

JFPR: CAM 38602

**Grant Assistance to the  
Kingdom of Cambodia for  
Improving the Access of Poor  
Floating Communities on the  
Tonle Sap to Social Infrastructure  
and Livelihood Activities  
(Financed by the Japan Fund  
for Poverty Reduction)**

February 2005

## CURRENCY EQUIVALENTS

(as of 30 November 2004)

|               |   |           |
|---------------|---|-----------|
| Currency Unit | – | riel (KR) |
| KR1.00        | = | \$0.00026 |
| \$1.00        | = | KR3,848   |

## ABBREVIATIONS

|        |   |   |
|--------|---|---|
| ADB    | – | Asian Development Bank  |
| ACH    | – | Angkok Children's Hospital  |
| AVI    | – | Australian Volunteers International                               |
| CECI   | – | Centre Canadien d'Etudes et de Cooperation                        |
| CFDS   | – | Cambodia Family Development Services                              |
| CFO    | – | community fisheries organization                                  |
| DAFF   | – | Department of Agriculture, Forestry and Fishery                   |
| FAO    | – | Food and Agriculture Organization of the United Nations           |
| GIC    | – | grant implementation committee                                    |
| GIM    | – | grant implementation manual                                       |
| HEF    | – | health equity fund  |
| IA     | – | implementing agency   |
| JFPR   | – | Japan Fund for Poverty Reduction                                  |
| JICA   | – | Japan International Cooperation Agency                            |
| JVC    | – | Japan International Volunteer Center                              |
| MAFF   | – | Ministry of Agriculture, Forestry and Fishery                     |
| MFI    | – | microfinance institution  |
| MOEYS  | – | Ministry of Education, Youth and Sport                            |
| NGO    | – | nongovernment organization  |
| PIO    | – | project implementation office                                     |
| PMO    | – | project management office   |
| SRCFU  | – | Siem Reap Community Fisheries Union                               |
| TSBR   | – | Tonle Sap Biosphere Reserve                                       |
| TSEMP  | – | Tonle Sap Environmental Management Project                        |
| UNESCO | – | United Nations Educational, Scientific, and Cultural Organization |
| UNHCR  | – | United Nations High Commissioner for Refugees                     |
| WHO    | – | World Health Organization   |

## NOTES

- (i) The fiscal year of the Government of Cambodia ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

# CAMBODIA IMPROVING THE ACCESS OF POOR FLOATING COMMUNITIES ON THE TONLE SAP TO SOCIAL INFRASTRUCTURE AND LIVELIHOOD ACTIVITIES



- Project Area
- National Capital
- Provincial Capital
- City/Town
- National Road
- Other Road
- Railway
- River
- Provincial Boundary
- International Boundary

Boundaries are not necessarily authoritative.

JAPAN FUND FOR POVERTY REDUCTION (JFPR)

**JFPR Grant Proposal**

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| <b>I. Basic Data</b>             |   |
| <b>Name of Proposed Activity</b> | Improving the Access of Poor Floating Communities on the Tonle Sap to Social Infrastructure and Livelihood Activities |
| <b>Country</b>                   | Cambodia  |
| <b>Grant Amount Requested</b>    | \$1 million   |
| <b>Regional Grant</b>            | <input type="radio"/> No  |
| <b>Grant Type</b>                | <input type="radio"/> Project   |

**II. Grant Development Objectives and Expected Key Performance Indicators**

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| <p><b>Grant Development Objectives:</b></p> <p>The grant aims at demonstrating ways of improving the livelihood<sup>1</sup> of the poor and poorest fishing households living in floating villages on the Tonle Sap. The poor lack a voice in the management of the natural resources on which their livelihood depends. ADB is supporting community-based natural resource management in the Tonle Sap through the Tonle Sap Environmental Management Project (TSEMP). The grant complements the TSEMP inasmuch as it will (i) demonstrate alternative income-generating activities that may be viable for the poor; (ii) for the first time support community-based microfinance for the poor in floating communities<sup>2</sup> that can have rapid demonstrable benefits and develop sustainable financing arrangements; (iii) develop and test low-cost solutions for the most urgent and basic health, nutrition, water, and sanitation needs of the poor; and (iv) promote functional literacy and vocational skills for illiterate adults and out-of-school children, especially girls.</p> <p>By doing the above, the grant is expected to (i) provide sustainable solutions to problems of poverty and social exclusion faced by the poor on the Tonle Sap, which can be replicated under the TSEMP and the forthcoming sustainable livelihood project; and (ii) improve the levels of participation by the poor in the outcomes and benefits of the counterpart project.</p> |
| <p><b>Expected Key Performance Indicators:</b></p> <p>(i) Increased participation of poor households in alternative livelihood activities (number of participating households)</p> <p>(ii) Improved incomes from fisheries and alternative income-earning activities (baseline data and grant impact assessment)</p> <p>(iii) Improved health of the vulnerable groups through (a) improved nutrition, (b) increased access of poor households to clean water and sanitation (fall in waterborne disease incidence), (c) improved access to health services (number of visits by health providers), and (d) increased capacity of commune health services</p>  |

<sup>1</sup> The concept of livelihood used here is akin to the DFID Sustainable Livelihood framework. This concept places people at the center of development and attempts to identify the most pressing constraints and the most promising opportunities open to people. It builds on people, on definitions of them, and wherever feasible supports people to address and realize them. For further details, refer to Chambers, R. and R. Conway. 1992. *Sustainable Rural Livelihoods: Practical Concept for the 21<sup>st</sup> Century*. Institute of Development Studies.

<sup>2</sup> The Food and Agriculture Organization of the United Nations has made a beginning with community-based revolving funds among selected communities. However, while the funds demonstrate the creditworthiness of these communities, they are limited in their outreach to the poor. The JFPR grant will attempt to build on these initial experiences by bringing in for the first time professional microfinance institutions to extend their services to the poor in these communities.

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| (iv) Reduced debt burdens of poor households through the development of sustainable community-based microfinance activities (total number of beneficiary groups set up, no. of women beneficiaries, repayment rates, group meetings held, and no. of village banks set up) |
| (v) Improved literacy and vocational skills of out-of-school children and illiterate adults (no. of candidates successfully completing courses, no. of candidates securing employment, improved skills in accounting, bookkeeping, etc.)                                   |

### III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

| Category   | Amount of Grant Allocated<br>\$ | Percentage of<br>Expenditures |
|--|---------------------------------|-------------------------------|
| 1. Goods and Supplies  | 227,631                         | 22.76                         |
| 2. Training, Workshops, Seminars,<br>Public Campaigns  | 112,888                         | 11.29                         |
| 3. Consulting Services including Local<br>Consultants, Baseline Survey,<br>Impact Evaluation | 73,022                          | 7.30                          |
| 4. Grant Management (including<br>service cost of PMO, NGOs, CBOs)                           | 302,626                         | 30.26                         |
| 5. Other Inputs  | 192,924                         | 19.29                         |
| 6. Contingencies   | 90,909                          | 9.10                          |
| <b>TOTAL</b>   | <b>1,000,000</b>                | <b>100.00</b>                 |
| Incremental Cost   | 10,000                          |                               |

CBO = community-based organization, NGO = nongovernment organization, PMO = project management office.

## JAPAN FUND FOR POVERTY REDUCTION

**JFPR Grant Proposal  
Background Information**

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| <b>A. Other Data</b>   |  |
| <b>Date of Submission of Application</b>   | 1 September 2004   |
| <b>Project Officer (Name, Position)</b>  | Manoshi Mitra, Senior Social Development Specialist  |
| <b>Project Officer's Division, E-mail, Phone</b>   | Agriculture, Environment, and Natural Resources Division, <a href="mailto:mmitra@adb.org">mmitra@adb.org</a> ; 632-6111        |
| <b>Other Staff Who Will Need Access to Edit/Review the Report</b>                                    | Ian Fox (MKAE), O. Serrat (MKAE), S. Tanaka, (RSPR), M. Araki (OCO)  |
| <b>Sector</b>  | Agriculture  |
| <b>Theme</b>   | Poverty reduction  |
| <b>Was JFPR Seed Money used to prepare this grant proposal?</b>                                      | Yes [X] No [ ]   |
| <b>Have SRC comments been reflected in the proposal?</b>   | Yes [X] No [ ]   |
| <b>Name of Associated ADB Financed Operations</b>  | Tonle Sap Environmental Management Project   |
| <b>Executing Agency</b>  | Ministry of Agriculture, Forestry and Fisheries (MAFF)   |
| <b>Grant Implementing Agency(ies)</b><br>(Names, Exact Address, Contact Persons, E-mail, Phone, Fax) | Provincial Department of Agriculture, Forestry and Fisheries, Siem Reap Province<br>Tat Bun Chouern, Director, PAFF, Siem Reap |

**B. Details of the Proposed Grant****1. Components, Monitorable Deliverables/Outcomes, and Implementation Timetable**

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| <b>Component A</b>    |   |
| Component Name        | Improved Livelihood Activities  |
| Cost (\$)             | 184,512   |
| Component Description | <p>Under this component:</p> <ol style="list-style-type: none"> <li>1. Osmose International, a nongovernment organization (NGO) working since 1999 in Siem Reap and Battambang, will do the following: (i) develop pig rearing, fish cage culture, floating gardens for market-oriented production to benefit approximately 470 poor households in five villages in Prek Toal commune; (ii) train 546 out-of-school children in the same villages, for functional literacy and pig rearing, and organizing them into groups, and provide them with piglets for rearing; (iii) develop producer groups for training, marketing, etc. In developing improved livelihood activities, Osmose will use the services of an</li> </ol> |

