2016. The impact of the project will be increased economic activities and environmental protection in the two towns in the Tonle Sap Basin. The outcome will be improved urban services and enhanced climate change resilience in Kampong Chhnang and Pursat municipalities. The project has five outputs: (i) Kampong Chhnang Urban Area Improvements; (ii) Pursat Urban Area Improvements; (iii) Community Mobilization and Environmental Improvements; (iv) Strengthened Sector Coordination and Operations; and (v) Strengthened Capacity for Project Implementation and Operations and Maintenance (O&M).

The key infrastructure financed under the project includes: construction of a new landfill facility and improvement of solid waste management (SWM); community-driven environmental improvements in Kampong Chhnang; and improvement of the stormwater drainage, river embankment erosion control, construction of a new landfill facility improvement of solid waste management and community-driven environmental improvements in Pursat. The locations of the project towns are shown in Figure 1-1.

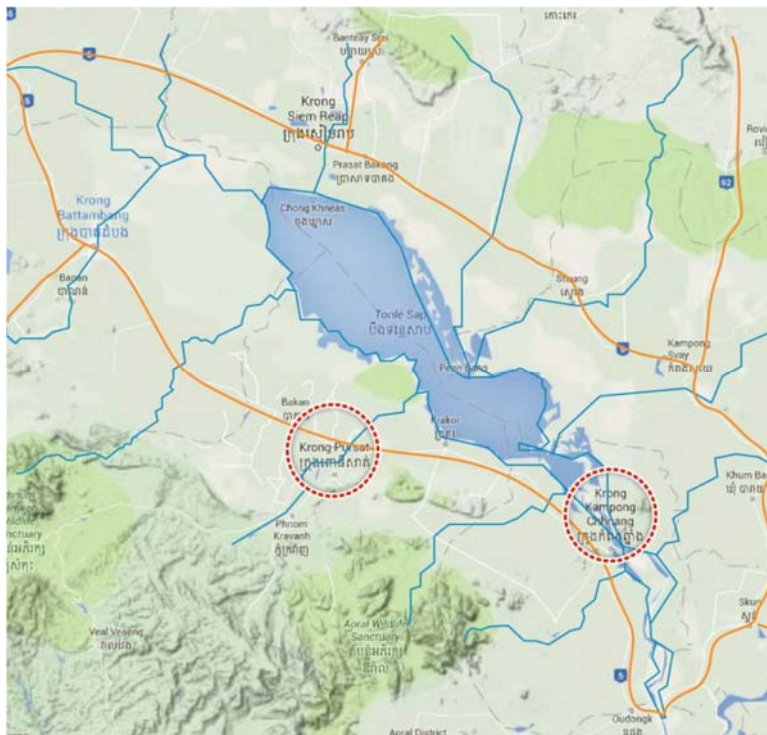


Figure 1-1: Location of the Project Towns - Kampong Chhnang and Pursat

1.2 Existing Institutional Arrangements and Structures at the Local Level

The Organic Law (2008) defines the roles and responsibilities for the provinces and municipalities. The Municipality³ is responsible for all developments in urban areas in close cooperation and liaison with concerned line departments of central ministries. It supervises the activities of Sangkats in urban areas and represents the interests and aspirations of the residents within its jurisdiction. The municipal government also monitors population and controls in migration. It is authorized to Issue land titles in urban areas and prepares the 3-year rolling investment plan of the municipality.

The Governor's Board, chaired by the governor, has several deputy governors who are responsible for different tasks. It works closely with technical line departments of national ministries on various sectors such as public works and transport; environment; land management, urban planning and construction; rural development; health; education, etc. Within the structure, the Municipal Council approves plans and legal enactments, and works closely with the Sangkat Councils in preparing 3 year and 5-year plans.

The Municipal Council have at least three committees, to support procurement; women's and children's affairs and technical matters. This technical committee is known as the Technical Facilitation Team (TFT).

³ Municipalities were created from urban districts

The Governor's Board is accountable to the Municipal Council and acts on its behalf. It manages development issues and coordinates with the line offices of the provincial departments of National Ministries. The Governor and Deputy Governors are members of Municipal Council.

The governance of the Municipalities is structured into two systems: (i) the Council and (ii) the Board of Governors:

The Council—Council members are elected representatives of the party that has a seat in the National Assembly and has a 5-year term. The Council is chaired by the person who receives the majority of votes.

