



Aide-Mémoire

Project Number: 39603 / Grants 0034/0035
September 2006

Aide-Mémoire of the Grant Inception Mission for the Tonle Sap Sustainable Livelihoods Project

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 12 September 2006)

Currency Unit	–	riel (KR)
KR1.00	=	\$0.00024
\$1.00	=	KR4,118

ABBREVIATIONS

ADB	–	Asian Development Bank
CARD	–	Council for Agricultural and Rural Development
CLF	–	community livelihood fund
CLFT	–	community livelihood facilitation team
CPBC	–	commune planning and budgeting committee
C/SF	–	commune/ <i>sangkat</i> fund
DOF	–	Department of Fisheries
EA	–	Executing Agency
IFREDI	–	Inland Fisheries Research and Development Institute
MOE	–	Ministry of Environment
MOI	–	Ministry of Interior
NGO	–	nongovernment organization
TSBR	–	Tonle Sap Biosphere Reserve
TSEMP	–	Tonle Sap Environmental Management Project
VSO	–	Voluntary Service Overseas

NOTE

In this report, "\$" refers to US dollars.

CONTENTS

	Page
I. BACKGROUND	1
A. General	1
B. Key Facts on Grant Review Missions	2
II. STATUS OF PROJECT IMPLEMENTATION	3
A. Actions Taken on Issues Identified by the Project and Country Consultation Mission	3
B. Reaffirming Responsibilities and Delivering Preparatory Activities	4
C. Allocation and Withdrawal of Grant Proceeds	5
D. Project Cost and Financing	5
E. Analysis of Output Accomplishment	6
F. Project Implementation Arrangements	7
G. Project Monitoring and Coordination	10
H. Voluntary Service Overseas	10
I. Complying with Grant Covenants	11
J. Steering the Project	11
K. Coordinating within the Tonle Sap Initiative	12
III. PORTFOLIO REVIEW MISSIONS	13
IV. SUMMARY OF FOLLOW-UP ACTIONS	14
V. ACKNOWLEDGMENTS	15
APPENDIXES	
1. DESIGN AND MONITORING FRAMEWORK	16
2. INDICATIVE ACTIVITIES SCHEDULE	19
3. SUMMARY OF RESPONSIBILITIES AND PREPARATORY ACTIVITIES	21
4. OUTPUT ACCOMPLISHMENT AND IMPROVEMENT OF ACTIVITIES	24
5. CONTRACT PACKAGES AND INDICATIVE STAFFING SCHEDULE FOR CONSULTANTS	28
6. MAJOR GRANT COVENANTS	29
7. LIST OF PARTICIPANTS AT THE KICK-OFF MEETING	34

I. BACKGROUND

A. General

1. On 21 December 2005, the Asian Development Bank (ADB) approved for the purpose of the Project a grant of \$15.00 million from ADB's Special Funds resources and the administration by ADB of \$4.74 million to be provided by the Government of Finland on a grant basis. The Government will contribute \$0.60 million. The context of the Project is the Tonle Sap Initiative, a partnership of organizations and people working to meet the poverty and environment challenges of the Tonle Sap based on the Tonle Sap Basin Strategy.¹ The Project is closely allied to the Tonle Sap Environmental Management Project (TSEMP),² the first major intervention under the Tonle Sap Initiative, and the Commune Council Development Project is closely allied.³

2. The Grant Agreement was signed on 9 March 2006. The cofinancing agreement between the Government of Finland and ADB was signed on 16 April 2006. The grants became effective on 9 June 2006 and their period of utilization closes on 30 June 2010. The project completion date is 31 December 2009. The period elapsed under the grants is about 6%. As of 31 July 2006, ADB had neither committed nor disbursed funds.

3. The Project will improve livelihoods. It will increase access to assets in the five provinces that adjoin the Tonle Sap.⁴ The project area encompasses the buffer zone and core areas. Specifically, it covers 37 communes, comprising 316 villages with a population of 287,430 in 54,857 families. These communes qualify because they pursue livelihood activities in the buffer zone.⁵

4. The design and monitoring framework anticipates that accomplishment of three outputs will enable the Project to achieve its outcome (Appendix 1):

- **Output 1: Community-Driven Development Is Supported.** The monitorable performance targets and indicators stipulate that: (i) a community livelihood fund (CLF) is established by the middle of year 1, and (ii) livelihood investment packages are designed and implemented from the end of year 1.
- **Output 2: Core Areas Are Safeguarded.** The monitorable performance targets and indicators stipulate that: (i) an information base on core areas is established by the end of year 1, (ii) a management system for core areas is instituted by the middle of year 2, and (iii) an improved network of fish sanctuaries is instituted by the end of year 2.
- **Output 3: Skills and Awareness for Sustainable Livelihoods are Built.** The monitorable performance targets and indicators stipulate that: (i) coordination for community-driven development is improved from the middle of year 1, (ii) the

¹ ADB. 2005. *The Tonle Sap Basin Strategy*. Manila. The development objectives are to foster, promote, and facilitate: (i) pro-poor, sustainable economic growth, (ii) access to assets, and (iii) management of natural resources and the environment. The strategic principles are: (i) sustainable livelihoods, (ii) social justice, and (iii) a basin-wide approach. Details are at http://www.adb.org/Projects/Tonle_Sap/.

² ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Cambodia for the Tonle Sap Environmental Management Project*. Manila.

³ ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Cambodia for the Commune Council Development Project*. Manila.

⁴ They are Battambang, Kompong Chhnang, Kompong Thom, Pursat, and Siem Reap.

⁵ Fifty-seven communes have some land in the buffer zone. The 37 target communes are of two types: (i) 21 have villages in the buffer zone, and (ii) 16 have community fisheries and some land area, but no villages, inside the buffer zone. The 20 excluded communes have land but neither villages nor community fisheries in the buffer zone.

skills base for community-driven development is enhanced from the middle of year 1, and (iii) education for protection of natural resources is delivered from mid-year 2.

5. The Ministry of Interior (MOI) is the executing agency. The Council for Agricultural and Rural Development (CARD), through its secretary general, heads a project steering committee established to provide policy and strategy guidance. MOI also acts as implementing agency for output 1. The Tonle Sap Biosphere Reserve (TSBR) Secretariat in the Cambodia National Mekong Committee is to act as implementing agency for output 2, in close consultation with the Department of Fisheries (DOF) in the Ministry of Agriculture, Forestry, and Fisheries (MAFF); the Inland Fisheries Research and Development Institute (IFREDI) in DOF; and the Ministry of Environment (MOE). The activities for output 3 have been composed to promote the rapid accomplishment of output 1. They are to be implemented by CARD, MOI, and MOE. The implementation period is 4 years (Appendix 2).

6. The design of the Project also envisages direct selection of the WorldFish Center and Live and Learn Environmental Education in support of implementation of outputs 2 and 3, respectively. These agencies are understood to have particular related expertise. Building on the positive experience of TSEMP, it is hoped also that Voluntary Service Overseas (VSO) will be able to facilitate capacity building.

B. Key Facts on Grant Review Missions

7. ADB plans to conduct grant review missions every 6 months. It intends that these as well as daily project administration work from ADB's headquarters will serve to assess developments in project implementation, take necessary actions, and promote project quality. On 4–5 May 2006, ADB fielded a project and country consultation mission in advance of grant effectiveness to conduct an assessment of project readiness.⁶ It finalized the project administration memorandum that, in addition to the usual content, also contained (i) full details of the community livelihood fund flow mechanism, (ii) full details of the project steering committee, including its mandate and purpose, functions, role and responsibilities of individual members, and organization and operation, and (iii) a summary of principal responsibilities and preparatory activities to be accomplished before grant effectiveness or soon thereafter.

8. ADB's first grant review mission was in Cambodia from 11–12 September 2006.⁷ Its functions were to:

- establish a working relationship between ADB staff and staff of the executing and implementing agencies directly involved in implementing the Project;
- advise the Government and the executing and implementing agencies on necessary steps to be taken to act on grant effectiveness;
- explain in detail ADB's requirements for recruiting consultants, procuring goods and related services, and works, and conducting disbursement; and to ensure

⁶ The assessment aimed to (i) determine readiness to implement, (ii) identify potential problems, and (iii) ascertain what advance actions can be taken should be taken to ensure that project activities can be scheduled, contracted, tracked, and the results reported according to the indicative activities schedule.

⁷ The Mission comprised O. Serrat (Mission Leader) and C. Garcia (Project Administration Officer). R. Fenn, Deputy Tonle Sap Initiative Coordinator, helped the Mission to foster synergies with other operating outputs of the Tonle Sap Initiative and facilitated logistics.

that the Government and the executing and implementing agencies understand the project financing plan;⁸

- advise the Government and the executing and implementing agencies on establishing the community livelihood facilitation teams, activating the project steering committee, and independent project records and accounting systems for the Project and grants;
- review the adequacy of the preparatory work done by the executing and implementing agencies, particularly recruiting personnel, engaging consultants, procuring goods and related services, and works;
- prepare with the executing and implementing agencies an agreed upon project-specific checklist of implementation requirements;
- explain ADB's reporting requirements for the Project; and agree on a reporting format, allocation of responsibility and funding in line with the design and monitoring framework that captures the key activities and outputs required for the project performance report, and a reporting schedule;
- discuss and confirm the timetable for compliance with the grant covenants (including explaining these covenants to the external auditors of the Government and executing agency);
- discuss and agree upon budget allocations and provisions for counterpart funding for the Project;
- ensure that the Government and the executing and implementing agencies understand the procedures for submitting withdrawal applications;
- make detailed arrangements for operating the imprest account and explain any other special disbursement procedures;
- discuss with the executing and implementing agencies the timing for the next grant review mission; and
- discuss in detail with the executing and implementing agencies and update as necessary the project administration memorandum.