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|  | <p>international NGO specialist on livelihood development for 36 person-months. The activity will be sustained by the group to be formed by the NGO after cessation of project activities.</p> <p>2. The Siem Reap Community Fisheries Union (SRCFU), a Cambodian NGO, which is working directly with 10 community fisheries organizations (CFOs) in 116 villages to improve fisheries-based livelihood activities of poor fishers in Siem Reap Province, will work with the Anlong Samnor commune with 1,456 poor fisher households. SRCFU will (i) strengthen the participation of the poor fishers in community fisheries committees, especially in protecting community fisheries; (ii) establish community-owned fish sanctuaries at Stung Chrov and build up community-based maintenance; and (iii) undertake market research for small fishers and develop extension services for improved fisheries management, cage culture, fish processing, vegetable production, and other related income-generating activities. SRCFU will be a self-sustaining organization, as it is directly linked to the community fisheries subdecree. The activities will be self-sustaining after the cessation of the project.</p> |
| <p>Monitorable Deliverables/Outputs</p>  | <ul style="list-style-type: none"> <li>• No. of pig-rearing enterprises set up, no. of fish cage culture developed by poor households</li> <li>• Increased income earned from new livelihood activities by beneficiaries. The impacts will be monitored regularly by the implementing agencies (IAs). An independent agency will assess poverty reduction impacts toward the end of 3-year period.</li> <li>• Impacts of fish sanctuaries on fishers' livelihood activities (changes in catch levels, increased income of beneficiary households)</li> <li>• Improved access to markets (higher prices for small fishers)</li> <li>• Diversification of livelihood (types and no. of new income-earning activities started, no. of families benefited, viability of activities, actual income earned)</li> </ul>   |
| <p>Implementation of Major Activities: Number of Months for Grant Activities</p> | <p>This activity will be implemented over 3 years. It will include organizing poor households of Prek Toal to earn their livelihood from services in the biosphere reserve, training in conduct of nature visits into protected areas, identifying species of flora and fauna, setting up/strengthening floating gardens, training in handicraft production for the growing tourist market, and English language training. The NGO Osmose International, which has been working in the area since 1999, will provide the services of an NGO specialist with experience in developing alternative livelihood activities in the area to enable the poor to take advantage of the large number of tourists coming to Prek Toal. Osmose will help organize, and train people, market products and services, and</p>  |

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|  | <p>monitor activities and their impacts. Women will be particularly targeted for handicraft and food production and marketing, pig rearing and fish culture, increased production of local foods (smoked fish, fish paste or <i>prahoc</i>, etc.).</p> <p>In the first year, organization and training will be carried out and equipment will be provided; following later activities will be implemented by the beneficiaries. During the second and third years, Osmose will continue expanding the activities and developing new activities and skills among the local poor households. Regular monitoring through participatory methods will provide data on impacts on incomes, and improvements in living standards of the poor and poorest households, particularly households with female heads.</p> |
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| <b>Component B</b>    |   |
| Component Name        | Microfinance  |
| Cost (\$)             | 247,474   |
| Component Description | <p>The poor and poorest households are in need of credit for their livelihood activities. At present, there is hardly any microfinance organization working among the floating fishing communities. The project will bring to these communities the services of two of Cambodia's best-known microfinance institutions (MFIs), Hatta Kaksekar Ltd. and Cambodia Family Development Services (CFDS). Hatta Kaksekar will cover the poor and poorest households living in the four communes of Po Treay, Chong Kneas, Peam Ta Our, and Prek Toal with approximately 3,347 households. Of this number, Hatta Kaksekar in year 1 will target 1,362 poor households, with micro loans for livelihood improvement through fisheries, floating gardens, livestock rearing, retailing, etc. The individual loans will range from \$50 to \$200 per borrower. The clients will be poor households with incomes below the poverty line, with food shortages every year, and women heads. Hatta Kaksekar will set up a subbranch to facilitate service delivery; train and assign staff to contact local authorities, collect market information, contact potential clients among the poor, assess demand and form groups, offer training in credit handling, develop group leadership, prepare loan documents, follow up borrowers, and do monitoring and evaluation. Poor households that meet the eligibility criteria for borrowing will be organized and trained by the MFI. The grant is expected to fund the establishment of Hatta Kaksekar's activities in the project area, after which, using its own resources, Hatta Kaksekar in year 2 will increase its coverage to 1,580 households, and in year 3 to 1,825 households. By the end of the project, it is estimated that 1,248 clients will remain active with \$71 being the usual loan size and \$89,000 in outstanding loans by the end of year 3.</p> |

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|   | CFDS will provide 726 poor households in the three communes of Kampong Phluk, Kampong Khleang, and Mot Kla with microfinance services including training in credit handling, bookkeeping, accounting, group formation, investment planning, gaining access to credit, monitoring, mobilizing savings, and setting up village banks. The activities will be carried out during the 3-year project period after which it is expected that at least three village banks will be set up, which will be linked with financial institutions for viability. |
| Monitorable Deliverables/Outputs  | (i) no. of groups formed and trained, (ii) no. of clients covered each year, (iii) repayment rates, (iv) extent of income improvements through reduced interest rates, better prices for fish, diversification of livelihood activities, no. of clients active by end of the project, and (v) approaches followed by the two MFIs for sustainability of activities in the post-project phase, success of village banks, and community-based funds in reaching the poor and women, among others.  |
| Implementation of Major Activities: Number of Months for Grant Activities | 36 months  |

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| <b>Component C</b>    |  |
| Component Name        | Improving Health and Nutrition   |
| Cost (\$)             | 232,923  |
| Component Description | <p>The poor of the seven target communes suffer from poor health owing to lack of clean drinking water, sanitation, and accessible health services. Indebtedness and loss of assets are often due to illness and associated costs. Poverty is intensified for vulnerable groups such as households headed by women because of health emergencies and their costs.</p> <ol style="list-style-type: none"> <li>1. Osmose International and Angkor Children's Hospital (ACH) will address health and nutrition issues in Prek Toal commune by (i) regular child health services to five villages provided by a mobile clinic with 72 visits per year, and free medical and dental care and medicine supplies to at least 50 children of poor households per visit, to be developed jointly by Osmose International and ACH; (ii) health education by ACH in relation to population planning, infant and child care, and nutrition; (iii) capacity building for at least eight local health providers by ACH, by including them in mobile health camps in year 1 and 2 weeks clinical placement and training at ACH in Siem Reap in year 2, followed by completion of approved WHO/MOH integrated management of childhood illness course in year 3. The activities will be continued by ACH and Osmose in the post-project period. Commune health providers will be better placed to provide quality health services to the poor as a result of their training by ACH during the project.</li> <li>2. Neary Khmer, a Cambodian NGO with extensive experience in working in health and nutrition in Siem Reap Province, will work to improve the health and nutrition of poor and poorest households in the communes of Chong Kneas, Po Treay, and</li> </ol> |

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|   | <p>Peam Ta Our covering approximately 70% of 1,621 households. Neary Khmer aims to reduce malnutrition and micronutrient deficiency among children under 5 years of age and improve the nutrition of expecting and young mothers. It will target the poorest children and women through (i) education and capacity building, (ii) improved nutritional status through food-based and curative interventions in the project area, and (iii) building the capacity of community-based village health volunteers for sustainable nutrition practices. The NGO will run the nutrition education and rehabilitation program to rehabilitate severely malnourished children by providing food and nutrients. It will support (i) the setting up 10 children's rehabilitation centers in 10 villages, which will be provisioned with food supplements and equipment for growth monitoring; (ii) provision of water filters to 1,200 poor families; (iii) preparation of information, education, and communication materials; and (iv) provision of trained staff and training programs in sanitation. Neary Khmer will undertake training and extension activities in conjunction with the commune council and CFOs. The children's rehabilitation centers will be continued by Neary Khmer as part of its continuing presence in the area, and its continued work with community-based volunteers.</p> <p>3. CFDS will cover 1,107 poor households in the three communes of Kampong Phluk, Kampong Khleang, and Mot Kla with health equity funds (HEFs). CFDS will set up HEF, which will support access of 75 poor households per month to medical care and services at commune health centers including consultation fees, medication, transportation charges, and referral to hospitals if required. The HEF will be based on a grant from the project and a small monthly contribution from the poor households. As livelihood activities improve, the sustainability of the HEF will improve. HEF will be used as a revolving fund to be administered by the NGO and community-based groups organized by the Neary Khmer. The HEF will be continued by CFDS with the community after the closure of the grant.</p> |
| <p>Monitorable Deliverables/Outputs</p> | <p>(i) No. of visits made by the mobile clinic and quality of services provided; (ii) no. of children helped with medical and dental care, and improvements made in their health status; (iii) no. of staff trained by ACH; (iv) no. of children helped with nutrition supplementation; (v) no. of training programs offered; (vi) improvement in nutrition and health status of children measured by the growth monitoring program; (vii) no. of children successfully rehabilitated by the nutrition education and rehabilitation program; (viii) no. of members of the HEF, (ix) no. of families able to get medical care through the HEF; and (x) sustained participation by beneficiaries in the HEF after project support ends.</p>   |

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| Implementation of Major Activities: Number of Months for Grant Activities | The project activities will be implemented over the 3-year project period by the four NGOs. Initial activities will consist of identifying the poor and malnourished children and women in the target communities, followed by regular health visits by a mobile clinic with doctors and nursing staff, training and education programs, provision of medical supplies, food supplies, hospital referrals and free transportation in emergency situations, training of community health workers, and monitoring of nutrition and health status of vulnerable groups. Commune health staff, including community-based health volunteers will be trained. An HEF will be set up after communities have been trained to participate in such a program, including contributing to the HEF regularly as a savings program for health. The impacts of the project activities will be assessed during impact assessment to be carried out by an independent agency towards the end of the project.   |
| <b>Component D</b>  |   |
| Component name  | Functional Literacy and Vocational Training for Illiterate Adults and Out-of-School Children  |
| Cost (\$)   | 110,760   |
| Component Description   | <p>(i) Three agencies will undertake functional literacy and vocational skills development among the poor households of the seven target communes. Osmose International will (i) provide full schooling expenses for 100 poor children from the target villages of Prek Toal commune, covering uniforms, books, stationery, transportation, school fees, rice, and complete health care. Girls will be particularly targeted for assistance; and (ii) hold functional literacy classes for interested rangers working in Prek Toal and approximately 100 adults involved in Osmose activities. Such activities will be continued by Osmose even after closure of the grant as long as they are required.</p> <p>Japan International Volunteers Center (JVC), a Japanese-supported NGO with expertise in vocational training, will give training in engine repair and welding to 26 selected out-of-school children per year. Candidates will be selected through interviews at community level by qualified NGO staff. The candidates will undergo 6-month residential training in the JVC training school. JVC has an excellent placement record and employment records for its trainees. These trainees will have plenty of employment opportunities on the lake in both the fisheries and tourism and transport sectors. Lack of skills training prevents them from accessing these opportunities. The grant will help diversify employment opportunities for poor adolescents and youth.</p> <p>The Ministry of Education, Youth, and Sports (MOEYS) through its Department of Nonformal Education will (i) give functional literacy training to 1,100 adults including 600 women, and 1,000 out-of-school children including 550 girls, and (ii) provide support to village nonformal literacy teachers through district nonformal education teachers; regular field monitoring; meetings at</p> |