The Municipality has a maximum of 21 councillors. However, the number for each location is based on demographic and geography of the area and is set out in a sub-decree. Councils operate democratically and represent all citizens to whom they are accountable. Councils formulate and adopt a 5-year Development Plan as well as a 3-year rolling Investment Plan.

Councils are obliged to form the following committees: technical facilitation, women's and children's affairs, and procurement. Additional Committees may be set-up providing they do not overlap the three statutory committee's functions. Council provides secretariat and other support to all committees. Councillors, the governor/deputy governors and officials can be committee members, which may also have external advisor(s). The Council determines the structure and compositions of such committees.

The Technical Facilitation Committee is composed of the governor as chairperson. The role of the committee is to coordinate national and local efforts through 5-year development plan, 3-year investment plan, and the annual budget.

The Women's and Children's Affair Committee is composed of women councillors and other women from the community. They can participate in any council, committee, or board of governors meeting, though they cannot vote.

The Procurement Committee is to ensure proper procurement practices are carried out in accordance with a proposed Law on Procurement. The Ministries of Economic and Finance and Interior are to issue a joint *prakas* (*proclamation*) on the roles and operations of this committee.

The Board of Governors is chaired by the governor and contains a prescribed number of deputy governors as set out in a sub-decree. The Municipalities can have 3-5 members. The Project Towns have four deputy governors

The Governor of the Municipality is appointed by Royal Decree on the request of the Prime Minister, which in turn is based on the proposal of the Ministry of Interior (MOI). Deputy Governors of the Municipality are appointed by sub-degree based on the request of MOI. Deputy Governors of municipality are appointed by *prakas* of the MOI. Governors of municipalities are selected from eligible senior civil servants in the MOI.

The Board of Governors (i) provides advice on strategies, structure, system, resources, and monitoring and evaluation of performance; (ii) implements council's decision; and (iii) supports council so they can achieve their goals. In addition, the board of governors provides reports to council. The council monitors the performance of the board of governors and may seek clarification at council meeting. Boards of governors cannot make decisions which are the jurisdiction of the council.

The position of Administration Director is appointed by the MOI with responsibility for managing administrative work of the councils and the board of governors. This post reports directly to both the council and the board of governors. The board of governors may delegate work to the administration director and take his or her advice and recommendations. The administration director ensures work performance of all work units including the finance unit, implements by-laws, participates in council meetings, and advises the Council and Board of Governors.

Within each municipality, there are a number of Sangats. The Sangkat is structured under the municipality, and it is governed by the council. The council is elected universally by the community, and the party appoints members to the councils. The councillor's term for the Sangkat Council is five years. The elected representative with the highest votes automatically becomes Chief of the Sangkat and the next two Council members are deputy chiefs. The chief and deputy chiefs of the Sangkat are full time positions. Each Sangkat also has a clerk and assistant clerk.

The Provincial Technical Departments provide staff to work at the municipality. In addition, the municipality has technical staff, but the number and skills are limited at this stage.

The One Window Service Office (OWSO) project was a component of Demand for Good Governance Project with financing by a grant from the International Development Association represented by World Bank and by the Royal Government of Cambodia for 4 years (2009-2013) which ended on 31, March 2013. One Window Service is a government program implemented by the Ministry of Interior (MOI) and executed under overall management of the National Committee for Sub-national Democratic Development (NCDD).

It is a single office for delivery of various administrative services commonly required by citizens and small business at the local level. It consists of a 'front office' for interacting with citizens, giving out forms and collecting documents, and a 'back office' which consists of 'competent agents' who are delegated from line ministries that have transferred functions to the OWSO. The OWSO provides several services including the registration of motorbikes, small shops and licenses for house construction up to 500 square meters.

The National Committee for Sub-national Democratic Development (NCDD) is the inter-ministerial mechanism for promoting democratic development through decentralization and deconcentration reforms throughout Cambodia. NCDD was established by Royal Decree on 31 December 2008. NCDD is accountable to the Royal Government of Cambodia for the implementation of the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans (Organic Law), the Law on Administrative Management of Communes/Sangkats and Decentralization and Deconcentration policy.

2 KAMPONG CHHNANG

2.1 Formation of Municipality

The evolution of Kampong Chhnang Municipality is as follows:

- Before 1970s, Kampong Chhnang Municipality was part of Rolea Phier District, Kampong Chang Province.
- 1979-80s—It was known as a Provincial District of Kampong Chhnang (Tyroom Khet District).
- 1993-98—It was known as Kampong Chhnang District
- 2008—It was transferred into the Kampong Chhnang Municipality by the Government in 2008.