9. This aide-mémoire records the findings and recommendations of the Mission, which are subject to review and approval by higher authorities of the Government and ADB. Given the stage that the project has reached, it assesses broadly the status of project implementation and then focuses on specific matters hindering progress.

II. STATUS OF PROJECT IMPLEMENTATION

A. Actions Taken on Issues Identified by the Project and Country Consultation Mission

10. To improve project performance, the project and country consultation mission that visited Cambodia in May 2006 prepared a summary of principal responsibilities and preparatory activities to be accomplished before grant effectiveness or soon thereafter. The Mission reviewed the progress accomplished for each preparatory activity against the completion date agreed upon in May 2006. Regrettably, its conclusions cannot be positive: despite the emphasis placed on advance action at appraisal and at grant negotiations, and the detailed guidance proffered by the project and country consultation mission, most of the steps to be taken urgently are overdue by at least 3, sometimes 6 months.

⁸ The provincial local administration units in MOI's department of local administration will oversee the CLFTs. Their chiefs, who had traveled to Phnom Penh to attend the kick-off meeting, were briefed by the Mission on procurement procedures and processing of withdrawal applications.

B. Reaffirming Responsibilities and Delivering Preparatory Activities

11. The Mission reviewed each of the preparatory activities enumerated by the project and country consultation mission and, in consultation with CARD, CNMC, MOI, MEF, and MOE, ascertained its status and agreed on the action to be taken, if any (Appendix 3). CARD, CNMC, MOI, MEF, and MOE, should deliver all the preparatory activities enumerated by the project and country consultation mission by end-December 2006. The Mission laid emphasis on disbursement arrangements, the CLFTs, bridging from Seila, and instituting a management system for core areas. In consultation with CARD, CNMC, MOI, MEF, and MOE, the Mission also reaffirmed the individual responsibilities of the executing and implementing agencies.

12. **Disbursement Arrangements.** The main constraint to project implementation is identified as delay in the opening of the imprest account into which grant funds from ADB are to be deposited. The imprest account has just now been opened. However, the delay has effectively prevented speedy procurement of essential and urgently needed goods and services through the second generation account that has been established in the name of MOI. Next, MOI should plan and open as soon as possible accounts for each of the 37 commune councils for the transfer of the CLF grant funds. Also, the Mission recommends that MOI provide a petty fund with a ceiling of \$5,000 to each CLFT to meet their day-to-day requirements. MOI is invited to refer, in consultation with MEF, to the arrangements agreed upon under the TSEMP.

13. Another emergent concern, relayed by MEF, also pertains to imprest accounts. The design of the Project anticipated the need for only one second generation account, referred to above. The grant proceeds allocated to CARD for improving coordination for community-driven development, at about \$252,000, do not warrant the opening of an imprest account in its name. However, the grant proceeds allocated to the TSBR Secretariat in CNMC for safeguarding core areas and to MOE for educating for protection of natural resources, at about \$772,000 and \$439,000, respectively, are. The safeguard of the core areas, for one, is a challenging enterprise that will require careful planning and implementation. The Mission will seek the guidance of the Office of the General Counsel in ADB to investigate the implications of a decision to open imprest accounts for CNMC and MOE.

14. **Community Livelihood Facilitation Teams.** The Mission notes that while the heads of the CLFTs in each province have been appointed, the functions of the members of the CLFTs, who are yet to be assembled, have not been clarified. MOI should prepare terms of reference for the members of the CLFTs and direct the provincial governors of the five provinces to source the members from the provincial departments of rural development, environment, women's affairs, and the provincial office of fisheries. CLFT offices are also needed. MOI should assess the requirements of the CLFTs in facilities and equipment and notify ADB.

15. **Bridging from Seila.** The Project is designed to overlay the processes of the Seila program that will over the next four years transform into national structures and processes for deconcentration and decentralization. The Project is intended to act as a bridging mechanism but cannot neither be passive nor stand in place during this transition period. MOI should take immediate steps to harmonize project-assisted community-driven development with the commune investment plans for 2007. District integration workshops are scheduled to develop the commune investment plans in October–December 2006 and the 37 communes covered by the Project should be advised by MOI that their populations are intended beneficiaries of the Project.

16. **Instituting a Management System for Core Areas.** The tasks assigned to the TSBR Secretariat under the Project call for leadership, managerial, diplomatic, and negotiating skills. CNMC should take early action to establish the position of core areas coordinator and assemble around it a project team. CNMC should contact the WorldFish Center to ascertain the state of its preparations toward submitting high-quality technical and financial proposals for the safeguarding of the core areas.

C. Allocation and Withdrawal of Grant Proceeds

17. The Grant Agreement sets forth in Schedule 2 the categories of goods, services, and other items to be financed out of the proceeds of the Grant and the allocation of amounts of the Grant to each such category. Schedule 2 also stipulates operating procedures for percentages of ADB financing, reallocation, the imprest account, and statements of expenditures. The original allocation and withdrawal of grant proceeds is reproduced below:

Allocation and Withdrawal of Grant Proceeds⁹ (\$)

Number	Category Item	Amount Allocated		Percentage of ADB Financing	
		Category	Subcategory	Percentage	Basis for Withdrawal from the Grant Account
01	Civil Works	126,000		70	percent of total expenditure
02	Vehicles, Boats, and Equipment	499,000		100	percent of total expenditure
02A	Vehicles & Boats		411,000	100	percent of total expenditure
02B	Equipment		88,000	100	percent of local expenditure
03	Training & Workshops	601,000		85	percent of total expenditure
04	Livelihood Grants	11,881,000		100	percent of total expenditure
05	Project Management and Operating Costs	1,745,000		76	percent of total expenditure
06	Unallocated	148,000		100	percent of amount due
	Total	15,000,000		100	percent of amount due

Source: Asian Development Bank.

D. Project Cost and Financing

18. The total project cost, including contingencies, taxes, and duties, is estimated at \$20.34 million equivalent. The foreign exchange cost is estimated at \$6.90 million, or 34% of the total project cost. The local currency cost including taxes is \$13.44 million, or 66% of the total project cost.

Project Cost Summary by Output (\$ million)

Output	Foreign Exchange	Local Currency	Total Cost
A. Base Costs			
1. Community-Driven Development Is Supported	5.67	11.83	17.50
2. Core Areas Are Safeguarded	0.48	0.29	0.77
3. Skills and Awareness for Sustainable Livelihoods Are Built	0.51	0.72	1.23

⁹ At project design.

Output	Foreign Exchange	Local Currency	Total Cost
Subtotal (A)	6.67	12.84	19.51
B. Contingencies			
1. Physical Contingencies ^a	0.03	0.14	0.18
2. Price Contingencies ^b	0.20	0.46	0.66
Subtotal (B)	0.23	0.60	0.83
Total	6.90	13.44	20.34

^a Based on 5% for all costs except for civil works (10%).

^b Based on annual escalation factors.

Source: Asian Development Bank estimates.

19. ADB has provided a grant of \$15 million equivalent to finance 58% of the foreign exchange cost of the Project amounting to \$4.0 million, and 82% of the local cost, amounting to \$11.0 million. The Government of Finland has provided about \$4.74 grant financing to cover the cost of consulting services and independent external auditors. The Government of Cambodia has committed to contribute \$0.60 million, or 3% of the total project cost, from local sources.

Financing Plan (\$ million)

Source	Foreign Exchange	Local Currency	Total Cost	%
Asian Development Bank	4.0	11.0	15.0	74
Government of Finland	2.8	1.9	4.7	23
Government of Cambodia	0.1	0.5	0.6	3
Total	6.9	13.4	20.3	100

Source: Asian Development Bank estimates.

E. Analysis of Output Accomplishment

20. To focus attention on the cause-and-effect relationships between the basic elements of project design (as laid out in the design and monitoring framework) and to work out measures to resolve the problems affecting project implementation, project personnel is expected to carry out detailed analyses of project output accomplishment for outputs 1, 2, and 3. The analyses should relate to whether the targets for each of the eight monitorable performance targets and indicators are being achieved, how the activities required to accomplish each are being implemented (giving details of strengths and weaknesses), and how implementation of the activities can be improved (proposing changes and justifying the recommendations).

Analysis of Output Accomplishment and Improvement of Activities

Output				No.
Targets				No.
				No.
				No.
Is the output being accomplished?		Yes	Partially	No
Are the targets being achieved?				
No.				
No.				
No.				
How are the activities being implemented?				
<u>Strength</u>		<u>Weakness</u>		
No.		No.		
No.		No.		

Output		No.
No.		No.
How can the activities be improved?		
<u>Proposed Change</u>		<u>Justification</u>
No.		No.
No.		No.
No.		No.
Action plan to improve the activities		
<u>Action</u>		<u>Target Date</u>
No.		No.
No.		No.
No.		No.

21. Based on analyses of output accomplishment, it is possible to itemize specific action plans to improve activities. The Mission prepared the first set of tables (Appendix 4). Conversely, at this stage, no reasons were found to make changes since most scheduled project activities are not yet due. The executing and implementing agencies should consider each analysis of output accomplishment, refine it as warranted to the extent now possible, and take with all speed the actions deemed necessary to improve activities. CARD, CNMC, MOE, and MOI should ensure that discussion of output accomplishment and decisions on improvement of activities is routine. After he or she has been engaged, the team leader/local governance specialist will be expected to elaborate how the activities are being implemented, how they can be improved, and what action plans are necessary to improve the activities. He or she will incorporate in the semiannual reports of MOI an analysis of output accomplishment and improvement of activities using the same format, drawing on the quarterly reports that the implementing agencies are tasked with providing MOI on their respective outputs.