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|   | <p>provincial and district levels to identify areas that need strengthening, monitoring, and evaluation. Exchange visits to other areas in the province, and NGOs engaged in similar work elsewhere will help deepen skills and knowledge of broad-based approaches to literacy, employment, and poverty reduction. Children and adults in households below the poverty line will be selected for training and support under this component.</p>  |
| Monitorable Outputs/<br>Deliverables  | <p>(i) no. of children assisted in schooling; (ii) no. of adults successful in becoming literate and using literacy for improved livelihood activities; (iii) no. of out-of-school children trained in functional literacy; (iv) no. of girls and women trained; (v) no. of successful candidates of vocational training programs; (vi) success of vocational training programs in job creation, measured by the no. of candidates employed after the training; and (vii) impacts of functional literacy programs in improving the capacity of the poor to improve their livelihood, to be assessed through participatory research conducted by the IAs, as well as by an independent agency at the end of the project.</p>   |
| Implementation of Major<br>Activities, Number of<br>Months for Grant Activities | The activities will be implemented over a 3-year period.  |
| <b>Component E</b>  |   |
| Component name  | Project Management, Audit, Poverty Impact Assessment  |
| Cost \$   | 133,422   |
| Component Description   | <p>The Executing Agency of the project is the Ministry of Agriculture, Forestry and Fisheries (MAFF). The project management office (PMO) for the JFPR project will be set up under the provincial Department of Agriculture, Forestry and Fisheries (DAFF) in Siem Reap. The DAFF director in Siem Reap will be the project director. The steering committee for the JFPR project will be the same as the one for the counterpart TSEMP. For the grant project, the steering committee will be expanded to include MOWA, MOH, and MOEYS. The JFPR project will report to the TSEMP project implementation office (PIO) of the Department of Fisheries in MAFF, to which it will submit all progress reports and financial reports and information.</p> <p>The project director will be assisted by the PMO, which will be staffed with a full-time project manager and support staff, to provide daily project coordination and management, overall operational guidance for project implementation, grant management, and fund channeling to the IAs, and reporting to the Government and the Asian Development Bank (ADB).</p> <p>The project manager will be recruited through public advertising by a committee consisting of the project director, ADB representatives, and the representative of the PIO of the TSEMP. The project manager will have a consultant status and should be recruited outside of government structures.</p> |

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|  | <p>The PMO, in consultation with the IAs, will facilitate the development of criteria for beneficiary selection, monitoring, and evaluation. It will, in consultation with ADB and the government, coordinate the activities of the IAs through regular meetings, and supervision visits, approve NGO progress reports and action plans, oversee the channeling of funds, ensure reporting by the IAs on progress and financial reporting in agreed-upon formats, submit all reports to the Government and ADB, submit withdrawal applications approved by the project director through the government to ADB, and ensure the annual auditing of project accounts satisfactory to ADB.</p> <p>The PMO will be responsible for procurement of goods and services for the grant. All procurement will be based on ADB's <i>Guidelines on Procurement</i>.</p> <p><b>Project Advisers.</b> To ensure proper coordination within DAFF and advise the project in community fisheries issues and community development/livelihood development, two advisers from DAFF will be designated by the project director. The advisers will attend the bimonthly meeting with the IAs, the project manager, and project director, and they will be consulted on all technical matters. Their salaries will be paid by the Government.</p> <p><b>Consultancy.</b> The project will also provide 15 person-months of domestic consulting services. At the request of the IAs and with the approval of the project manager and project director, domestic consultants will be hired for the duration necessary to undertake tasks described in their terms of reference jointly developed by the PMO and IAs. Such consultancies will cover areas of expertise for which the IAs may need additional technical support, e.g., fish cage culture, nutrition, animal husbandry, water, and sanitation among others. All consultants will be hired in accordance with ADB's <i>Guidelines on the Use of Consultants to ADB</i> and other arrangements satisfactory for engaging domestic consultants. All consultancies will produce a final report describing the schedule of activities, inputs provided, recommendations, and technical advice. The reports will be cleared by the project manager and involved IAs before final payments are released.</p> <p><b>Implementing Agencies.</b> Qualified national NGOs will be contracted as IAs through the PMO. The IAs are preselected by ADB as they are already working in the area and are the only ones who can implement such activities with the most vulnerable groups in these communities. They have worked with the preparation of the grant proposal through the seed grant provided by JFPR. They have established ties with the community and have experience in working with the poor among them. The provincial government and local government units have an excellent working relationship with these NGOs, which will make it relatively easier for them to work in close collaboration to ensure mutual learning and sustainability of activities. The NGOs include</p> |
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|   | <p>Osmose International, ACH, Neary Khmer, CFDS, Hatta Kaksekar, MOEYS, and JVC. The IAs will be based in Siem Reap and will establish a close working relationship with the PMO.</p> <p>The grant implementation committee (GIC) will consist of the project director, project manager, provincial Department of Women and Veteran's Affairs, Department of Education, Youth and Sports, Department of Health, NGOs, and the Food and Agriculture Organization of the United Nations (FAO) project representative. The GIC will have bimonthly meetings to discuss NGO and other proposals, implementation and progress being made, approaches being used, issues that may come up during implementation, baseline surveys, monitoring and reporting, financial matters, project impact assessment, etc. The coordination and exchange of experiences and information among the IAs is an important consideration in the project design. This will be facilitated by the GIC meetings.</p> <p>The FAO project Participatory Natural Resources Management in the Tonle Sap region will be associated with the JFPR project because of its involvement in the organization and implementation of community-based natural resource management in the same communities except in Prek Toal. The FAO team has also been involved in the design of the JFPR project from an early stage. CFOs are active in all the fishing communities in Siem Reap province and they will act as active partners with the IAs in implementing the JFPR project. This partnership will further strengthen the CFOs in their outreach to the poorer sections of these communities. It will also further strengthen opportunities to collaborate with the TSEMP and the sustainable livelihood project preparatory technical assistance.</p> |
| Implementation of Major Activities/No. of Months for Grant activities | <p>36 months</p> <p>The PMO will be set up within 1 month of the signing of the Letter of Agreement. The project manager will be recruited within month 1. All IAs will submit quarterly work plans to the PMO, which will approve them in consultation with the government and ADB. The PMO will conduct bimonthly meetings where all IAs come together with the project staff to discuss activities, experiences, plans, and related issues. All IAs will submit monthly and quarterly progress reports to the PMO, including financial statements and annual audited statements of account. The PMO will submit withdrawal applications through the government to ADB on a quarterly basis. It will submit quarterly progress reports and financial reports, and annual audited statement of accounts.</p> <p><b>Annual Audit.</b> Project accounts will be audited by an independent firm satisfactory to ADB. All IAs will get their accounts audited and will submit audited reports to the PMO for project accounts.</p> <p><b>Poverty Impact Assessment.</b> Toward the end of the project, an independent, experienced Cambodian research institution/NGO will conduct a comprehensive poverty impact assessment both quantitative and qualitative data. Baseline data is in the report</p>   |

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|  | prepared under the JFPR seed grant that was provided to prepare the project. Surveys and participatory methods will be utilized to collect relevant data on the impacts of the project activities on the beneficiaries in terms of income improvements; improvements in living standards, health, and education levels, particularly among the poorest including female heads of households; awareness of and participation in CFOs and other community-based organizations; improvements in gender relations and women’s position, and other relevant issues. The reports will be submitted to the Government and ADB. |
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**2. Financing Plan for Proposed Grant to Be Supported by JFPR**

| Financier               | Amount (\$)      |
|-------------------------|------------------|
| JFPR                    | 1,000,000        |
| Government              | 135,000          |
| Other Sources           |                  |
| NGO contributions       | 9,500            |
| Community contributions | 46,582           |
| <b>Total</b>            | <b>1,191,082</b> |

NGO = nongovernment organization.

**3. Genesis**

Cambodia is one of the poorest countries in the Asian and Pacific region with a national poverty level of 36%. The Tonle Sap is the largest freshwater lake in Southeast Asia and defines Cambodia’s national identity. It provides 40-70% of the total protein intake of Cambodia. Currently, about 15% of Cambodia’s populations depend directly on the lake for their livelihood and many more draw indirect benefits. Approximately 2 million people live on and around the Tonle Sap and draw their livelihood from it. Despite its rich natural endowments, the Tonle Sap basin is characterized by high levels of poverty, in some areas up to 80%. Fishing communities living in floating villages on the lake and in the flood zone of the lake include some of the poorest groups, characterized by their dependence on subsistence fisheries, high levels of indebtedness, low levels of literacy and education, and poor health on account of the absence of basic social infrastructure and services. Fisheries on the Tonle Sap are characterized by high levels of conflict, emerging from competition between different interest groups, to extract the maximum from the resources of the lake. In October 2000, the Government of Cambodia released 56% of the fishing lot areas to community fisheries. In the absence of capacity and resources, the CFOs are not able to manage the resources effectively and equitably.

ADB has taken the lead to develop a long-term strategy to manage the Tonle Sap and its resources on a sustainable basis. The Tonle Sap initiative provides a vision for ADB’s program of assistance to the Government for the Tonle Sap basin, which addresses the complex problems of (i) poverty, (ii) lack of capacity both within the Government and communities, (iii) lack of transparency, (iv) rent seeking, (v) the urgent need to develop participatory natural resource management, and (vi) livelihood activities of improvement for poverty reduction and environment management and conservation. The first ADB-supported project, the TSEMP, aims to develop the capacity of both the government at all levels and communities to undertake participatory natural resources management. The second project, the Sustainable Livelihoods

Project, aims to stabilize and develop livelihood schemes and assets of populations inhabiting the Tonle Sap Basin, with a view to reducing poverty and pressure on the lake.

During the preparation of the TSEMP, the need for a grant-funded project that could demonstrate ways in which the most disadvantaged sections of the Tonle Sap populations could be benefited was identified by the floating communities and the provincial government, during discussions with the ADB Mission and other stakeholders.<sup>3</sup> Thereafter, ADB organized in 2003 in Siem Reap two stakeholder workshops, where participants including members of the communities, civil society, and provincial government emphasized the need to address poverty reduction and improvement of livelihood activities for the poor. As the communities lack the most basic amenities and assets and live on water for most of the year, it is essential to prepare a grant-funded project that can develop innovative ways of organizing them, and demonstrate the impacts of improving their access to basic human development services and livelihood schemes based on community participation. The TSEMP includes a component to support communities in participatory natural resource management. It envisages evaluation of technical proposals for improving livelihood projects based on fisheries, forestry, livestock rearing, and handicraft-related activities. The TSEMP includes a link to a possible JFPR grant that can support the development and implementation of such activities so that they can (i) reduce poverty and improve the capacity and willingness of people to participate in community management and protection of fisheries and forest resources, and (ii) build up a menu of successful livelihood options that can be replicated in succeeding ADB-assisted loan projects. Such a grant-funded project has a strong potential to (i) build people's capacity, and (ii) demonstrate ways to bring about sustainable reduction of poverty and capacity development for participatory resource management, which can be mainstreamed through ADB-supported projects in the Tonle Sap. It was also agreed that such a grant project could only be prepared in full consultation with people, based on their priorities and with their stated commitment to participate and contribute their time and effort to meeting project objectives. All stakeholders expressed strong support for the process-based grant project proposal and it was agreed that the Mission would apply to the Government of Japan for a seed grant to support participatory project development. The Government of Japan approved the seed grant in September 2003, after which a consultant with considerable prior experience in working with these communities and NGOs was recruited to facilitate the process of consultations and participatory planning with stakeholders. This process took about 6 months and culminated in a workshop in Siem Reap in June 2004. At the workshop, local communities from the seven target communes, NGOs, provincial and district government agencies, the FAO project team, and other aid agencies participated. Strong support was expressed for the project proposal and all proposed activities were fully discussed. The grant proposal fully reflects the priorities expressed by the stakeholders, in terms of developing a coordinated response to urgent health, nutrition, literacy, and education requirements of the poorest households, and to develop alternative livelihood activities, and institutional financing mechanisms that can help reduce the burden of debt and improve incomes of the poor.