The creation of the Municipality was part of government policy in which 26 municipalities were established in 23 Provinces. As part of RGC's policy, the characteristics or criteria included the existence of large markets where economic activities are active and vibrant. Another criterion is the presence of residents who are engaged in economic activities and economy of the municipality, such as farming and other industries.

The Municipality of Kampong Chhnang was established based on Sub-decree No. 231 signed by the Prime Minister on December 30, 2008.

The Municipality of Kampong Chhnang is governed by the Council and a Board of Governors. There are thirteen council members—one Chairperson and two deputies. The Municipal Council has a 5-year term. They meet on a monthly basis, and on urgent issues as they arise. The Municipality has three main committees: The Technical Facilitation Committee (TFC); the Women and Children's Affairs Committee (WCAC), and the Procurement Committee. The TFC co-ordinates with the technical aspects with the Technical Provincial Departments such as Water Supply, Health, Agriculture and others. The WCAC is working on empowerment of women and children, while the PC is responsible for the procurement and other works.

The Board of Governors consists of 5 members—one Governor and 4 Deputy Governors. The Municipality has two main important tasks: It implements the infrastructure development in the Municipality based on the recommendations from the Council and reports back to the Council on a monthly basis; it implements the development of Municipality based on the legal frameworks and development plan guided by the Provincial Administration and the National Government. The Governor and Deputy Governors are party appointed.

Its structure is prescribed in Decision No. 06/12 SSR dated March 26, 2012. This Decision provides responsibilities for each of the deputy governors. In general, the governor and deputy governors of work together to manage the administration of the municipality, maintains social order, safety and security and stimulates economic, social and cultural development in the municipality in accordance with the existing government principles, laws, regulations and the Decision of the Governing Council. The Municipal Governor can assign additional duties to the Deputy Governors, as required.

Currently, the Municipal Governor of Kampong Chhnang also takes charge of general administrative operations, public order and security and anti-drugs issues. In addition, he is in charge of four Sangkats - Khsam, PhsarChhnang, Kampong Chhnang, and Ph'er.

The Governor and each of the Deputy Governors are assigned to one or more Sangkats; with administrative responsibilities to oversee the management of that Sangkat.

The Municipality currently has 31 permanent staff. with most of them working on administrative roles within the Municipality. Most municipality staff have high school degrees, with few holding a bachelor degree.

In 2009, the One Window Service Office (OWSO) was introduced in Kampong Chhnang as a pilot program of the NCDD/MoI to provide services which were previously transacted with the various Departments. However, the Municipality does not have enough technical staff to implement OWSO, and thus, the OWSO Program deposes technical staff from the Provincial Departments to work under the OWSO within the Municipality. The

Provincial Departments, which have decentralized, provides technical staff to work in the OWSO of the Municipality from the following:

- a) Provincial Department of Education
- b) Provincial Department of Public Work and Transport
- c) Provincial Department of Public Administration
- d) Provincial Department of Small Business Administration
- e) Provincial Department of Health
- f) Provincial Department of Land Use

In the process of Deconcentration and Decentralization (D&D) approvals (permits, licenses, etc) which were previously secured from the Departments are now available through the OWSO. OWSO performance monitoring indicators were introduced under the Demand for Good Governance Project supported by World Bank.

The OWSO has a total staff of 14, with 6 staff from the Municipality and an additional 8 staff have been deputed from Provincial Departments.

On average, at least 356 customers a month visit the services from the OWSO and on average fees and charges of approximately 6.70 million Riel is received a month. The revenue generated from OWSO is remitted to the Provincial Department of Finance. In the future, it is expected that revenue generated through OWSO will be managed by the Municipality as an income to sustain the work of the organization. However, the services provided by OWSO needs to be improved if OWSO wishes to generate more returns and provide a more efficient and effective service.

The services that are used by the residents in the Municipality includes licenses for construction, motorcycles number plates, certification of educational certificates, requests for the permission to open new businesses, marriage certificates, and birth certificates.