F. Project Implementation Arrangements

1. Procurement Plan

22. The design of the Project anticipates four contract packages for engagement of consulting services (Appendix 5). Details of packages for procurement of civil works, goods, and related services will need to be determined during project implementation. MOI, in consultation with CARD, CNMC, MEF, and MOE, should prepare a procurement plan acceptable to ADB. The purpose of the plan is to (i) provide a single point of reference for procurement oversight and supervision, (ii) create a tool that allows for process and review thresholds to be changed if necessary over the lifetime of a project, (iii) focus CARD, CNMC, MOE, and MOI on the need to plan and manage procurement, (iv) provide a synopsis of the procurement opportunities to providers of goods, works and consultants service, and (vi) increase levels of transparency.

23. The procurement plan will detail, as a minimum, a brief description of what is to be procured and the method, expected advertisement and document availability dates, the publication carrying the advertisement, and other critical milestones. In particular, it shall list all packages over \$100,000 in value by procurement method and the date by which procurement activity is expected to commence. For procurement of contracts estimated below \$100,000, the method of procurement is to be indicated. The procurement plan shall set forth:

- the particular contracts for goods, works and consultants services required to carry out the Project;
- the proposed method of procurement of such contracts that are permitted under the financing agreement; and
- related ADB procedures.

Procurement Plan						
Project Information						
Country						
Name of Recipient						
Project Name						
Grant Reference						
Date of Effectiveness						
Amount (\$)						
Of Which Committed (\$)						
Executing Agency						
Approval Date of Original Procurement Plan						
Approval of Most Recent Procurement Plan						
Publication for Local Advertisements						
Period Covered by this Plan						
Procurement Thresholds: Goods & Related Services, Works, and Supply and Install						
Procurement Method		To be Used Above (value \$)				
ICB Works						
ICB Goods						
NCB Works						
NCB Goods						
Shopping Works						
Shopping Goods						
Exceptional Methods						
Procurement Thresholds: Consulting Services						
Procurement Method		To be Used Above (value \$)				
Quality Cost Based Selection						
Consultants Qualifications Selection						
Least Cost Selection						
Alternative Methods						
List of Contract Packages in Excess of \$100,000: Goods, Works, and Consulting Services						
Reference	Contract Description	Estimated Cost	Procurement Method	Expected date of Advertisement	Prior Review Y/N	Comments
Procurement Milestones						
Commune	Document Finalization	Contract Agreement

24. For the purposes of the procurement plan, the term procurement shall be understood to include the selection of consultants. If contract packages can only be identified during project implementation, indicative packages should be listed in the procurement plan and more accurate information should be provided as details of the contract packages become known.

25. The procurement plan will be updated annually, on a rolling 18-month basis, on the anniversary of the date of grant effectiveness over the Project's duration or as required. Within 14 days of each procurement plan's approval ADB shall arrange for a copy of the procurement plan to be published on adb.org. The recipient is not required to publish the procurement plan locally but are encouraged to do so.

2. Consulting Services

26. At appraisal, it was expected that the Project would use, over the four-year period of its implementation and in four contract packages, 133 person-months of international consulting services and 708 person-months of domestic consulting services. No consulting services have been engaged so far. Advertising for and short-listing of the Team Leader/Local Governance Specialist were protracted and will impact project implementation. The short-list for this reached ADB for review and approval in early September 2006 even though MOI had, through MEF and at ADB's recommendation, requested that the position be filled by an individual consultant precisely to speed up engagement. The impact of the delay in the engagement of the Team Leader/Local Governance Specialist, the contract with whom must still be prepared and negotiated, will regrettably continue to be felt in the near foreseeable future, at least over the next quarter. The slow project start echoes elsewhere. So far, MOI still has not prepared and submitted to ADB for review and approval the short-list of eligible firms for the all-important contract package 1. The request for proposals will likewise have to be prepared. CARD, CNMC, MOE, and MOI should in all instances make early preparations for engagement of consulting services, with due attention to the activities schedule contained in the project documents. MEF should speedily review and forward to ADB for further review and approval the requests for engagement of consulting services submitted by CARD, CNMC, MOE, and MOI.

3. Contract Awards and Disbursements

27. Out of the combined grant of \$19.74 million equivalent from ADB and the Government of Finland, nothing had been disbursed as of 31 July 2006. CARD, CNMC, MOE, and MOI, in consultation with MEF, should submit to ADB not later than 30 September 2006 the completed Quarterly and Yearly Contract Awards/Commitments and Disbursement Projections for the remainder of FY2006. They should submit to ADB not later than 31 December 2006 the completed Quarterly and Yearly Contract Awards/Commitments and Disbursement Projections for FY2007.

4. Progress and Financial Reporting Requirements

28. The Grant Agreement requires the executing agency to provide ADB with reports and information it reasonably requests. Principally, these include the periodic progress reports that should enable the recipient, the executing agency, and ADB to monitor the Project's progress, become aware of problems during implementation, and assess whether the Project's outcome will be accomplished. Under the Grant Agreement, the recipient is to ensure that progress reporting is undertaken by MOI and copied to ADB through 6 monthly and annual reporting mechanisms. The basis for reporting is the design and monitoring framework.

29. The content of the progress reports should include sufficient information in summary form to be useful to ADB as the funding agency. It should readily capture key information for inputting into the project performance report. If ADB requires detailed information (such as the background to a particular problem), this should be included as an appendix. Simple charts such as bar or milestone charts that illustrate implementation progress, and charts that show actual versus planned expenditures and the relationship between physical and financial performance should be included. For examples of progress reporting, MOI is invited to refer to that conducted by the project monitoring and coordination office of the TSEMP.

30. The Grant Agreement also requires the recipient to maintain, or cause to be maintained, separate accounts for the Project. These accounts and the related financial statements should

be audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors. They should be furnished to ADB not later than 6 months after the end of each related fiscal year.

31. MOI should familiarize itself with all progress and financial reporting requirements for the Project. MOI should also be cognizant of the fact that implementing small projects with community participation calls for a variety of distinct reports, numerous examples of which are provided in the project administration memorandum.

G. Project Monitoring and Coordination

32. The Project is in its early days and there are no accomplishment on project monitoring and coordination so far on the side of MOI, the TSBR Secretariat, and MOE. However, the Tonle Sap Initiative Coordinator and his deputy have made themselves available in support on numerous occasions. As mentioned earlier, the Tonle Sap Initiative is a broad-based, multi-sectoral series of interventions with a basin-wide approach and focus. Therefore, implementation arrangements for Tonle Sap Initiative operating outputs involve many players and partners. To enhance the identification of synergies and harmonization of relationships among implementation partners a Tonle Sap Initiative Coordination Unit operates from ADB's Cambodia Resident Mission. In relation to the project, it has helped to prepare project documents and paperwork, provided advice to project personnel, facilitated information exchanges and integration with other Tonle Sap Initiative operating outputs, and contributed to the assessment of project readiness conducted by the project and country consultation mission. It needs also be mentioned that Tonle Sap Initiative technical coordination meetings are held regularly and that MOI, the TSBR Secretariat, MOE and implementation support partners such as the WorldFish Center and Live and Learn Environmental Education have participated regularly. Notwithstanding, the Mission notes that, while coordination between MOI, the TSBR Secretariat, and MOE has, to date, been satisfactory, it can be made to improve with the help of the Tonle Sap Initiative Coordination Unit. CARD, CNMC, MOE, and MOI should improve collaboration and communication with the Tonle Sap Initiative Coordination Unit.

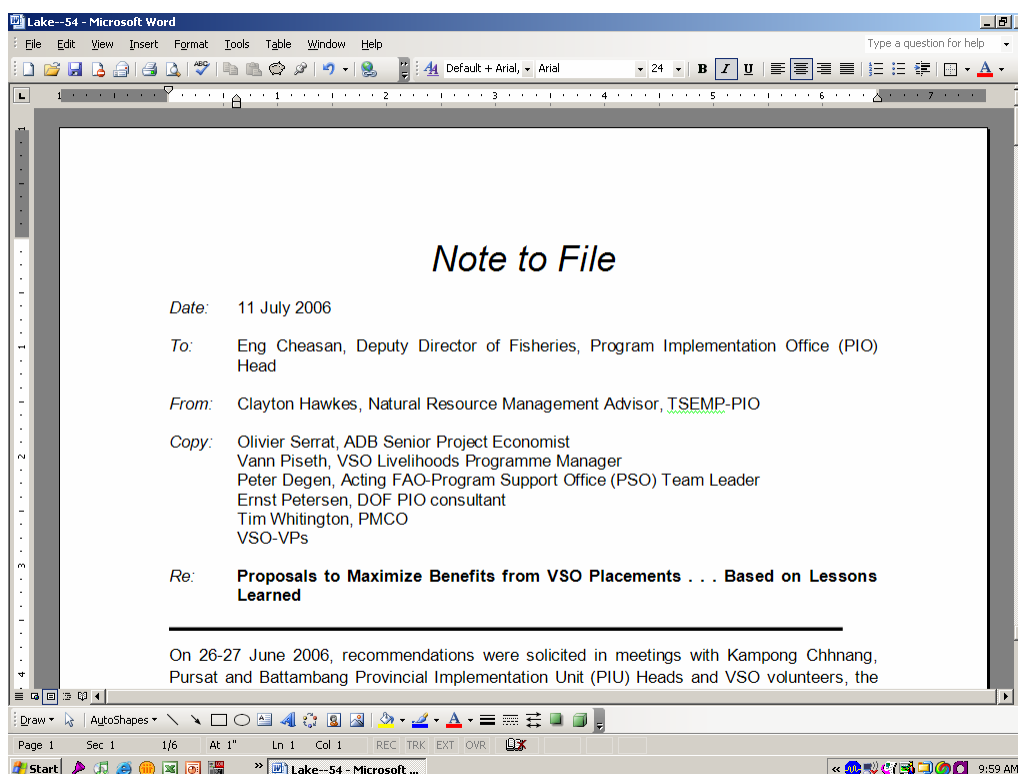
H. Voluntary Service Overseas

33. The services provided by volunteer professionals to TSEMP have been valuable and cost-effective. MOI has identified a requirement for six VSOs to serve 24 person-months each for a total cost of \$120,000.¹⁰ ADB has advised MOI that it can proceed forthwith with the assignment of the first to MOI in Phnom Penh.¹¹ In consultation with MOI and ADB, he or she would confirm the number and experience requirements of the other five VSOs and draw terms of reference for them. MOI, in consultation with MEF, should act quickly to complete arrangements to include VSOs to strengthen capacity to implement the Project at national, provincial, and commune levels. It takes about six months to recruit and place VSOs. Use of VSOs under the Project should be informed by experience under TSEMP, summarized in a note to file prepared by the former natural resource management advisor to the project implementation office in DOF, to which reference is invited. The memorandum emphasized on terms of reference and working relationships.