#### **4. Innovation**

The proposed grant is part of an overall innovative approach that ADB has adopted toward the management and conservation of the Tonle Sap, one of most significant environmental sites in Asia and the world. It is the largest freshwater lake in Southeast Asia and defines Cambodia's national identity. It is critical from the viewpoint of conservation and livelihood as it includes

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<sup>3</sup> Stakeholders include among others, the provincial government of Siem Reap, poor communities engaged in eking out a livelihood from the Tonle Sap, and develop and sustain community-based fisheries management in Siem Reap province, NGOs engaged in working among such communities, the FAO project on Participatory Natural Resource Management in Siem Reap Province.

some of the rarest species of flora and fauna and is source of the rich lower Mekong Basin fisheries. The Tonle Sap provides 40-70% of the protein intake of Cambodia's population besides rejuvenating the fisheries resources of the Mekong. The Tonle Sap is also the site of great poverty as the populations that immediately depend upon its fisheries and flooded forests for subsistence are characterized by rising inequality of access to and control over resources, increasing conflict, and lack of social organization and basic amenities essential for human development. The poor in these communities are socially excluded from decision making regarding allocation and management of resources on which their livelihood activities depend. The situation is worsened by conflict over rights and use of resources between unequal protagonists. Given the situation and the growing concern both within the government and the international community with regard to sustainable natural resource management in the great lake, ADB has been in the forefront of an effort to prepare a comprehensive and broad-based strategy and program to deal with the twin issues of poverty reduction and sustainable environmental management. The Tonle Sap Initiative and Strategy details the issues and approaches to be taken by ADB and the Government of Cambodia in collaboration with aid agencies, communities, NGOs, and civil society to address the priorities of the poor who live and work in the flood zone of the lake. The JFPR grant is a part of this overall innovative effort. It is linked firmly with the TSEMP which is the first of a series of loans and technical assistance related to the Tonle Sap. The TSEMP is the first ADB project to attempt to fill the existing void by supporting several interventions including community organization for natural resource management. However, the factors that constrain the poor from participating in such activities relate to their poverty, indebtedness, lack of options for employment, lack of education, gender discrimination, discrimination against Vietnamese minority groups, etc. Component 2 of the TSEMP will evaluate technical packages that may prove viable for reducing poverty in the fishing communities on the Tonle Sap. Financial and technical support is expected from the JFPR. In complementing the TSEMP, the JFPR grant attempts for the first time to meet the multiple needs of the poor on the Tonle Sap. In this regard, the grant will support innovative approaches not tried earlier in the Tonle Sap. It builds on approaches tried and tested elsewhere in the development context such as mobilization of communities, organization and empowerment through participatory approaches, and community-based efforts to meet the most urgent survival needs of the poor. While such approaches have been tried elsewhere, a composite approach toward providing the fundamentals required to improve the capacity of the poor fishing communities to enable them to gain a voice in participatory resource management is being attempted under the grant for the Tonle Sap for the first time. ADB Missions working on the preparation of the TSEMP noted the lack of viable organizations and social exclusion among the poor fishing communities as a source of their powerlessness and their nonparticipation in decisions regarding resource allocation and management. First, the attempt to organize the poorest sections into their own associations and build their capacity, to participate in development activities is a critical aspect of the project. It is innovative as it has not yet been done on any significant scale.<sup>4</sup> It will also develop new livelihood activities for the poor including development and protection of fish sanctuaries for improved catch levels, floating gardens, and handicrafts production and sale by the producers themselves,<sup>5</sup> vocational skills

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<sup>4</sup> The FAO implemented and Belgian-supported Participatory Management of Natural Resource in Siem Reap has organized CFOs in the province. However, the seed grant-supported study has found that the poor are largely excluded. The poor have themselves stated during participatory rapid assessments that their poverty, indebtedness, lack of education, and the discrimination against women and minorities exclude them from the CFOs. The JFPR grant is expected to demonstrate how the multiple causes of poverty and social exclusion can be effectively addressed and to make it possible for the poor to be included in community organizations and the decision-making process.

<sup>5</sup> Handicraft trade is at present exclusively in the hands of traders who corner the profits leaving the artisans poor. By organizing the artisans and bringing microfinance to them, the JFPR grant will make possible their direct participation in the market, thereby increasing their earnings from the growing tourist influx.

and employment, and livestock rearing.<sup>6</sup> If these alternatives are successful, they can create a viable option to subsistence fishing. The development of floating gardens and fish sanctuaries represent new departures for improving livelihoods and nutrition as well as conservation. These can be replicated under the Tonle Sap Sustainable Livelihood Project. The partnership of poor fishing communities, CFOs, NGOs, and the provincial government (DAFF) in these efforts marks a new beginning. The proposed partnership among Osmose International and ACH to provide mobile health clinic services, the involvement of Neary Khmer to deliver nutrition supplements to young children and monitor their growth, and build the community capacity to improve nutrition and health are innovations in the floating communities of the Tonle Sap. Once successful, these innovations will be replicated through the TSEMP and the ADB-assisted Sustainable Livelihoods Project.

## 5. Sustainability

The sustainability of the activities to be supported under the proposed grant project will be ensured by the following: (i) All activities and approaches demonstrated and successful under the grant will be supported and replicated under the ADB-assisted TSEMP and the ADB-assisted Sustainable Livelihood Project. The Sustainable Livelihood project preparatory technical assistance has been closely collaborating in the process of developing the grant proposal and will be able to build on lessons learned under the grant and replicate activities on a larger scale in the Tonle Sap basin. (ii) All livelihood activities to be developed under the grant are commercially oriented and their viability is predicated on the growing market for fish and fish products. (iii) The microfinance activities will become self-reliant by year 2 of implementation. The grant will support the MFIs only in year 1 of their operations. Thereafter, by year 2 the microfinance activities will become self-sustaining, yielding profits; and by year 3 will become totally self-reliant. (iv) The setting up of village banks will further strengthen the financial viability of the community-based microfinance activities. (v) The activities in health and nutrition will be sustained by the communities in partnership with the commune councils. They will build community capacity as well as the capacity of commune health staff to provide both preventive and curative health services. ACH, Osmose, and Neary Khmer will continue to support the activities as part of their ongoing project work after cessation of the grant. Links between the community and the ACH will help address more serious health crises. The improved financial viability of the poor households, the setting up of village banks, and the development of savings will enable the poor to meet health and education costs without getting into a lifetime of debt. (vi) The partnership with the CFOs under the grant will improve sustainability of the activities as the CFOs are community-based institutions set up under Government policy and are there to stay. Further empowerment of the CFOs with the participation of the poor, and diversifying activities and building sustainable financial systems will further add to their capacity to manage natural resources in a sustainable manner.

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<sup>6</sup> Livestock rearing (fish cage culture, pig rearing) is resource-intensive and normally out of the reach of the poor without their getting indebted. It is normally practiced by the better-off households on the Tonle Sap as commercial activities in addition to fisheries. The poor recounted the problem of viable credit availability and lack of veterinary care and training as major factors inhibiting their ability to find alternatives to fisheries. By bringing microfinance, technical training and supervision, the JFPR grant will demonstrate the viability of livestock rearing as a livelihood strategy for the floating communities of the Tonle Sap.

**6. Participatory Approach**

The grant proposal has been designed with the full participation of local fishing communities, particularly the poor and women. Participatory planning with the communities, local authorities, provincial government, and civil society has been undertaken through the seed grant provided under the JFPR over a period of time. Three workshops have been organized to bring together stakeholders to debate and discuss what needs to be done.

In the proposed grant design, the process of decision making, planning, and implementation is entirely based on organizations of the poor, particularly of the poorest households and households headed by women. Such organizations set up through NGOs, which have already been working among these communities, will undertake planning and implementation assisted by the NGOs, DAFF, etc.

Impact assessment will be undertaken using participatory methods, which will ensure that beneficiaries play a major role in assessing the outcomes of the grant.

| <b>Primary Beneficiaries and Other Affected Groups and Relevant Description</b>  | <b>Other Key Stakeholders and Brief Description</b>   |
|--|---|
| <p>The primary beneficiaries are the poor sections of floating communities of seven target communes in Siem Reap and Prek Toal consisting of approximately 2,000 households. The poor households have multiple disadvantages due to low and irregular incomes; food shortages; poor education and health; and lack of financial, physical, and human assets, and social capital. They are unable, on their own, to improve their situation. About 25-30% of these households are headed by women and are particularly vulnerable to poverty in these communities. They are particularly constrained by lack of assets, including adult labor, and lack of opportunities to participate in livelihood opportunities and decision making.</p> <p>The grant will enable the target households to improve their capacities, social organization, and financial and physical assets. Thus, they will be much better placed to improve their education and health status, and take their rightful place in community decision making and livelihood improvement.</p> | <ol style="list-style-type: none"> <li>1. DAFF is the provincial department of agriculture forestry and fisheries. It has been working for the past 5 years with the Belgian-supported FAO project Participatory Natural Resources Management in Siem Reap. As such, it has built up considerable experience and expertise in participatory approaches and is implementing the TSEMP in Siem Reap Province.</li> <li>2. Osmose International, a nonprofit association, started working in Prek Toal in 1999. Its objectives are conservation of the flora and fauna of Prek Toal; poverty reduction in floating communities by creating appropriate work opportunities linked with ecotourism, handicraft, and food production for tourists to Prek Toal; and improvement of the health and education of the poor of these communities. Since 2002 Osmose has been working to improve the livelihood of the most vulnerable households in the area. It has entered into a partnership with ACH to provide regular health services to those household through a mobile boat clinic.</li> <li>3. Angkor Children Hospital started working in Siem Reap in 1999. It functions as a full-fledged hospital and continuing education and clinical training center for medical personnel, while delivering high- quality care to Cambodian children. ACH is the</li> </ol> |