The Sangkat "office" typically consists of 7-11 staff (including the head); with varying functions. In Kampong Chhnang Municipality, there are four Sangkats. Each Sangkat has up to two employees – a Clerk and Assistant Clerk. In each Sangkat, there are elected Councils. There are 28 Council members for all 4 Sangkats in Kampong Chhnang Municipality. The members of Sangkat Councils are elected to their positions. Sangkat Kampong Chhnang has a total of 11 Council members, SangkatPsa Chhnang 7 members, SangkatKsam 5 members and SangkatPher 5 members. The Sangkat Councils guide the development in their territory.

2.2 Local Implementation of Organic Law

The Municipality has created the Technical Facilitation Committee; the Women and Children's Affairs Committee. Similarly, it has also received a Prakas from MOI to create the Procurement Committee. (This Committee's roles are defined in the Organic Law).

Currently, eleven (11) Departments have been decentralized and some of the functions and responsibilities of the Department have been transferred to the OWSO. Some staff of the Department have also been detailed with the OWSO for this purpose.

2.3 Private Sector Involvement

The Municipality has some experience working with private companies in managing solid waste, and in local, small and medium enterprises.

Water supply and electricity distribution services are also managed with private sector involvement. Contracts, however, are with central-level agencies (MIME/DIME on water supply; and EA on power distribution).

2.4 Project Development and Implementation Capacity

Thus far, all capital improvement implementation has been carried out by contract; with procurement carried out through a Provincial Procurement Committee. There is some involvement by Sangkat officials in the monitoring of implementation. Provincial funds are used for capital improvements.

The Municipality had a capital expenditure allocation of 267 million riel for project implementation in 2018 This budget is used for minor road renovation, digging of canals to improve drainage.

2.5 Service Delivery

2.5.1 Solid Waste Management

A Deputy Governors is responsible for coordinating solid waste management and operations with the private contractor and the Province. Current difficulties are due to lack of awareness of those household who live in

the inner areas on the city (i.e., not along the main roads), which number approximately 8,000 families. Few residents are using the solid waste collection service as they need to pay a fee for such service.

During 1979-1993, waste collection services were available at the lower and upper markets. Since 2008, this was expanded slightly to include some areas in the market vicinity. During 2009-2012, with collaboration from the Provincial Environmental Department, the municipality created a pilot area for fee-based waste collection. Only 400 households participated in the program and another 7,600 households did not wish to pay for the service. Since 2013, the Municipality prepared bidding documents for waste and fee collection. Service fee revenue is expected to be 120 million riel/year.

The contractor reports that approximately 20 tons of waste/day are collected from within the Municipality. This is measured based on the fees collected and the number of trips to the landfill site per day.

Household are charged 3,000-5,000 riel/month for waste collection. However, for enterprises or household with commercial activities, the fee is 7,000-10,000 riel/month.

The Dump site is approximately 10 km from the town center. In total, the municipality produces about 100-150 tons of waste/day.

The total households in the proposed solid waste collection area is approximately 9,000. The current percentage of waste collected is estimated to be 40% in the city core.

Every year, the Province conducts public bidding to select the contractor. In 2018, the waste collection contract was re-advertised and it provides waste collection services using two small trucks and employs 10-15 staff.

2.5.2 Wastewater and Drainage

There is no municipal role in wastewater and drainage at the present time. These services are managed by DPWT through the following offices:

- Administrative Office
- Public Work and Transport
- Bridge and Drainage Office
- Planning and Account Office.

The DPWT has a total staff of 55, including eight women. Six staff have a Masters Decree, and two staff hold Engineering Degrees although they do not work in engineering positions.

For the development of Municipality, DPWT has a critical role in the development of drainage systems, roads, the flood control dike, and water treatment areas. JICA has undertaken a project in the Municipality to improve the drainage system that was damaged by the heavy flood in 2011.

The Project rehabilitated 2.2km road on National Road No.5; rehabilitation of 2.4km road of the main street in the Town, and construction of 2.6km of drainage.

At present the DPWT is responsible for the management of dikes and polder, and the Provincial Department of Water Resources and Meteorology being the responsible for water resources management.

2.5.3 Drinking Water Supply

Before 1979, the water supply was mainly accessed through several wells and "pond water". Thereafter, SAWA⁴ renovated the facilities to supply water for 1,200 households and built a water tank. However, the water service continues to be grossly inadequate and poorly maintained.

⁴SAWA Cambodia is a Dutch NGO. It has been assigned by CARERE/UNDP to set up a Technical Support Unit under the Provincial Rural Development Committee. It is an organization that is involved in water supply.

in 2012, a private company entered into a sub-contract with MIME to improve water services. The improvements included construction of a new water tank and replacement of pipes. The Company has laid out new pipelines along the main streets.