¹⁰ One VSO with project management expertise is required to serve in MOI in Phnom Penh. Five VSOs are required to serve in the CLFTs.

¹¹ The terms of reference of the project management advisor have already been drafted. His or her duties and responsibilities will be to assist the Team Leader/Local Governance Specialist in the accomplishment of his or her duties.

Maximize Benefits from VSO Placements Based on Lessons Learned



I. Complying with Grant Covenants

34. Major grant covenants relate to (i) the PSC, (ii) the executing agency, (iii) the CLF, (iv) the CLFTs, (v) procurement, (vi) disbursement, (vii) accounting, auditing, and reporting, (viii) project performance monitoring and evaluation, and (ix) involuntary resettlement. Particular covenants have also been specified. MOI has not complied with the requirement to establish the CLF within 3 months following the effective date (Appendix 6). In other instances, compliance is not yet due.

J. Steering the Project

35. The design of the Project stipulated that, prior to grant effectiveness, a project steering committee (PSC) headed by the secretary general of CARD should be established and that all necessary staff with qualifications acceptable to ADB should have been appointed. It is expected that the PSC will meet at least twice a year. The PSC was duly established on 10 April 2006. Its members include representatives of MOI, the Ministry of Agriculture, Forestry, and Fisheries, and the Ministry of Rural Development as vice-chairmen and representatives of MOE, the Ministry of Women's Affairs, MEF, the Council of Ministers, the Cambodia National Mekong Committee, and CARD. The copy of the decision to establish the PSC was also received on 10 April 2006.

36. The project and country consultation mission that conducted an assessment of project readiness in May 2006 in advance of grant effectiveness finalized, in consultation with CARD, details of the modus operandi of the PSC. The details relate to (i) mandate and purpose, (ii)

functions, (iii) role and responsibilities of individual PSC members, and (iv) organization and operation. The Mission trusts that the tools prepared for the PSC will serve it well.

37. The purpose of the PSC is to provide policy and strategy guidance, assure compliance with the design and monitoring framework of the Project, afford a mechanism for resolving implementation problems and conflicts that go beyond single ministerial mandates, support a collaborative approach to its multisectoral coverage, and offer a supportive and collaborative role in the implementation of the Project through effective communications. The PSC has already met on three occasions. The next meeting of the PSC should be held not later than 31 December 2006. CARD, CNMC, MOE, and MOI should, on that occasion, brief the members of the PSC on accomplishments so far and flag for speedy resolution constraints affecting progress, including those identified by the Mission.

K. Coordinating within the Tonle Sap Initiative

38. The Tonle Sap Initiative is a highly integrated suite of interventions temporally and geographically phased over four stages. There is the expectation that once the first iteration of loan and grant projects is completed there will be a further set beginning once again in the core areas of the Tonle Sap and expanding outward to the watersheds. The Tonle Sap Initiative is, therefore, a comprehensive program and not a collection of stand-alone projects implemented in the same geographic locale. Project implementation has an added dimension in that project activities are designed not only to achieve certain stated objectives but also to identify communities of practice and implementing partners which can be utilized in future projects. Concepts, methodologies and implementation arrangements are tested and validated in current projects in order to feed them into the subsequent stages of the Tonle Sap Initiative. The monitoring and evaluation of this process is one of the key functions of the Tonle Sap Initiative Coordination Unit which was established to maintain a long-range, multi-sectoral, global perspective of the Tonle Sap Basin. The Tonle Sap Initiative Coordination Unit is not another layer of management coordination but a specialist unit involved with maintaining the integration and focus of the Tonle Sap Initiative. To this intent, it facilitates technical coordination meetings at the practitioner level on subjects such as training and capacity building and livelihoods.

Principal Association Matrix: Tonle Sap Initiative Operating Outputs

Code	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
1																												
2																												
3	YES	YES																										
4	YES																											
5	YES	YES																										
6	YES	YES																										
7																												
8																												
9																												
10																												
11																												
12																												
13																												
14																												
15																												
16																												
17																												
18																												
19																												
20																												
21																												
22																												
23																												
24																												
25																												
26																												
27																												
28																												
Score	3	17	13	7	14	17	2	20	9	7	12	17	6	14	8	22	8	11	13	9	17	14	8	9	17	7	17	18
Rating	Low	High	Medium	Low	Medium	High	Low	High	Low	Low	Medium	High	Low	Medium	Low	High	Low	Medium	Medium	Low	High	Medium	Low	Low	High	Low	High	High

Code	Project Name
1	Protection and Management of Critical Wetlands in the Lower Mekong Basin (1998)
2	Tonle Sap Environmental Management (2002)
3	Improving the Regulatory and Management Framework for Inland Fisheries (2002)
4	Crang Kheas Environmental Improvement (2002)
5	Capacity Building of the Inland Fisheries Research and Development Institute (2002)
6	Establishment of the Tonle Sap Basin Management Organization (2003)
7	Living with Floods on the Tonle Sap (2003)
8	Tonle Sap Sustainable Livelihoods (2003)
9	Participatory Poverty Assessment of the Tonle Sap (2003)
10	Developing and Testing Methodologies and Tools for Environmental Education and Awareness (2004)
11	Capacity Building for the Tonle Sap Poverty Reduction Initiative (2004)
12	Establishment of the Tonle Sap Basin Management Organization II (2004)
13	Sustainable Rural Water Supply and Sanitation (2005)
14	Capacity Building of the Inland Fisheries Research and Development Institute II (2005)

Code	Project Name
15	Tonle Sap Rural Water Supply and Sanitation Sector (2005)
16	Tonle Sap Sustainable Livelihoods (2005)
17	Improving the Access of Poor Floating Communities on the Tonle Sap to Social Infrastructure and Livelihood Activities (2005)
18	Study of the Influence of Bull Structures on the Fisheries of the Tonle Sap (2005)
19	Tonle Sap Lowland Stabilization (2005)
20	Enhancing the Role of Women in Inland Fisheries in Cambodia (2006)
21	Establishment of the Tonle Sap Basin Management Organization III (2006)
22	Capacity Building for the Tonle Sap Poverty Reduction Initiative II (2007)
23	Study of Participatory Watershed Management Approaches (2007)
24	Tonle Sap Watershed Management (2008)
25	Establishment of the Tonle Sap Basin Management Organization IV (2008)
26	Study of Inland Aquatic Resource Trade Patterns (2009)
27	Establishment of the Tonle Sap Basin Management Organization V (2009)
28	Tonle Sap Resources Management and Conservation (2010)

Note: All planned assistance is indicative and subject to the approval of authorities in ADB.
 Note: The rating indicates the degree of interconnectedness with other projects.

Legend	Score	Rating
YES	16 to 27	High
NO	11 to 15	Medium
Not Applicable	0 to 10	Low

III. PORTFOLIO REVIEW MISSIONS

39. The Mission advised the executing and implementing agencies that an annual country portfolio review mission was carried out jointly by the Government (represented by MEF), ADB (represented by ADB's Cambodian Resident Mission), and the World Bank (represented by its Regional Portfolio Section) in November 2005. The joint review concluded that the overall performance of the combined portfolios is beneath expectation and in need of improvements. With regard to ADB's portfolio, the key mission findings were that: (i) annual contract award and disbursement achievements have stagnated and remained significantly below projections since 2003; (ii) the disbursement ratio has gradually slipped from 26% to 20% over the last 4 years; (iii) 13 out of 23 ongoing loans have experienced difficulties in complying with loan covenants (mainly relating to sector policy and reform, financial, and social safeguard, e.g., involuntary resettlement, requirements); and (iv) almost all past loans have needed extension of their closing date and the majority of ongoing projects have either been extended or are behind schedules and likely to need extension.

40. The slow pace of project implementation has been identified for both portfolios as the overarching issue mainly due to insufficient project preparation, slow project start-up, delays in procurement, and slow flow of counterpart funds. Other constraining issues have also been raised relating to lack of harmonized project implementation procedures, limited effectiveness of project implementation arrangements, and insufficient attention to sustainability of physical investments, social safeguard requirements, and project monitoring and evaluation.

41. ADB's Southeast Asia Department has recognized that its portfolio is in need of attention and has required its sector divisions, in collaboration with ADB's Resident Mission, to make special efforts to improve performance. Henceforth, ADB's Resident Mission will conduct in

Phnom Penh a quarterly portfolio review meeting within the first two weeks following the end of each quarter structured as follows:

- a half-day (morning session) meeting with representatives of all executing agencies and representatives of MEF to essentially discuss issues relating to the implementation of the annual country portfolio review mission's action plan, more particularly the following points of the plan: [3a] harmonization of incentives for project staff; [4a] sustainability and maintenance plan for physical investments; [5a] project readiness filters and advanced actions (especially for executing agencies involved in preparation of new projects); [6a] harmonized project implementation procedures (dissemination/familiarization and use of the harmonized manuals on standard operating procedures, financial management, and procurement officially adopted by the Government in August 2005); [6c] integration of project implementation unit/project management unit functions into executing agency structure (especially for executing agencies involved in preparation of new projects); [8a] ADB no-objection on procurements (following implementation of the new standard operating procedures and procurement procedures/manuals); [8b] procurement tracking; [10a] disbursement tracking; [10b] disbursement projections; [10c] imprest account turnover improvement; [10d] counterpart funds availability; [12a] resettlement issues; and [12c] declining disbursement performances; and
- a half-day (afternoon session) meeting with representatives of the executing agencies for the delegated projects only and representatives of MEF to discuss specific project issues of the delegated projects.