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|  | <p>first project of the nonprofit organization Friends without Borders set up by photographer Kenro Izu. The board of directors is made up of Japanese, American, and Cambodian professionals. Funding sources include donations, Ministry of Foreign Affairs of Japan, the McNight Foundation, and CARE Cambodia.</p> <ol style="list-style-type: none"><li>4. Japan Volunteers Center, set up through the Japan International Volunteer Center in 1979, provides technical education and training to Cambodian children.</li><li>5. Neary Khmer, a Cambodian NGO, was established in 1999 and registered in 2002. It was founded by staff of Centre Canadien d'Etudes et de Cooperation International (CECI) and Australian Volunteers International (AVI). It began work on food security and has moved on to a comprehensive nutrition and health program that puts women and children first. Funding sources include CECI, AVI, and Cambodia Canadian Development Program. It works in association with DAFF.</li><li>6. CFDS was established in 1993 as the successor of the United Nations High Commissioner for Refugees UNHCR-funded Reintegration Advisory Program. CFDS is registered with the Government and is run fully by Cambodians. CFDS works in the areas of livelihood development, microfinance, and community-based health and education development. Its funding is drawn from the Asia Foundation, OXFAM America, OXFAM New Zealand, WHO, Family Health International, and Refugee International. It has experience in working with CFOs in other provinces around the Tonle Sap. CFDS has a total staff of 78 and an annual operational budget of \$300,000.</li><li>7. Hatta Kaksekar is an MFI whose mission is to enhance incomes from agriculture, businesses, and manufacturing enterprises in rural areas of Cambodia by reducing interest rates on loans and promoting savings. It specifically targets women and poor households and works in four provinces around the Tonle Sap. It</li></ol> |
|--|--|

|  |   |
|--|---|
|  | <p>has an active client base of approximately 5,628, with an outstanding loan amount of \$1,700,000.</p> <ol style="list-style-type: none"><li>8. The Nonformal Education Department of Ministry of Education, Youth and Sports (MOEYS) in Siem Reap province has been implementing nonformal education and vocational training under the aegis of the United Nations Educational, Scientific and Cultural Organization (UNESCO) since 1994. Most of the outputs are for the improvement and increase of nonformal education services focusing on vulnerable groups.</li><li>9. SRCFU is an NGO established in 2003 to bring together 10 CFOs working for sustainable management and development of the community fisheries resources in Siem Reap. SRCFU is currently working in 116 villages and using a bottom-up approach to develop the participation of local communities in resource management, for livelihood and conservation. It is currently supported by the FAO project Participatory Natural Resources Management in Siem Reap. It is staffed by staff trained by the FAO project and with backgrounds in fisheries, forestry, and participatory approaches.</li></ol> |
|--|---|

**7. Coordination**

Discussions were held by the ADB Mission with Japan International Cooperation Agency (JICA) and World Bank. Both agencies attended the workshops held for the design of the grant. JICA supports a Japanese NGO, Luceana, which is also working in Prek Toal. JICA supports the idea of the grant. The World Bank does not work in the Tonle Sap area, which is the geographic target area of ADB. The World Bank supports the grant and the design of the proposed project in terms of working with community-based organizations, NGOs, and MFIs to develop livelihood activities for the poor, so as to reduce poverty and promote sustainable management of natural resources. The grant is also in keeping with the development of participatory poverty reduction planning and monitoring in Cambodia, supported by ADB and the World Bank.

**8. Cost Estimates (See Appendix 1)**

## C. Linkage to ADB Strategy and ADB-Financed Operations

### 1. Linkage to ADB Strategy

| Document                            | Document Number | Date of Last Discussion | Objective   |
|-------------------------------------|-----------------|-------------------------|---|
| Country Strategy and Program Update | SEC.M61.03      | July 2003               | Focus on the Tonle Sap for poverty reduction and environmental management   |
| Participatory Poverty Assessment    |                 | 29 July 2002            | Targeting the Tonle Sap for sustainable natural resource management and poverty reduction                             |
| Tonle Sap Initiative                |                 |                         | Adopts a multipronged approach to the twin objectives of reducing poverty and managing and conserving the environment |

### 2. Linkage to Specific ADB-Financed Operation

|                               |  |
|-------------------------------|--|
| <b>Project Name</b>           | Tonle Sap Environmental Management Project |
| <b>Project Number</b>         | CAM-33418-01                               |
| <b>Date of Board Approval</b> | 21 Nov 2002                                |
| <b>Loan Amount (\$)</b>       | \$10.91 million                            |

### 3. Development Objectives of the Associated ADB-Financed Operation:

Sustainable management and conservation of natural resources and biodiversity in the Tonle Sap Basin are long-term goals. The immediate objective of the Project is to promote systems and capacity for natural resource management coordination and planning, community-based natural resource management, and biodiversity conservation in the Tonle Sap Biosphere Reserve (TSBR). Three closely interrelated components will help accomplish the Project's immediate objective (i) strengthen natural resource management coordination and planning for the TSBR, (ii) organize communities for natural resource management in the TSBR, and (iii) build management capacity for biodiversity conservation in the TSBR.

The JFPR project will be closely linked with component (i) of the TSEMP, and the activities found sustainable and with poverty reduction impacts will be replicated under the counterpart project. This step is significant as participatory poverty reduction, improved human capacity of the poor, organizing them into viable associations for livelihood improvement and environmental conservation, and NGO collaboration will be important inputs into the development of component (ii) of the TSEMP. The JFPR project will contribute to strengthening and deepening the TSEMP's impacts on poverty reduction and sustainable natural resource management.

#### 4. List the Main Components of the Associated ADB-Financed Operation:

| No. | Component Name  | Brief Description  |
|-----|---|--|
| 1.  | Strengthen natural resource management coordination and planning for the TSBR | 1.1 Strengthen the TSBR secretariat<br>1.2 Map the TSBR<br>1.3 Improve regulation and management planning                                  |
| 2.  | Organize communities for natural resource management in the TSBR              | 2.1 Formulate implementation structure<br>2.2 Empower communities<br>2.3 Evaluate technical packages for sustainable livelihood activities |
| 3.  | Build management capacity for biodiversity conservation in the TSBR           | 3.1 Enhance management capacity<br>3.2 Build systems for monitoring<br>3.3 Build conservation awareness, outreach                          |

#### 5. Rationale for Grant Funding versus ADB Lending

The communities being targeted are among the poorest in Cambodia. They live in particularly difficult circumstances and improving their livelihood presents a particularly challenging task. The Government does not want to borrow for such activities until the impacts can be demonstrated in terms of poverty reduction, viability, and replicability. Therefore, the grant will provide that opportunity to innovate and develop strategies that are suited to the particular needs of these communities. Lessons learned will be replicated using loan funds under the counterpart project as well as the Sustainable Livelihood project.

#### D. Implementation of the Proposed Grant (See Appendix 2)

|                        |  |
|------------------------|--|
| 1. Implementing Agency | <p>1. Osmose International is a nonprofit association that started working in Prek Toal in 1999. The objectives of Osmose are to conserve the flora and fauna of Prek Toal; reduce poverty in floating communities by creating appropriate work opportunities linked with ecotourism, handicraft, and food production for tourists to Prek Toal; and improve the health and education of the poor of these communities. Since 2002 Osmose has been working to improve the livelihood of the most vulnerable households in the area.</p> <p>2. ACH started working in Siem Reap in 1999. It functions as a full-fledged hospital and continuing education and clinical training center for medical personnel while delivering high quality care to Cambodian children. ACH is the first project of the nonprofit organization Friends without Borders set up by photographer Kenro Izu. The board of directors is made up of Japanese, American, and Cambodian professionals. Funding sources include donations, Ministry of Foreign Affairs of Japan, the McNight Foundation, and CARE Cambodia.</p> |
|------------------------|--|

3. JVC was set up through the Japan International Volunteer Center in 1979. It provides technical education and training to Cambodian children.
4. Neary Khmer is a Cambodian NGO established in 1999 and registered in 2002. It was founded by staff of CECI and AVI. It began work on food security and has moved on to a comprehensive nutrition and health program that puts women and children first. Funding sources include CECI, AVI, and Cambodia Canadian Development Program. It works in association with DAFF.
5. CFDS was established in 1993 as the successor of the UNHCR-funded Reintegration Advisory Program. CFDS is registered with the Government and is run fully by Cambodians. It works in the areas of livelihood development, microfinance, and community-based health and education development. Its funding is drawn from the Asia Foundation, OXFAM America, OXFAM New Zealand, Family Health International, WHO, and Refugee International. CFDS has a total of 78 and an operational budget of \$300,000.
6. Hatta Kaksekar is an MFI whose mission is to raise income from agriculture, businesses, and manufacturing enterprises in rural areas of Cambodia by reducing interest rates on loans and promoting savings. It specifically targets women and poor households and works in four provinces around the Tonle Sap. It has an active client base of approximately 5,628, with an outstanding loan amount of \$1,700,000.
7. The Nonformal Education Department of MOEYS in Siem Reap Province has been implementing nonformal education and vocational training under the aegis of UNESCO since 1994. Most of the outputs are used for the improvement and increase of nonformal education services, focusing on vulnerable groups.
8. SRCFU is an NGO established in 2003 to bring together 10 CFOs working for sustainable management and development of the community fisheries resources in Siem Reap Province. SRCFU is currently working in 116 villages and using a bottom-up approach to develop the participation of local communities in resource management for livelihood and conservation. It is currently supported by the FAO project Participatory Natural Resources Management in Siem Reap.

|  |  |
|--|--|
|  | <p>All the NGOs are experienced in working with international agencies and have their accounts audited regularly. They have demonstrated experience and expertise in their respective areas and have developed close ties with the target groups. They have good working relations with the provincial government and with other funding agencies.</p> <p>The JFPR funds will be administered by ADB in keeping with the grant implementation manual (GIM) to be prepared. An imprest account will be set up by the executing agency (EA) and IAs will receive funds in installments according to their work plans and budget plans, which they must submit to the PMO for approval. The imprest account will be established and managed in accordance with ADB's <i>Loan Disbursement Handbook</i> dated 1 January 2001. The ceiling of the imprest account will be \$100,000. All IAs will set up specific project accounts for the JFPR funds. All IAs will get their accounts audited and will submit the audited statements of expenditure to the PMO. The IAs will submit to the PMO monthly progress reports, including financial reports. Quarterly progress reports will be submitted by the PMO to the Government and ADB. ADB will provide funds on the basis of withdrawal applications to be submitted by the PMO through the Executing Agency. All project accounts will be audited by an independent firm satisfactory to ADB, and annual audited statements of account will be submitted to ADB. The PMO will undertake all procurement.</p> |
|--|--|

The PMO will be responsible for all procurement. All procurements under the JFPR grant will be conducted in accordance with ADB's *Guidelines for Procurement*. Goods and related services below \$100,000 will be procured using ADB's direct purchase procedure. Goods and related services above \$100,000 will be procured using ADB's international shopping procedure. The IAs (Osmose, ACH, CFDS, Neary Khmer, Hatta Kaksekar, MOEYS, and SRCFU) will be directly recruited by ADB in accordance with ADB's *Guidelines on the Use of Consultants* to provide the services for implementating, managing, and monitoring progress of the JFPR grant. These NGOs are working in the area and have established ties with the communities and local government agencies. They are uniquely placed to provide these services to the poor fishing communities on the Tonle Sap. Local NGOs and consultants will be contracted by ADB in consultation with the PMO, in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants.