The state-run water supply organization that provides water supply to all major urban areas in the country has made a contract with a private Company to upgrade the water system in Kampong Chhnang.

The private Company has invested approximately USD 10 million in the town's water supply and plans to cover all the urban area including some areas outside the municipal limits. The private company charges USD 100 for a connection with a tariff of USD 0.45/m³ for consumption of less than 8,000 liters per month and USD 0.50/m³ for monthly consumption over this amount. The private Company has its own river intake and treatment plant (rapid sand filtration and chlorination by bleaching powder) with an installed capacity of 8,000 m³ per day. The treated water is pumped to distribution mains to provide a continuous supply.

3 PURSAT

3.1 Formation of Municipality

The Municipality was formed as follows:

- Since 1979—It was called Pursat Municipality, and there was three Sangkats
- During late 1980s, Pursat Municipality was turned into TiroumKhet (Provincial town), consisting of five communes. Later on, two more communes (Roleap and Pteas Prey) were added.
- In 2000, TiroumKhet was changed into Sompov Meas District, covering seven communes.
- In 2009, it was declared a Municipality

Sub-decree No.14 by the Prime Minister has converted the Sompov Meas District into Pursat Municipality from January 09, 2009. The Municipality covers large areas of Sompov Meas and some areas of Kandieng districts. The islands in Sompov Meas were transferred to Kandieng District, and Banteay Dei commune in Kandieng District was included into Municipality.

Pursat Municipality consists of seven Sangkats as follows:

- Sangkat Pteas Prey
- Sangkat LorLoksor
- Sangkat Prey Ngy
- Sangkat ChamroeunPhal
- Snagkat SvayAth
- Sangkat Roleap
- Sangkat Banteay Dei

The Municipality Headquarters is located approximately 4km from Pursat centre in a newly built office.

The Municipality covers an area of 31,037km², and a large area of the Municipality is a farming area with 80 percent of the Municipality is covered by rice fields, with 20 percent being urban.

There are 66 villages in seven Sangkats within the Municipality with a total population of 66,000. Many of the villages are scattered throughout the Municipality with, only 12 villages located in the center of the Municipality. Approximately 65 percent of the population of Municipality is rural, 20 percent are traders and 10 percent Government employees.

The Municipality is governed by the Municipal Council and a Board of Governors. The Council consists of 15 members, elected through the indirect elections and they have a 5-year term. Under the Council, there are four main committees: The Technical Facilitation Committee; the Women's and Children's Affairs Committee, and the Procurement Committee. The Technical Facilitation Committee has 26 members while Women's and Children's Affairs Committee consists of 26 members.

Table 1: Number of Council and Committee Members - Pursat Municipality

Description	No. of People	
	Total	Female
Member of Councils	15	1
Technical Facilitation Committee	26	5
Women's and Children's Affairs Committee	27	10

The Board of Governors consists of the Municipal Governor, and four Deputy Governors with the following duties:

- The Municipality Governor is in charge of managing common affairs, directly managing general administrative affairs, public order and security and anti-drug affairs, and the is head of the Board of Governors. The Board implements the decisions made by the Council, and carries out the tasks, roles and responsibilities and procedures delegated to the Municipality by Ministry of Environment and the Provincial Administration.
- The first Deputy Governor is in charge of economic and financial affairs, social affairs, veteran and youth rehabilitation, banking, treasury, taxation, customs, excise and procurement.
- The second Deputy Governor assists the Municipal Governor in Women's and Children's Affairs, information, labour and vocational training, education, youth, and sport, statistics and civil registration, human rights, and non-governmental organizations.
- The third Deputy Governor assists the Municipality Governor in Public Works and Transport, environment, solid and liquid waste management, urban planning, construction and land matters, agriculture, fisheries, and forestry, trade, industry, mines and energy and clear water matters
- The fourth Deputy Governor assists the Municipal Governor in commune support and planning, investment, rural development, tourism, culture, religion, health and disaster management.

The Municipality Administration Unit consists of 32 staff including the Administration Director. The Administration Director works under the Board of Governors and Council. The Board of Governors implements the decisions of the Council and directs the Administration Unit to carry out these tasks.