42. MOI needs to pay the closest attention to project implementation arrangements and project monitoring and evaluation. To this intent, MOI should henceforth attend the morning session of the quarterly portfolio review meeting held at ADB's Resident Mission within the first two weeks following the end of each quarter.

IV. SUMMARY OF FOLLOW-UP ACTIONS

43. The Mission estimates overall physical progress at not more than 2%, below the period elapsed under the Project. Several follow-up actions need to be taken to accelerate and promote the efficient, effective, and sustainable accomplishment of project outputs, and to accomplish the Project's outcome. The follow-up actions, and their responsibility centers, draw from the analyses contained in Sections II and III. They are:

Follow-up Action
CARD, CNMC, MOI, MEF, and MOE, should deliver all the preparatory activities enumerated by the project and country consultation mission by end-December 2006.
MOI should plan and open as soon as possible accounts for each of the 37 commune councils for the transfer of the CLF grant funds.
MOI should provide a petty fund with a ceiling of \$5,000 to each CLFT to meet their day-to-day requirements. MOI is invited to refer, in consultation with MEF, to the arrangements agreed upon under the TSEMP.
MOI should prepare terms of reference for the members of the CLFTs and direct the provincial governors of the five provinces to source the members from the provincial departments of rural development, environment, women's affairs, and the provincial office of fisheries.
MOI should assess the requirements of the CLFTs in facilities and equipment and notify ADB.
MOI should take immediate steps to harmonize project-assisted community-driven development with the commune investment plans for 2007.

Follow-up Action
District integration workshops are scheduled to develop the commune investment plans in October–December 2006 and the 37 communes covered by the Project should be advised by MOI that their populations are intended beneficiaries of the Project.
CNMC should take early action to establish the position of core areas coordinator and assemble around it a project team.
CNMC should contact the WorldFish Center to ascertain the state of its preparations toward submitting high-quality technical and financial proposals for the safeguard of the core areas.
The executing and implementing agencies should consider each analysis of output accomplishment, refine it as warranted to the extent now possible, and take with all speed the actions deemed necessary to improve activities. CARD, CNMC, MOE, and MOI should ensure that discussion of output accomplishment and decisions on improvement of activities is routine.
MOI, in consultation with CARD, CNMC, MEF, and MOE, should prepare a procurement plan acceptable to ADB.
CARD, CNMC, MOE, and MOI should in all instances make early preparations for engagement of consulting services, with due attention to the activities schedule contained in the project documents.
MEF should speedily review and forward to ADB for further review and approval the requests for engagement of consulting services submitted by CARD, CNMC, MOE, and MOI.
CARD, CNMC, MOE, and MOI, in consultation with MEF, should submit to ADB not later than 30 September 2006 the completed Quarterly and Yearly Contract Awards/Commitments and Disbursement Projections for the remainder of FY2006. They should submit to ADB not later than 31 December 2006 the completed Quarterly and Yearly Contract Awards/Commitments and Disbursement Projections for the remainder of FY2007.
MOI should familiarize itself with all progress and financial reporting requirements for the Project. MOI should also be cognizant of the fact that implementing small projects with community participation calls for a variety of distinct reports, numerous examples of which are provided in the project administration memorandum.
CARD, CNMC, MOE, and MOI should improve collaboration and communication with the Tonle Sap Initiative Coordination Unit.
MOI, in consultation with MEF, should act quickly to complete arrangements to include VSOs to strengthen capacity to implement the Project at national, provincial, and commune levels.
The next meeting of the PSC should be held not later than 31 December 2006.
MOI should henceforth attend the morning session of the quarterly portfolio review meeting held at ADB's Resident Mission within the first two weeks following the end of each quarter.

V. ACKNOWLEDGMENTS

44. The Mission thanks CARD, CNMC, MOI, MEF, and MOE for their assistance and insights. The list of the persons who attended the kick-off meeting is attached (Appendix 7). The aide-mémoire should be circulated broadly to the institutions and parties listed below. Reactions, if any, should be passed on to ADB in writing.¹² The next grant review mission is scheduled in March 2007. It will conduct a detailed review of the overall progress of the Project.

Phnom Penh, 12 September 2006.

Olivier Serrat
Asian Development Bank

cc:

Cambodia Resident Mission, ADB; CARD; CNMC; DOF; IFREDI; MEF; MOE; MOI; Live & Learn Environmental Education; Project Personnel; Tonle Sap Initiative Coordination Unit; VSO; the WorldFish Center

¹² At the kick-off meeting the participants agreed that a wrap-up meeting was not necessary.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Livelihoods improved</p>	<p>Poverty reduced (compared with baseline survey)^a</p> <p>Biodiversity conserved (compared with baseline survey)^b</p>	<p>Government's annual income and poverty surveys</p> <p>Project performance monitoring surveys and project performance audit report</p>	<p>Assumption</p> <ul style="list-style-type: none"> The Government sustains the decentralization and deconcentration process <p>Risk</p> <ul style="list-style-type: none"> The cumulative impact of built structures in the Mekong River basin could disrupt the Tonle Sap basin ecosystem
<p>Outcome Access to assets increased in the five provinces that adjoin the Tonle Sap</p>	<p>Community-driven development supported, based on the eligibility criteria specified, by the end of year 4</p> <p>Core areas safeguarded by the end of year 4</p> <p>Skills and awareness for sustainable livelihoods built by the end of year 4</p>	<p>Design and monitoring framework</p> <p>Project completion report</p> <p>Socioeconomic indicators in the five provinces</p>	<p>Assumptions</p> <ul style="list-style-type: none"> Commune councils function increasingly efficiently, especially with regard to management and protection of natural resources^c The Government maintains its commitment to biosphere reserve zoning principles <p>Risks</p> <ul style="list-style-type: none"> The removal of the fishing lots precipitates uncontrolled exploitation in the core areas Corrupt practices divert funds from the community livelihood fund
<p>Outputs</p> <p>1. Community-driven development is supported</p> <p>2. Core areas are safeguarded</p>	<p>A community livelihood fund is established by the middle of year 1</p> <p>Livelihood investment packages are designed and implemented from the end of year 1</p> <p>An information base on core areas is established by the end of year 1</p> <p>A management system for core areas is instituted by the middle of year 2</p> <p>An improved network of fish sanctuaries is instituted by the end of year 2</p>	<p>Design and monitoring framework</p> <p>Grant review mission reports</p> <p>Semiannual progress reports</p> <p>Quarterly progress reports</p> <p>Audit reports</p> <p>Commune accounts</p> <p>Number of proposals successfully implemented in each category</p> <p>Number of proposals</p>	<p>Assumptions</p> <ul style="list-style-type: none"> The proposals put forward to the commune councils reflect community desires Removal of the fishing lots from the core areas and the new management system provides sufficient safeguards for the core areas Staff of national, provincial, district, and commune institutions and villagers are receptive to the training and messages imparted

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>3. Skills and awareness for sustainable livelihoods are built</p>	<p>Coordination for community-driven development is improved from the middle of year 1</p> <p>The skills base for community-driven development is enhanced from the middle of year 1</p> <p>Education for protection of natural resources is delivered from mid-year 2</p>	<p>successfully implemented</p> <p>Number of proposals put forward to the commune councils each year</p> <p>Village prioritization exercises</p> <p>Removal of the fishing lots from the core areas</p> <p>Gender action plan</p> <p>End-of-assignment reports</p> <p>Monthly progress notes</p> <p>Training reports</p> <p>Training and awareness building materials developed</p>	<p>Risks</p> <ul style="list-style-type: none"> • Access to the community livelihood fund is dominated by better-off interest groups • The new management system is not sustained • Target groups cannot spare the time to attend training courses
<p>Activities with Milestones (for details of activities and their milestones, see the indicative activities schedule and the terms of reference for consultants)</p>			<p>Inputs</p> <p style="text-align: right;">(\$ million)</p>
<p>1. Community-driven development is supported</p> <p>1.1 Establish a community livelihood fund by the middle of year 1</p> <p>1.1.1 Establish a community livelihood facilitation team in each province</p> <p>1.1.2 Prepare the inception report for livelihood support</p> <p>1.2 Design and implement livelihood investment packages from the end of year 1</p> <p>1.2.1 Create village activity and special interest groups</p> <p>1.2.2 Select activities for funding under the community livelihood fund (first cycle)</p> <p>1.2.3 Select activities for funding under the community livelihood fund (second and later planning cycles)</p> <p>1.2.4 Prepare detailed implementation arrangements (first and later planning cycles)</p> <p>1.2.5 Implement investment packages (first and later planning cycles)</p> <p>2. Core areas are safeguarded</p> <p>2.1 Establish an information base on core areas by the end of year 1</p> <p>2.2.1 Review and describe the operation of fishing lots in the core areas</p> <p>2.2.2 Establish a biological and socioeconomic database</p> <p>2.2.3 Build the capacity of the Tonle Sap Biosphere Reserve secretariat to manage the database</p> <p>2.2 Institute a management system for core areas by the middle of year 2</p> <p>2.2.1 Develop, conclude, and implement a management and protection agreement for the core areas</p> <p>2.2.2 Plan and propose a new management system for the core areas</p> <p>2.2.3 Identify mechanisms to ensure compliance</p> <p>2.2.4 Propose the incorporation of additional core areas identified under component 3 of the Tonle Sap Environmental Management Project</p> <p>2.3 Institute an improved network of fish sanctuaries by the end of year 2</p> <p>2.3.1 Assess the operation of existing fish sanctuaries</p> <p>2.3.2 Determine the optimum number, location, and size of fish sanctuaries</p> <p>2.3.3 Formulate recommendations for improved management of fish sanctuaries</p>			<ul style="list-style-type: none"> • ADB 15.0 • Government 4.7 • Cofinancing 0.6

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
3.	Skills and awareness for sustainable livelihoods are built 3.1 Improve coordination for community-driven development from the middle of year 1 3.1.1 Recommend institutional arrangements to strengthen the Council for Agricultural and Rural Development (CARD) 3.1.2 Formulate a work plan and operating guidelines for CARD 3.1.3 Build the capacity of CARD to carry out its functions 3.2 Enhance the skills base for community-driven development from the middle of year 1 3.2.1 Raise the awareness of agencies at the national, provincial, district, and commune levels 3.2.2 Train provincial, commune, and village staff in project implementation 3.2.3 Train commune facilitators in participatory project implementation 3.3 Educate for protection of natural resources from year 2 3.3.1 Assemble educational materials on natural resource management 3.3.2 Hold environmental awareness forums 3.3.3 Prioritize villages on the basis of their potential impact on resource extraction 3.3.4 Assemble, train, and equip a mobile training team 3.3.5 Deliver the environmental awareness program 3.3.6 Conduct monitoring and evaluation		

ADB = Asian Development Bank, CARD = Council for Agricultural and Rural Development.