## 2. Risks Affecting Grant Implementation

| Type of Risk   | Brief Description  | Measure to Mitigate the Risk  |
|----------------|--|---|
| Governance     | Problems of corruption, lack of support for community fisheries, conflicts with commercial interest groups | Measures under the project will include strict financial controls, regular supervision, and reporting by the PMO and ADB. The government and ADB are committed to strengthening community-based resource management. Strengthening the communities' role in protecting and managing the Tonle Sap will lead to greater capacity for sustaining livelihood activities and meeting challenges from outsider groups. The JFPR project includes provision for an annual audit to be carried out by an independent firm. |
| Infrastructure | Mobility may be constrained during the rainy season  | The IAs will regularly visit the communities throughout the year. Local tourist/government boats are available throughout the year. Osmose will procure a motorboat for regular availability of staff, particularly health staff in the communities. It may take a longer time to get to the communities, but it is being done. The PMO will maintain regular contacts with IAs and communities. ADB Missions will be undertaken twice a year.  |

## 3. Incremental ADB Costs

| Component             | Incremental Bank Cost   |
|-----------------------|---|
| Amount requested (\$) | 10,000  |
| Justification         | The project is a complex one involving a multiplicity of IAs and several of the poorest and most vulnerable sections of the Cambodian population. ADB will need to hire consultants, provide technical backstopping, and undertake missions for monitoring and support. The incremental amount is thus required to support the preparation of the GIM; ADB missions that are required to monitor, support, and backstop the IAs; deployment of consultants for training and evaluation. |

|                                    |  |
|------------------------------------|--|
| Type of Work to Be Rendered by ADB | (i) Hire consultants for GIM preparation, training, backstopping, monitoring<br>(ii) Supervise the work of consultants |
|------------------------------------|--|

### 3. Monitoring and Evaluation

| Key Performance Indicator  | Reporting Mechanism  | Plan and Timetable for M&E   |
|--|--|--|
| <p>(i) Increased participation of poor households in alternative livelihood activities (number of participating households)</p> <p>(ii) Increased incomes from fisheries and alternative income-earning activities</p> <p>(iii) Improved health of vulnerable groups through (a) improved nutrition, (b) increased access of poor households to clean water and sanitation (fall in water-borne disease incidence), (c) improved access to health services (number of visits by health providers), increased capacity of commune health services</p> <p>(iv) Reduced debt burdens of poor households through the development of sustainable community-based microfinance activities (total number of beneficiary groups set up, no. of women beneficiaries, repayment rates, group meetings held, no. of village banks set-up)</p> <p>(v) Improved literacy and vocational skills of out-of-school children and illiterate adults (no. of candidates successfully completing courses, no. of candidates securing employment, improved skills in accounting, bookkeeping, etc.)</p> | <p>Monthly progress reports of IAs to the PMO</p> <p>Quarterly and biannual progress reports submitted by the PMO to the government and ADB</p> <p>ADB Supervision Mission reports and aide memoires</p> <p>participatory poverty impact assessment report</p> | <p>Monthly progress reports will be submitted by IAs to the PMO. The PMO will submit to ADB and the government quarterly progress reports including both quantitative and qualitative data.</p> <p>ADB missions will prepare comprehensive aide memoires and back-to-office reports based on extensive field visits and consultations with stakeholders. Toward the end of the project period, a Cambodian research institution/NGO with experience in carrying out participatory poverty appraisals, will be contracted to carry out a comprehensive assessment of the poverty reduction impact of the project, using agreed upon indicators and methods. The report will be submitted to the Government and ADB.</p> |

**5. Estimated Disbursement Schedule**

| <b>Fiscal Year (FY)</b>    | <b>Amount (\$)</b>   |
|----------------------------|----------------------|
| FY ending 2004             | 150,000.00           |
| FY ending 2005             | 283,333.33           |
| FY ending 2006             | 283,333.33           |
| FY ending 2007             | 283,333.33           |
| <b>Total Disbursements</b> | <b>1,000, 000.00</b> |

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**Appendixes**

1. Detailed Cost Estimates
2. Fund Flow Arrangement
3. Implementation Arrangements

**COST ESTIMATES AND FINANCING PLAN**  
**Table A1.1: Summary Costs Table**

(\$)

| ↓<br>Inputs/Expenditure<br>Category  | →<br>Grant | Component A<br>Improved<br>Livelihood<br>Activities | Component B<br>Microfinance | Component C<br>Improving<br>Health and<br>Nutrition | Component D<br>Functional<br>Literacy | Component E<br>Grant<br>Management,<br>Monitoring,<br>and Audit | Total<br>(Input) | Percent       |
|--|------------|---|-----------------------------|---|---------------------------------------|---|------------------|---------------|
| 1. Equipment and Supplies  |            | 71,012.00   | 0.00                        | 78,435.00   | 53,184.00                             | 25,000.00   | <b>227,631</b>   | 22.76         |
| 2. Training, Workshops, Seminars, Public Campaigns                             |            | 53,000.00   | 7,180.00                    | 9,950.00  | 42,758.00                             | 0.00  | <b>112,888</b>   | 11.29         |
| 3. Consulting Services   |            | 16,000.00   | 0.00                        | 0.00  | 0.00                                  | 57,022.00   | <b>73,022</b>    | 7.30          |
| 4. Grant Management  |            | 44,500.00   | 87,870.00                   | 104,038.00  | 14,818.00                             | 51,400.00   | <b>302,626</b>   | 30.26         |
| 5. Other Inputs  |            | 0.00  | 152,424.00                  | 40,500.00   | 0.00                                  | 0.00  | <b>192,924</b>   | 19.29         |
| 6. Contingencies (0-10% of total estimated grant fund)                         |            | 18,181.80   | 18,181.80                   | 18,181.80   | 18,181.80                             | 18,181.80   | <b>90,909.00</b> | 9.09          |
| <b>Subtotal JFPR Grant-Financed</b>  |            | <b>202,693.80</b>                                   | <b>265,655.80</b>           | <b>251,104.80</b>                                   | <b>128,941.80</b>                     | <b>151,603.80</b>   | <b>1,000,000</b> | <b>100.00</b> |
| Government Contribution  |            |   |                             |   |                                       | 135,000.00  | 135,000          |               |
| Other Contributions (e.g., from NGOs, multilateral and bilateral aid agencies) |            |   | 4,500.00                    | 5,000.00  |                                       |   | 9,500            |               |
| Community's Contributions  |            | 10,000.00   | 36,582.00                   |   |                                       |   | 46,582           |               |
| <b>Total Estimated Costs</b>   |            | <b>212,693.80</b>                                   | <b>306,737.80</b>           | <b>256,104.80</b>                                   | <b>128,941.80</b>                     | <b>286,603.80</b>   | <b>1,191,082</b> |               |
| <b>Incremental Costs</b>   |            |   |                             |   |                                       |   | <b>10,000</b>    |               |

**Table A1.2: Detailed Cost Estimates  
(\$)**

| Code   | Supplies and Services Rendered   | Unit   | Costs             |                  |                | Contributions  |            |      |                       |
|--|--|--------|-------------------|------------------|----------------|----------------|------------|------|-----------------------|
|  |  |        | Quantity<br>Units | Cost per<br>Unit | Total<br>\$    | JFPR<br>Amount | Government | NGOs | Communities<br>10,000 |
| <b>Component A. Improved Livelihood Activities</b> |  |        |                   | <b>Subtotal</b>  | <b>194,512</b> | <b>184,512</b> |            |      |                       |
| <b>1.1</b>   | <b>Equipment and Supplies</b>  |        |                   | <b>Subtotal</b>  | <b>71,012</b>  | <b>71,012</b>  | DP/IS      |      |                       |
|  | Animal Husbandry   | Set    | 600               | 56.60            | 33,960         | 33,960         |            |      |                       |
| 1.1.1  |  |        |                   |                  |                |                |            |      |                       |
| 1.1.2  | Floating Gardens, Handicrafts  | Set    | 68                | 214              | 14,552         | 14,552         |            |      |                       |
| 1.1.3  | Fish sanctuary <sup>1</sup>  | Person | 1,500             | 15               | 22,500         | 22,500         |            |      |                       |
| <b>1.2</b>   | <b>Training, Workshops, Seminars</b>   |        |                   | <b>Subtotal</b>  | <b>53,000</b>  | <b>53,000</b>  |            |      |                       |
| 1.2.1  | Training Cost  | Person | 500               | 46               | 23,000         | 23,000         |            |      |                       |
| 1.2.2  | Local Trainers (five local trainers at \$200 per trainer per session x 30 sessions)          |        |                   |                  | 30,000         | 30,000         |            |      |                       |
| <b>1.3</b>   | <b>Consulting Services</b>   |        |                   | <b>Subtotal</b>  | <b>16,000</b>  | <b>16,000</b>  | DP/IS      |      |                       |
| 1.3.1  | NGO Expert on Alternative Livelihood Development   | Person | 36                | 444.44           | 16,000         | 16,000         |            |      |                       |
| <b>1.4</b>   | <b>Management and Coordination of This Component</b>   |        |                   | <b>Subtotal</b>  | <b>44,500</b>  | <b>44,500</b>  |            |      |                       |
| 1.4.1  | Component A – Staff  |        |                   |                  | 30,000         | 30,000         |            |      |                       |
| 1.4.2  | Travel and Per Diem  |        |                   |                  | 10,000         | 10,000         |            |      |                       |
| 1.4.3  | Operational Costs  |        |                   |                  | 4,500          | 4,500          |            |      |                       |
| <b>1.5</b>   | <b>Other Project Inputs</b>  |        |                   | <b>Subtotal</b>  | <b>10,000</b>  |                |            |      | 10,000                |
| 1.5.1  | Organization of Producers, Coordination of Group Activities, Mutual Support Activities, etc. |        |                   |                  | 10,000         |                |            |      | 10,000                |
| <b>Component B. Microfinance</b>                   |  |        |                   | <b>Subtotal</b>  | <b>288,556</b> | <b>247,474</b> |            |      |                       |
| <b>2.1</b>   | <b>Training, Workshops, Seminars</b>   |        |                   | <b>Subtotal</b>  | <b>7,180</b>   | <b>7,180</b>   |            |      |                       |
| 2.1.1  | Training Cost  | Group  | 418               | 10               | 4,180          | 4,180          |            |      |                       |
| 2.1.2  | Trainers   | Person | 20                | 150              | 3,000          | 3,000          |            |      |                       |