3.2 Local Implementation of Organic Law

The Municipal Administration has three main important Offices: Office of Administration and Finance; Office of Planning and Support of Sangkats; and the Office of Municipal Development. There are also an Office of the Technical Unit such as Health, Environment, Public Work and Transport. The Administration Unit ensures that these Offices carries out the decisions of Council.

The Office of Administration and Finance has 19 staff including 7 communal clerks, while the Office of Municipal Development has 2 staff, the Office of Planning and Sangkat Support has 2 staff, the Office of One Window Service has 5 staff who cooperate with Citizen Office comprising 2 staff, with the Head being selected by the municipal council within its 5-year term and the Procurement Unit has 1 staff.

The Municipality also coordinates with the Provincial Technical Departments and draws expertise from the Technical Departments to support the work of the Administration Unit. These includes the Provincial Department of Public Work and Transport, Environment, Urban Planning, Water Resources, Health and others.

The One Window Service Office (OWSO) is operational in the Municipality. The Governor of the Municipality is the Head of OWSO. The OWSO has two Offices: (i) One Window Service Office, and (ii) the Citizen Office. The One Window Service Office is headed by the appointed person from the Provincial Administration, and the Head of Citizen Office is recruited from citizen residents in Pursat Municipality. OWSO has a total number of 13 staff—5 staff from the Municipality and 8 staff from the Provincial Administration.

OWSO generates about R5.11 million per month . On average about 1,500 customers attend at OWSO each month. The money generated by OWSO is transferred to the Provincial Treasury.

Table 2: Staff of Pursat Municipality

Office of Municipality	No. of Staff	
	Total	Female
Administration	3	0
Office of Administration & Finance	19	14
Office of Planning and Sangkat Support	2	1
Office of Municipal Development	2	2
One Window Service Office (OWSO)	5	4
Procurement	1	1
Total	32	22

The Sangkat is headed by the Sangkat Chief, and there is a first Deputy Chief and second Deputy Chief. The Sangkat Chief is the Chairman of the Council, with the Deputy Chiefs being members of the Council. The Sangkat Councillors are elected by the residents through a Commune or Sangkat election.

3.3 Private Sector Involvement/Experience

Municipal staff have had some experience working with the private sector in managing solid waste, and in local, small and medium enterprises.

Water supply and electricity distribution services in Pursat are also managed by private sector involvement. Contracts, however, are with central-level agencies (MIME/DIME on water supply; and EDC on power distribution).

3.4 Project Development and Implementation Capacity

At present all capital improvement works have been carried out by contract; with procurement done through a Provincial Procurement Committee. There is some involvement by Sangkat officials in the monitoring of implementation and Provincial funds are used for financing such works.

3.5 Service Delivery

3.5.1 Solid Waste Management

There are 11 industries in the Municipality, the largest being MV Knitting. The company uses organic dyes which are not lead based and the wastewater from the factory is pre-treated before entering the municipal system. Approximately three cubic metres a day of general waste is transported to the dump by a private contractor.

Solid waste management is handled directly by the Municipality and recently a private waste collecting company was invited to handle the waste collection in Pursat, but the waste generation and ability to pay for the service is still low and under the circumstances the company did not take the contract and the Municipality is negotiating for another contractor to carry out the service.

3.5.2 Water Supply

Water supply covers the main areas of Pursat Municipality with approximately 40 percent of villages having access to the supply. The Provincial Department of Water Resources supervises the water supply service.

The Department of Industries Mines and Energy (DIME) is responsible for providing the water supply. The system was originally built in the 1930s and upgraded under an ADB-assisted project in 2006. This project funded the construction of a new intake about three kilometres upstream of the old one which was closed. A water treatment plant was built adjacent to the new source with an installed capacity of 5,700 m³ per day which currently delivers 4,500 m³ per day. The ADB project also funded primary mains construction and replacement.

There are approximately 5,700 connections to the system.

Water supply coverage in the town remains an issue with only 36 per cent connected to the piped system. Well water from tube wells and hand pumps serves around 1,900 properties.

3.5.3 Drainage

In Pursat flooding is a major concern and river levels are measured by the Provincial Department of Water Resources and Meteorology (PDWRAM).

Maintenance of the embankments is divided between the Provincial Government and some minor work by the Municipality. Approximately 20% of the town's roads have drains with National Highway No. 5 and other main roads lacking side drains

APPENDIX 1

REVISED ORGANIZATIONAL STRUCTURE FOR KAMPONG CHHNANG AND PURSAT MUNICIPALITIES