^a The survey will make use of information from ADB. 2003. Technical Assistance to the Kingdom of Cambodia for the Participatory Poverty Assessment in the Tonle Sap. Manila.

^b The survey will make use of information from component 3 of ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Cambodia for the Tonle Sap Environmental Management Project*. Manila.

^c This is the one area of commune council performance that both citizens and councilors deem least satisfactory. See The Asia Foundation. 2005. *Commune Councils in Cambodia: A National Survey on their Functions and Performance, with a Special Focus on Conflict Resolution*. Phnom Penh.

INDICATIVE ACTIVITIES SCHEDULE

Activity	Project Year					
	2005	2006	2007	2008	2009	2010
Anticipated Grant Effectiveness		↓				
Initial Activities						
Recruit consultant team for project management	■■■■■■■■■■					
Nominate project manager in MOI		■				
Open first generation imprest account		■				
Open second generation imprest account		■				
Output 1: Support Community-Driven Development						
1.1 Establish a Community Livelihood Fund						
1.1.1 Establish a CLFT in each province						
- appoint one staff each from PDE, PDRD, PDWA, and PFO		■				
- establish offices in the five provinces	■■■■■■■■■■					
- procure vehicles, machinery, and office equipment		■■■■■■■■■■				
- recruit commune facilitators in all project communes		■■■■■■■■■■				
- open commercial bank accounts in all project communes		■■■■■■■■■■				
1.1.2 Prepare the inception report for livelihood support						
- review and assess related ongoing activities		■■■■				
- prepare operational guidelines and procedures		■■■■				
- prepare work plans for the CLF		■■■■				
- conduct inception workshop and prepare inception report		■■■				
1.2 Design and Implement Livelihood Investment Packages						
1.2.1 Mobilize community groups						
- conduct information dissemination workshops in each commune		■■■■■■■■■■				
- assist in setting up and activation of community groups		■■■■■■■■■■				
- assist community groups in designing participation modalities and guidelines		■■■■■■■■■■				
1.2.2 Select activities for funding under the CLF (first cycle)						
- identify unfunded priority activities in the current 3-year rolling CDPs		■				
- screen activities in eliminating any that would be unsuitable for the CLF		■				
- assist the CPBCs prepare lists of priority CLF activities		■				
1.2.3 Select activities for funding under the CLF (second and later planning cycles)						
- assist community groups in generating ideas for income generating activities			■■■■■■■■■■	■■■■■■■■■■		
- assist community fisheries in generating fisheries proposals			■■■■■■■■■■	■■■■■■■■■■		
- assist the CPBCs prepare lists and prioritize new CLF activities			■■■■■■■■■■	■■■■■■■■■■		
1.2.4 Prepare detailed implementation arrangements (first and later planning cycles)						
- submit environmentally sensitive activities to MOE for review		■	■	■		
- finalize list of priority activities in consultation with the CPBCs		■	■	■		
- assist the CPBCs in preparing detailed designs, costs, business plans		■■■■■■■■■■	■■■■■■■■■■	■■■■■■■■■■		
- assist the CPBCs in preparing contracts and financing plans		■■■■■■■■■■	■■■■■■■■■■	■■■■■■■■■■		
1.2.5 Implement investment packages (first and later planning cycles)						
- release funds to commune accounts for conforming CLF activities			■	■	■	
- assist commune councils to award contracts and supervise implementation			■■■■■■■■■■	■■■■■■■■■■	■■■■■■■■■■	
- assist community groups to review progress and formulate recommendations			■■■■■■■■■■	■■■■■■■■■■	■■■■■■■■■■	
- monitor performance of contract implementation			■■■■■■■■■■	■■■■■■■■■■	■■■■■■■■■■	
- assist the CPBCs to audit financial accounts and report progress			■■■■■■■■■■	■■■■■■■■■■	■■■■■■■■■■	

Ministry of Interior

SUMMARY OF RESPONSIBILITIES AND PREPARATORY ACTIVITIES

No.	Activities / Tasks	Completion Date	Status	Remarks
Ministry of Interior				
1	Description of Responsibilities/Main Functions			
1.1	Setting overall project direction		Ongoing.	To be continued.
1.2	Resolving implementation problems		Ongoing.	To be continued.
1.3	Reviewing project progress and performance against milestones		Ongoing.	To be continued.
1.4	Ensuring flow of funds to the communes and timely counterpart funding		Not yet applicable.	None.
1.5	Carrying out certain procurement under outputs 1 and 3		Ongoing.	To be continued.
1.6	Managing the community livelihoods funds (CLF)		Not yet applicable.	None.
1.7	Providing a member of the Project Steering Committee		Ongoing.	To be continued.
1.8	Ensuring project implementation is in accordance with ADB standards and policies on the environment, gender, procurement and adherence to eligibility criteria for CLF activities		Ongoing.	To be continued.
1.9	Receiving quarterly financial statements from community livelihood facilitation teams (CLFTs)		Not yet applicable.	None.
1.10	Preparing the annual financial report of the Project		Not yet applicable.	None.
2	Actions to be Taken			
2.1	Appoint a project director and manager (rank of director or higher)	24/02/06	Complied with.	None.
2.2	Identify assigned ministry staff (5 persons)	24/02/06	Complied with.	None.
2.3	Recruit secretary, clerk, drivers (2), watchman	01/03/06	In process.	None
2.4	Establish national project office	01/03/06	Complied with.	None.
2.5	Prepare technical specifications for procurement of office equipment and furniture (national project office) and vehicles	31/03/06	In process.	None.
2.6	Open 2 nd generation imprest bank account at a commercial bank	31/03/06	Complied with.	None.
2.7	Review establishment of commune bank accounts at commercial banks	15/04/06	In process.	Urgent action required.
2.8	Prepare call for expressions of interest for contract package no. 1	01/03/06	Complied with.	None.
	Prepare call for expressions of interest for contract package no. 2	31/05/06	Not complied with.	Urgent action required.
2.9	Publish call for expressions of interest for contract package no. 1	06/03/06	Complied with.	None.
	Publish call for expressions of interest for contract package no. 2	15/06/06	Not complied with.	Urgent action required.
2.10	Prepare bidding documents for contract package no. 1	31/03/06	Not complied with.	Urgent action required.
	Prepare bidding documents for contract package no. 2	30/06/06	Not complied with.	Urgent action required.
2.11	Draw up shortlists and issue bidding documents for contract package no. 1	30/04/06	Not complied with.	Urgent action required.
	Draw up shortlists and issue bidding documents for contract package no. 2	15/08/06	Not complied with.	Urgent action required.
2.12	Evaluate proposals and select consultants for contract package no. 1	30/06/06	Not complied with.	Urgent action required.
	Evaluate proposals and select consultants for contract package no. 2	30/09/06	Not complied with.	Urgent action required.
2.13	Procure office equipment and furniture and vehicles	30/06/06	Complied with.	None.
Implementing Agency: Output 1. Community-Driven Development is Supported				
1	Description of Responsibilities/Main Functions			
1.1	Establish CLFTs		Ongoing.	To be continued.
1.2	Oversee implementation		Not yet applicable.	None.