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| Code       | Supplies and Services Rendered                           | Unit     | Costs          |               | Total           | Contributions  |                       |       |              |        |
|------------|--|----------|----------------|---------------|-----------------|----------------|-----------------------|-------|--------------|--------|
|            |  |          | Quantity Units | Cost Per Unit |                 | JFPR           | Government            | NGOs  | Communities  |        |
|            |  |          |                |               |                 | Amount         | Method of Procurement |       |              |        |
| <b>2.2</b> | <b>Management and Coordination of this Component</b>     |          |                |               | <b>Subtotal</b> | <b>92,370</b>  | <b>87,870</b>         |       | <b>4,500</b> |        |
|            | Component B – Staff                                      |          |                |               |                 | 42,900         | 38,400                |       | 4,500        |        |
| 2.2.1      | Travel and Per Diem                                      |          |                |               |                 | 7,200          | 7,200                 |       |              |        |
| 2.2.2      | Operational Costs  |          |                |               |                 |                |                       |       |              |        |
| 2.2.3      | Rentals of Offices of Two NGOs/MFIs                      | Office   | 2              | 3,000         | 6,000           | 6,000          |                       |       |              |        |
| 2.2.4      |  |          |                |               |                 |                |                       |       |              |        |
| <b>2.3</b> | <b>Other Project Inputs</b>                              |          |                |               | <b>Subtotal</b> | <b>189,006</b> | <b>152,424</b>        |       |              |        |
|            | Loan Capital (through Hatta Kaksekar, CFDS) <sup>2</sup> | Person   | 2,088          | 73            | 152,424         | 152,424        |                       |       |              | 36,582 |
| 2.3.1      |  |          |                |               |                 |                |                       |       |              |        |
|            | <b>Component C. Improving Health and Nutrition</b>       |          |                |               | <b>Subtotal</b> | <b>237,923</b> | <b>232,923</b>        |       | <b>5,000</b> |        |
| <b>3.1</b> | <b>Equipment and Supplies</b>                            |          |                |               | <b>Subtotal</b> | <b>78,435</b>  | <b>78,435</b>         | DP/IS |              |        |
|            | Mobile Clinic  | Set      | 36             | 97.77         | 3,520           | 3,520          |                       |       |              |        |
| 3.1.1      | Health Transfer and Medical Cost                         | Families | 180            | 33            | 5,940           | 5,940          |                       |       |              |        |
| 3.1.2      | Medical Supplies and Hospitalization                     | Lump sum |                |               | 8,250           | 8,250          |                       |       |              |        |
| 3.1.3      | Health Education Supplies                                | Lump sum |                |               | 720             | 720            |                       |       |              |        |
| 3.1.4      | Materials for Improved Nutrition and Health              | Lump sum |                |               | 55,985          | 55,985         |                       |       |              |        |
| 3.1.5      | Sanitation and Clean Water                               | Lump sum |                |               | 720             | 720            |                       |       |              |        |
| 3.1.6      |  |          |                |               |                 |                |                       |       |              |        |
| 3.1.7      | Motorboat  | Unit     | 1              | 1,800         | 1,800           | 1,800          |                       |       |              |        |
| 3.1.8      | Logistical Equipment                                     | Computer | 1              | 1,500         | 1,500           | 1,500          |                       |       |              |        |
| <b>3.2</b> | <b>Training, Workshops, Seminars</b>                     |          |                |               | <b>Subtotal</b> | <b>9,950</b>   | <b>9,950</b>          |       |              |        |
| 3.2.1      | Clinical Training at ACH                                 | Person   | 4              | 300           | 1,200           | 1,200          |                       |       |              |        |
| 3.2.2      | IMCI Training by ACH                                     | Person   | 4              | 300           | 1,200           | 1,200          |                       |       |              |        |
| 3.2.3      | Training on Improved Nutrition                           | Person   | 50             | 83            | 4,150           | 4,150          |                       |       |              |        |

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| Code       | Supplies and Services Rendered   | Unit          | Costs          |               |                 | Contributions  |                       |            |      |                |
|------------|--|---------------|----------------|---------------|-----------------|----------------|-----------------------|------------|------|----------------|
|            |  |               | Quantity Units | Cost Per Unit | Total \$        | JFPR Amount    | Method of Procurement | Government | NGOs | Communities    |
| 3.2.4      | Trainers   | Person        | 10             | 340           | 3,400           | 3,400          |                       |            |      |                |
| <b>3.3</b> | <b>Management and Coordination of This Component</b>   |               |                |               | <b>Subtotal</b> | <b>109,038</b> | <b>104,038</b>        |            |      | 5,000          |
| 3.3.1      | Component C Staff  |               |                |               |                 | 77,883         | 72,883                |            |      | 5,000          |
| 3.3.2      | Travel and Per Diem  |               |                |               |                 | 31,155         | 31,155                |            |      |                |
| <b>3.4</b> | <b>Other Project Inputs</b>  |               |                |               | <b>Subtotal</b> | <b>40,500</b>  | <b>40,500</b>         |            |      |                |
| 3.4.1      | Health Equity Fund   | Lump sum      |                |               |                 | 40,500         | 40,500                |            |      |                |
|            | <b>Component D. Functional Literacy and Vocational Training</b>                                  |               |                |               | <b>Subtotal</b> | <b>110,760</b> | <b>110,760</b>        |            |      |                |
| <b>4.1</b> | <b>Equipment and Supplies</b>  |               |                |               | <b>Subtotal</b> | <b>53,184</b>  | <b>53,184</b>         | DP/IS      |      |                |
| 4.1.1      | NFE Training Materials, Testing Materials, Engine Repair Training-Related Materials and Supplies | Lump sum      |                |               |                 | 53,184         | 53,184                |            |      |                |
| <b>4.2</b> | <b>Training, Workshops, Seminars</b>   |               |                |               | <b>Subtotal</b> | <b>42,758</b>  | <b>42,758</b>         |            |      |                |
| 4.2.1      | Support to Students/Children's Training/Schooling  | Lump sum      |                |               |                 | 42,758         | 42,758                |            |      |                |
| <b>4.3</b> | <b>Management and Coordination</b>   |               |                |               | <b>Subtotal</b> | <b>14,818</b>  | <b>14,818</b>         |            |      |                |
| 4.3.1      | Component D Staff  | Lump sum      |                |               |                 | 9,818          | 9,818                 |            |      |                |
| 4.3.2      | Travel and Per Diem  | Lump sum      |                |               |                 | 5,000          | 5,000                 |            |      |                |
|            | <b>Component E. Grant Management, Monitoring, and Audit</b>                                      |               |                |               | <b>Subtotal</b> | <b>268,422</b> | <b>133,422</b>        |            |      | <b>135,000</b> |
| <b>5.1</b> | <b>Equipment and Supplies</b>  | lump sum      |                |               | <b>Subtotal</b> | <b>25,000</b>  | <b>25,000</b>         | DP/IS      |      |                |
| 5.1.1      | Office Equipment, Supplies   | Lump sum      |                |               |                 | 25,000         | 25,000                |            |      |                |
| <b>5.2</b> | <b>Consulting Services (e.g. for Management and Monitoring/Assessments)</b>                      |               |                |               | <b>Subtotal</b> | <b>57,022</b>  | <b>57,022</b>         | DP/IS      |      |                |
| 5.2.1      | External Audit   | Lump sum      |                |               |                 | 10,000         | 10,000                |            |      |                |
| 5.2.2      | Baseline Survey and Impact Assessment  | Lump sum      |                |               |                 | 36,522         | 36,522                |            |      |                |
| 5.2.3      | Local Consultants for Technical Inputs Requested by NGOs   | Person-months | 15             | 700           | 10,500          | 10,500         |                       |            |      |                |

| Code       | Supplies and Services Rendered                              | Unit         | Costs          |               |                 | Contributions    |                       |                |              |
|------------|---|--------------|----------------|---------------|-----------------|------------------|-----------------------|----------------|--------------|
|            |   |              | Quantity Units | Cost Per Unit | Total \$        | JFPR             | Government            | NGOs           | Communities  |
|            |   |              |                |               |                 | Amount           | Method of Procurement |                |              |
| <b>5.3</b> | <b>Management and Coordination of this Component</b>        |              |                |               | <b>Subtotal</b> | <b>51,400</b>    | <b>51,400</b>         |                |              |
| 5.3.1      | Component One Staff-Project Director                        | Person       | 1              | 36,000        | 36,000          | 36,000           |                       |                |              |
| 5.3.2      | Support Staff   | Person       | 1              | 5,400         | 5,400           | 5,400            |                       |                |              |
| 5.3.3      | Travel and Per Diem   | Lump sum     |                | 10,000        | 10,000          | 10,000           |                       |                |              |
| <b>5.4</b> | <b>Other Project Inputs (Specify)</b>                       |              |                |               | <b>Subtotal</b> | <b>135,000</b>   |                       | <b>135,000</b> |              |
| 5.4.1      | Rent  |              |                |               |                 | 20,000           |                       | 20,000         |              |
| 5.4.2      | Counterpart Staff   |              |                |               |                 | 30,000           |                       | 30,000         |              |
| 5.4.3      | Per Diems, Workshop Venues, etc.                            | Lump sum     |                |               |                 | 40,000           |                       | 40,000         |              |
|            | Local Travel, Support to Community Fisheries Organizations  | Lump sum     |                |               |                 | 45,000           |                       | 45,000         |              |
|            | <b>Components A to E Subtotal</b>                           |              |                |               | <b>Subtotal</b> | <b>1,100,173</b> | <b>909,091</b>        | <b>135,000</b> | <b>9,500</b> |
|            | <b>Contingency (Maximum 10% of Total JFPR Contribution)</b> |              |                |               |                 |                  | <b>90,909</b>         |                |              |
|            | <b>Total Project Costs</b>                                  |              |                |               | <b>Total</b>    | <b>1,191,082</b> | <b>1,000,000</b>      | <b>135,000</b> | <b>9,500</b> |
|            | <b>Incremental Cost Details</b>                             |              |                |               |                 |                  |                       |                |              |
|            |   |              |                |               | <b>Subtotal</b> | <b>10,000</b>    | <b>10,000</b>         |                |              |
|            | Consultant for GIM Preparation                              | Person-month | 1              | 5,000         | 5,000           | 5,000            |                       |                |              |
|            | Training/Backstopping                                       | Lump sum     |                |               |                 | 5,000            |                       |                |              |
|            | <b>Total Incremental Costs</b>                              |              |                |               |                 | <b>10,000</b>    | <b>10,000</b>         |                |              |

ACH = Angkor Children's Hospital; CFDS = Cambodia Family Development Services; GIM = grant implementation manual; IMCI = integrated management of childhood illness; JFPR = Japan Fund for Poverty Reduction; MFI = microfinance institution; NGO = nongovernment organization.