No.	Activities / Tasks	Completion Date	Status	Remarks
2	Actions to be Taken			
2.1	Appoint heads of CLFTs in the five provinces	31/03/06	Complied with.	None.
2.2	Identify representatives from provincial departments of rural development, environment, women's affairs, and fisheries	31/03/06	Not complied with.	Urgent action required.
2.3	Recruit commune facilitators (2 per commune), secretaries, clerks, drivers and boatmen, and watchmen	30/04/06	Not complied with.	Urgent action required.
2.4	Establish CLFT offices in the five provinces	30/04/06	Not complied with.	Urgent action required.
2.5	Prepare technical specifications for office equipment and furniture	31/03/06	Not complied with.	Urgent action required.
2.6	Open commercial bank accounts in all project communes	01/04/06	Not complied with.	Urgent action required.
2.7	Procure office equipment and furniture	03/06/06	Not complied with.	Urgent action required.
2.8	Prepare inception report for livelihood support that will include operational guidelines and procedures and CLF work plans		Not complied with.	Urgent action required.
Tonle Sap Biosphere Reserve Secretariat				
Implementing Agency: Output 2. Core Areas are Safeguarded				
1	Description of Responsibilities/Main Functions			
1.1	Establishing an information base on core areas		Not yet applicable.	None.
1.2	Instituting a management system for core areas		Not yet applicable.	None.
1.3	Instituting an improved network of fish sanctuaries		Not yet applicable.	None.
2	Actions to be Taken			
2.1	Establish the position of core areas coordinator	30/06/06	Not complied with.	Urgent action required.
2.2	Request technical and financial proposals for consultant contract package no. 3 from the WorldFish Center	30/06/06	Not complied with.	Urgent action required.
2.3	Review technical and financial proposals and conclude a contract with the World Fish Center	30/08/06	Not complied with.	Urgent action required.
Council for Agricultural and Rural Development				
Implementing Agency: Output 3.a. Improve Coordination for Community-driven Development				
1	Description of Responsibilities/Main Functions			
1.1	Setting up the Project Steering Committee (PSC), a condition of grant effectiveness		Ongoing.	To be continued.
1.2	Chairing, through its Secretary-General, the PSC		Ongoing.	To be continued.
1.3	Coordinating amongst ministries involved in the Project		Ongoing.	To be continued.
2	Actions to be Taken			
2.1	Request approval of the Government to establish PSC	28/02/06	Complied with.	None.
2.2	Prepare terms of reference for PSC	28/02/06	Complied with.	None.
2.3	Invite the ministries to be represented on PSC to appoint committee members	10/03/06	Complied with.	None.
2.4	Initiate consultations between the TSBR Secretariat and the Department of Fisheries in preparation for the implementation of output 2	31/03/06	In process.	Urgent action required.
2.5	Notify ADB of the establishment and composition of PSC	01/04/06	Complied with.	None.
Ministry of Interior				
Implementing Agency: Output 3.b Enhance the Skills Base for Community-driven				

No.	Activities / Tasks	Completion Date	Status	Remarks
Development				
1	Description of Responsibilities/Main Functions			
1.1	Raise awareness of agencies at the national, provincial, district and commune levels		Not yet applicable.	None.
1.2	Train provincial, commune and village staff for project implementation		Not yet applicable.	None.
1.3	Train commune facilitators in participatory project implementation		Not yet applicable.	None.
2	Actions to be Taken			
2.1	Initiate identification of potential training service providers	30/04/06	Not complied with.	Urgent action required.
Ministry of Economy and Finance				
1	Description of Responsibilities/Main Functions			
1.1	Assisting Ministry of Interior (MOI) in the smooth transfer of funds from the central to commune levels		Not yet applicable.	None.
1.2	Receiving annual financial report of the Project		Not yet applicable.	None.
1.3	Providing a member of the Project Steering Committee		Ongoing.	To be continued.
1.4	Assisting in ensuring the timely provision of counterpart funds by the Government		Not yet applicable.	None.
2	Actions to be Taken			
2.1	Open the first generation imprest account at the National Bank of Cambodia	31/03/06	Complied with.	None.
2.2	Release funds into second generation imprest account opened by MOI at a commercial bank	30/04/06	Not complied with.	Urgent action required.
2.3	Periodically replenish second generation imprest account as requested by MOI		Not complied with.	Urgent action required.
2.4	Create a budget line item, within the commune council accounts, to be used for the Project	30/05/06	Not complied with.	Urgent action required.
2.5	Administer the first generation imprest account		Complied with.	None.
Ministry of Environment				
Implementing Agency: Output 3.c. Educate for Protection of Natural Resources				
1	Description of Responsibilities/Main Functions			
1.1	Oversee the development and delivery of the environmental awareness program of the Project		Not yet applicable.	None.
2	Actions to be Taken			
2.1	Request technical and financial proposals for consultant contract package no. 4 from Live and Learn Environmental Education	30/06/06	Not complied with.	Urgent action required.
2.2	Review technical and financial proposals and conclude a contract with Live and Learn Environmental Education	30/08/06	Not complied with.	Urgent action required.

OUTPUT ACCOMPLISHMENT AND IMPROVEMENT OF ACTIVITIES

Output 1		Community-Driven Development is Supported		1
Targets	A community livelihood fund is established by the middle of year 1		1.1.1	
	Livelihood investment packages are designed and implemented from the end of year 1		1.2.1	
Is the output being accomplished?			Yes	Partially
No				
What are the targets?				
1.1.1	Establish a community livelihood facilitation team in each province			
1.1.2	Prepare the inception report for livelihood support			
1.2.1	Create village activity and special interest groups			
1.2.2	Select activities for funding under the community livelihood fund (first cycle)			
1.2.3	Select activities for funding under the community livelihood fund (second and later planning cycles)			
1.2.4	Prepare detailed implementation arrangements (first and later planning cycles)			
1.2.5	Implement investment packages (first and later planning cycles)			
How are the activities being implemented?				
		<u>Strength</u>	<u>Weakness</u>	
1.1.1	Scheduled project activities are not yet due.	1.1.1	Scheduled project activities are not yet due.	
1.1.2	Scheduled project activities are not yet due.	1.1.2	Scheduled project activities are not yet due.	
1.2.1	Scheduled project activities are not yet due.	1.2.1	Scheduled project activities are not yet due.	
1.2.2	Scheduled project activities are not yet due.	1.2.2	Scheduled project activities are not yet due.	
1.2.3	Scheduled project activities are not yet due.	1.2.3	Scheduled project activities are not yet due.	
1.2.4	Scheduled project activities are not yet due.	1.2.4	Scheduled project activities are not yet due.	
1.2.5	Scheduled project activities are not yet due.	1.2.5	Scheduled project activities are not yet due.	
How can the activities be improved?				
		<u>Proposed Change</u>	<u>Justification</u>	
1.1.1	None.	1.1.1	Scheduled project activities are not yet due.	
1.1.2	None.	1.1.2	Scheduled project activities are not yet due.	
1.2.1	None.	1.2.1	Scheduled project activities are not yet due.	
1.2.2	None.	1.2.2	Scheduled project activities are not yet due.	
1.2.3	None.	1.2.3	Scheduled project activities are not yet due.	
1.2.4	None.	1.2.4	Scheduled project activities are not yet due.	
1.2.5	None.	1.2.5	Scheduled project activities are not yet due.	
Action plan to improve the activities				
		<u>Action</u>	<u>Target Date</u>	
1.1.1	None.	1.1.1	None.	
1.1.2	None.	1.1.2	None.	
1.2.1	None.	1.2.1	None.	
1.2.2	None.	1.2.2	None.	
1.2.3	None.	1.2.3	None.	
1.2.4	None.	1.2.4	None.	
1.2.5	None.	1.2.5	None.	

Output 2		Core Areas are Safeguarded		2
Targets	An information base on core areas is established by the end of year 1		2.1	
	A management system for core areas is instituted by the middle of year 2		2.2	
	An improved network of fish sanctuaries is instituted by the end of year 2		2.3	
Is the output being accomplished?			Yes	Partially
No				
What are the targets?				
2.1.1	Review and describe the operation of fishing lots in the core areas			
2.1.2	Establish a biological and socioeconomic database			
2.1.3	Build the capacity of the Tonle Sap Biosphere Reserve secretariat to manage the database			
2.2.1	Develop, conclude, and implement a management and protection agreement for the core areas			
2.2.2	Plan and propose a new management system for the core areas			
2.2.3	Identify mechanisms to ensure compliance			
2.2.4	Propose the incorporation of additional core areas identified under component 3 of the Tonle Sap Environmental Management Project			
2.3.1	Assess the operation of existing fish sanctuaries			
2.3.2	Determine the optimum number, location, and size of fish sanctuaries			
2.3.3	Formulate recommendations for improved management of fish sanctuaries			
How are the activities being implemented?				
<u>Strength</u>			<u>Weakness</u>	
2.1.1	Scheduled project activities are not yet due.		2.1.1	Scheduled project activities are not yet due.
2.1.2	Scheduled project activities are not yet due.		2.1.2	Scheduled project activities are not yet due.
2.1.3	Scheduled project activities are not yet due.		2.1.3	Scheduled project activities are not yet due.
2.2.1	Scheduled project activities are not yet due.		2.2.1	Scheduled project activities are not yet due.
2.2.2	Scheduled project activities are not yet due.		2.2.2	Scheduled project activities are not yet due.
2.2.3	Scheduled project activities are not yet due.		2.2.3	Scheduled project activities are not yet due.
2.2.4	Scheduled project activities are not yet due.		2.2.4	Scheduled project activities are not yet due.
2.3.1	Scheduled project activities are not yet due.		2.3.1	Scheduled project activities are not yet due.
2.3.2	Scheduled project activities are not yet due.		2.3.2	Scheduled project activities are not yet due.
2.3.3	Scheduled project activities are not yet due.		2.3.3	Scheduled project activities are not yet due.
How can the activities be improved?				
<u>Proposed Change</u>			<u>Justification</u>	
2.1.1	None.		2.1.1	Scheduled project activities are not yet due.
2.1.2	None.		2.1.2	Scheduled project activities are not yet due.
2.1.3	None.		2.1.3	Scheduled project activities are not yet due.
2.2.1	None.		2.2.1	Scheduled project activities are not yet due.
2.2.2	None.		2.2.2	Scheduled project activities are not yet due.
2.2.3	None.		2.2.3	Scheduled project activities are not yet due.
2.2.4	None.		2.2.4	Scheduled project activities are not yet due.
2.3.1	None.		2.3.1	Scheduled project activities are not yet due.
2.3.2	None.		2.3.2	Scheduled project activities are not yet due.
2.3.3	None.		2.3.3	Scheduled project activities are not yet due.
Action plan to improve the activities				
<u>Action</u>			<u>Target Date</u>	
2.1.1	None.		2.1.1	None.
2.1.2	None.		2.1.2	None.
2.1.3	None.		2.1.3	None.
2.2.1	None.		2.2.1	None.
2.2.2	None.		2.2.2	None.
2.2.3	None.		2.2.3	None.
2.2.4	None.		2.2.4	None.
2.3.1	None.		2.3.1	None.
2.3.2	None.		2.3.2	None.
2.3.3	None.		2.3.3	None.