<sup>1</sup>Setting up and maintenance of fish sanctuary include the costs of poles, boats, and other materials for protection and maintenance.

<sup>2</sup>Loan capital will be extended at an interest rate of 24% per annum. Interest payment will revert back to the capital pool and serve as community counterpart.

Source: Asian Development Bank estimates.

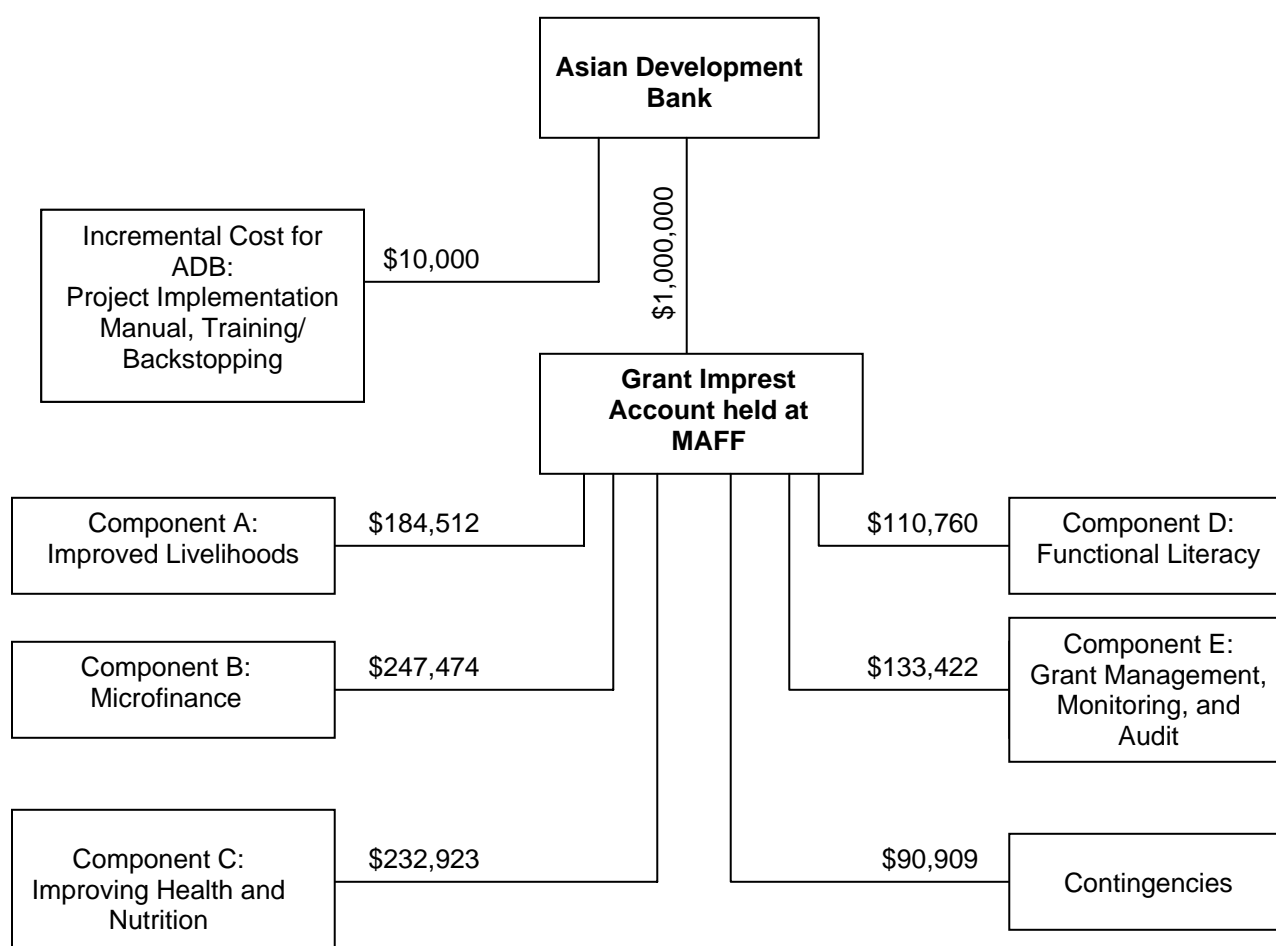
## FUND FLOW ARRANGEMENTS FOR JFPR FUNDS

ADB will channel the JFPR funds directly to a JFPR imprest account, which will be opened and maintained by the GIU in Siem Reap province, Cambodia, at a bank endorsed by the EA and acceptable to ADB, to facilitate day-to-day local expenditures of the JFPR Project. The EA and the MAFF will be kept informed by the GIU about all transactions, and receive copies of all financial statements and audit reports. The JFPR imprest account will be managed by the GIU on the principles of co-signatory arrangement with MAFF, initially based on the first six-month activity plan and related budget, and afterwards based on the approved annual work plan and budget.

ADB will advance six months of estimated expenditure or 10% of grant amount, whichever is lower, to the imprest account for day-to-day project implementation based on requests from GIU through EA. The imprest account will be established, managed, replenished, and liquidated in accordance with ADB's Loan Disbursement Handbook, January 2001. The Statement of Expenditure (SOE) will apply for all payments and transactions under \$10,000 to ensure speedy project implementation. Detailed implementation arrangements, such as the flow, replenishment, and administrative procedures will be detailed in the GIM, and be established between ADB and the Government through the JFPR Letter of Agreement. The schematic fund flow for the JFPR Project is shown in Figure 1.

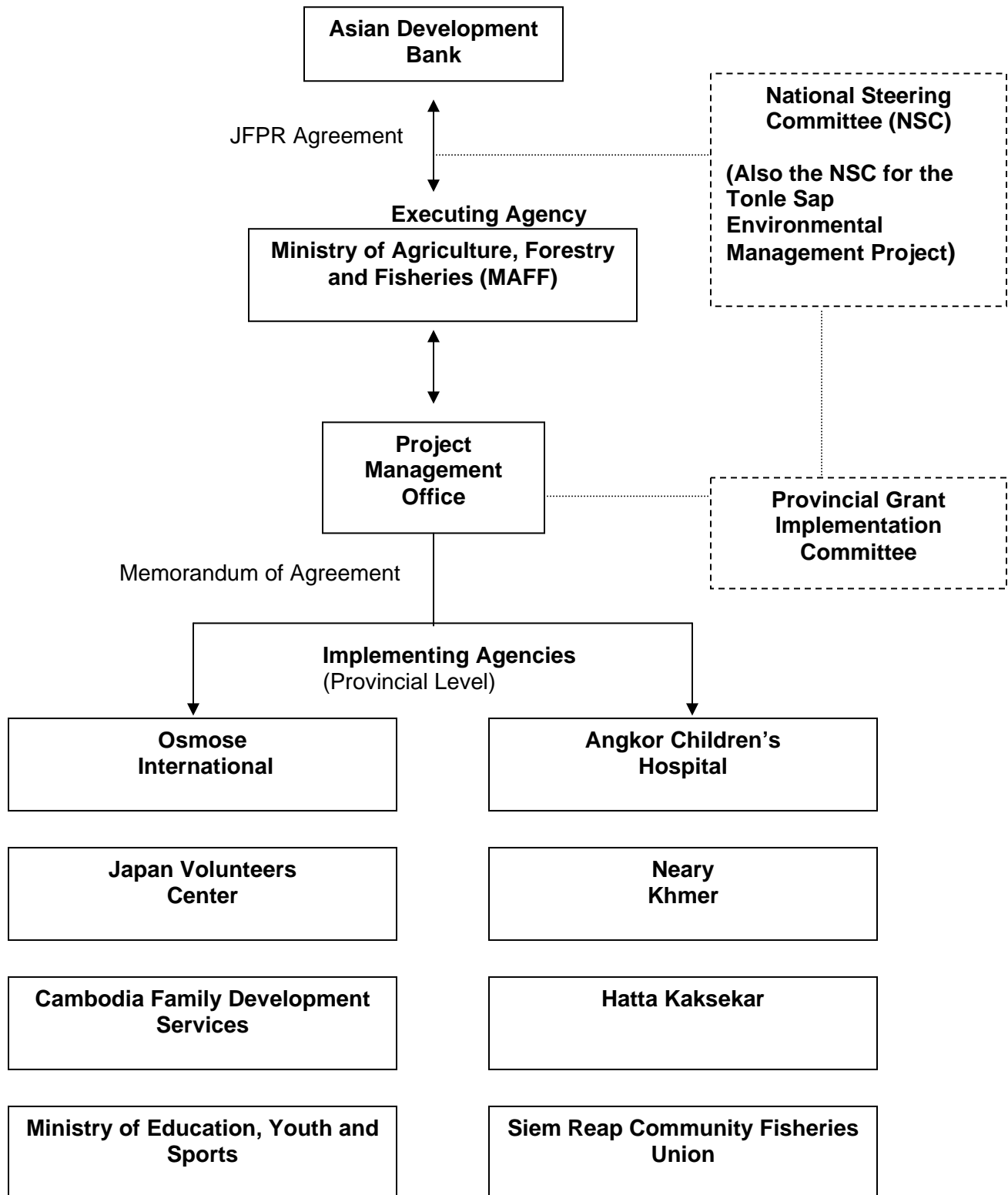
As confirmed by the Government of Japan, the interest earned on the imprest account of JFPR Funds, should be returned to the JFPR funds account maintained at ADB upon completion of the project.

**Figure A2: Fund Flow Arrangements for JFPR Project**



ADB = Asian Development Bank; EA = executing agency; GIM = grant implementation manual; GIU = grant implementation unit; JFPR = Japan Fund for Poverty Reduction; MAFF = Ministry of Agriculture, Forestry and Fishery.

### IMPLEMENTATION ARRANGEMENTS



JFPR = Japan Fund for Poverty Reduction