Output 3		Skills and Awareness for Sustainable Livelihoods are Built	3
Targets	Coordination for community-driven development is improved from the middle of year 1		3.1
	The skills base for community-driven development is enhanced from the middle of year 1		3.2
	Education for protection of natural resources is delivered from mid-year 2		3.3
Is the output being accomplished?			Yes Partially No
What are the targets?			
3.1.1.	Recommend institutional arrangements to strengthen the Council for Agricultural and Rural Development (CARD)		
3.1.2	Formulate a work plan and operating guidelines for CARD		
3.1.3	Build the capacity of CARD to carry out its functions		
3.2.1	Raise the awareness of agencies at the national, provincial, district, and commune levels		
3.2.2	Train provincial, commune, and village staff in project implementation		
3.2.3	Train commune facilitators in participatory project implementation		
3.3.1	Assemble educational materials on natural resource management		
3.3.2	Hold environmental awareness forums		
3.3.3	Prioritize villages on the basis of their potential impact on resource extraction		
3.3.4	Assemble, train, and equip a mobile training team		
3.3.5	Deliver the environmental awareness program		
3.3.6	Conduct monitoring and evaluation		
How are the activities being implemented?			
<u>Strength</u>		<u>Weakness</u>	
3.1.1	Scheduled project activities are not yet due.	3.1.1	Scheduled project activities are not yet due.
3.1.2	Scheduled project activities are not yet due.	3.1.2	Scheduled project activities are not yet due.
3.1.3	Scheduled project activities are not yet due.	3.1.3	Scheduled project activities are not yet due.
3.2.1	Scheduled project activities are not yet due.	3.2.1	Scheduled project activities are not yet due.
3.2.2	Scheduled project activities are not yet due.	3.2.2	Scheduled project activities are not yet due.
3.2.3	Scheduled project activities are not yet due.	3.2.3	Scheduled project activities are not yet due.
3.3.1	Scheduled project activities are not yet due.	3.3.1	Scheduled project activities are not yet due.
3.3.2	Scheduled project activities are not yet due.	3.3.2	Scheduled project activities are not yet due.
3.3.3	Scheduled project activities are not yet due.	3.3.3	Scheduled project activities are not yet due.
3.3.4	Scheduled project activities are not yet due.	3.3.4	Scheduled project activities are not yet due.
3.3.5	Scheduled project activities are not yet due.	3.3.5	Scheduled project activities are not yet due.
3.3.6	Scheduled project activities are not yet due.	3.3.6	Scheduled project activities are not yet due.
How can the activities be improved?			
<u>Proposed Change</u>		<u>Justification</u>	
3.1.1	None.	3.1.1	Scheduled project activities are not yet due.
3.1.2	None.	3.1.2	Scheduled project activities are not yet due.
3.1.3	None.	3.1.3	Scheduled project activities are not yet due.
3.2.1	None.	3.2.1	Scheduled project activities are not yet due.
3.2.2	None.	3.2.2	Scheduled project activities are not yet due.
3.2.3	None.	3.2.3	Scheduled project activities are not yet due.
3.3.1	None.	3.3.1	Scheduled project activities are not yet due.
3.3.2	None.	3.3.2	Scheduled project activities are not yet due.
3.3.3	None.	3.3.3	Scheduled project activities are not yet due.
3.3.4	None.	3.3.4	Scheduled project activities are not yet due.
3.3.5	None.	3.3.5	Scheduled project activities are not yet due.
3.3.6	None.	3.3.6	Scheduled project activities are not yet due.
Action plan to improve the activities			
<u>Action</u>		<u>Target Date</u>	
3.1.1	None.	3.1.1	None.
3.1.2	None.	3.1.2	None.
3.1.3	None.	3.1.3	None.
3.2.1	None.	3.2.1	None.
3.2.2	None.	3.2.2	None.
3.2.3	None.	3.2.3	None.
3.3.1	None.	3.3.1	None.
3.3.2	None.	3.3.2	None.

Output 3		Skills and Awareness for Sustainable Livelihoods are Built		3	
3.3.3	None.	3.3.3	None.	3.3.3	None.
3.3.4	None.	3.3.4	None.	3.3.4	None.
3.3.5	None.	3.3.5	None.	3.3.5	None.
3.3.6	None.	3.3.6	None.	3.3.6	None.

CONTRACT PACKAGES AND INDICATIVE STAFFING SCHEDULE FOR CONSULTANTS

Position		Project Year					International Consultant	Domestic Consultant
		2006	2007	2008	2009	2010		
						(Person-months)		
MOI	CONTRACT 1	Team Leader/Local Governance Specialist	██████████			} Phnom Penh	18	45
		Deputy Team Leader/Decentralization Specialist	██████████					
		Finance and Administration Specialist (attached to MEF)	██████████					
		Organization and Strategy Advisor (attached to CARD)	██████████					
		Education and Training Specialist	██████		██████			
		Training Specialist	██████					
		Rural Livelihoods Specialist (Pursat)	██████████					
		Rural Livelihoods Specialist (Siem Reap)	██████████					
		Community Development Specialist (10 persons)	██████████					
		Community Development Specialist (10 persons)	██████████					
Subtotal (Contract 1)						90	582	
MOI	CONTRACT 2	Senior Environmental Specialist	■	■	■	} Phnom Penh	2	40
		Environment Specialist	██████					
Subtotal (Contract 2)						2	40	
TSBR Secretariat	CONTRACT 3	Team Leader/Natural Resources Planner	██████████			} Phnom Penh	18	54
		Fisheries Biologist	██████		██████			
		Socioeconomist	██████		██████			
		Policy and Planning Specialist	██████████					
		Fisheries Biologist	██████████					
		Socioeconomist	██████████					
Subtotal (Contract 3)						33	54	
MOE	CONTRACT 4	Team Leader/Community Education Specialist	██████		██████	} Phnom Penh	6	72
		Teaching Resource Development Specialist	██████					
		Monitoring and Evaluation Specialist	■					
		Environmental Education Specialists (4 persons)	██████████					
		Graphic Designer	██████████					
Subtotal (Contract 4)						10	72	
Total						133	708	

CARD = Council for Agricultural and Rural Development, MEF = Ministry of Economy and Finance, MOE = Ministry of Environment, MOI = Ministry of Interior, TSBR = Tonle Sap Biosphere Reserve.

Source: Asian Development Bank.

MAJOR GRANT COVENANTS

Reference in Grant Agreement	Covenant	Responsibility	Status of Compliance
GA, Art IV, Sect. 4.02 (a)	The Recipient shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating there (including the auditors' opinion on the use of the Grant proceeds and compliance with the financial covenants as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.	MOI	Not yet due.
GA, Art IV, Sect. 4.02 (b)	The Recipient shall enable ADB, upon ADB's request, to discuss the Recipient's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Recipient pursuant to Section 4.02(a) above, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Recipient unless the Recipient otherwise agree.	MOI	Complied with.
GA, Sched. 3, Para. 4 (a)	Each supply contract for equipment or materials estimated to cost the equivalent of more than \$500,000 shall be awarded on the basis of international competitive bidding as described in Chapter II of the Guidelines for Procurement.	MOI, TSBR Secretariat, MOE	Not yet due.
GA, Sched. 3, Para. 5 (a)	Each supply contract for equipment or materials estimated to cost between the equivalent of \$500,000 and \$100,000 (other than minor items) shall be awarded on the basis of international shopping as described in Chapter III of the Guidelines for Procurement.	MOI, TSBR Secretariat, MOE	Not yet due.
GA, Sched. 3, Para. 7 (a)	Civil works contracts estimated to cost the equivalent of \$500,000 or less may be awarded on the basis of local competitive bidding among contractors in accordance with the standard procurement procedures of the Recipient and acceptable to ADB. Selection and engagement of contractors shall be subject to the approval of ADB. As soon as the bids have been evaluated, the proposal for award of contract shall be submitted to ADB for approval. ADB shall be furnished with a copy of: (i) an account of the public opening of bids; (ii) a summary and evaluation of the bids; (iii)	MOI, TSBR Secretariat, MOE	Not yet due.

Reference in Grant Agreement	Covenant	Responsibility	Status of Compliance
	the proposal for award; and (iv) a draft contract or a draft letter of acceptance. ADB shall be furnished with a copy of the contract as executed.		
GA, Sched. 3, Para. 7 (b)	Each supply contract for equipment and materials estimated to cost the equivalent of \$100,000 or less may be awarded on the basis of local competitive bidding in accordance with the standard procurement procedures of the Recipient and acceptable to ADB.	MOI, TSBR Secretariat, MOE	Not yet due.
GA, Sched. 3, Para. 7 (c)	Minor items, estimated to cost less than the equivalent of \$50,000 per contract may be procured directly from the manufacturers of the original equipment or their agents. Prior to such procurement, a list of individual items to be procured, an estimate of their costs, an indication of potential sources of supply and any related documents shall be submitted to ADB for approval.	MOI, TSBR Secretariat, MOE	Not yet due.
GA, Sched. 3, Para. 8	Contracts for preparing guidelines for proposals for activities eligible for funding under the CLF may be awarded on the basis of direct selection. Promptly after each contract is awarded, ADB shall be furnished with a copy of the contract as executed.	MOI	Not yet due.
GA, Sched. 3, Para 9 (a)	The Recipient shall ensure that all ADB-financed goods and services procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.	MOI, TSBR Secretariat, MOE	Not yet due.
GA Sched. 3, Para. 9 (b)	The Recipient shall ensure that all ADB-financed contracts for the procurement of goods and services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to matters referred to in subpara (a) of this paragraph.	MOI, TSBR Secretariat, MOE	Not yet due.
GA Sched. 4, Para. 2	The selection, engagement and services of the consultants shall be subject to Sched. 4 of this Grant Agreement, and the "Guidelines on the Use of Consultants by ADB and its Borrowers" dated January 2005, as amended from time to time.	MOI	Not yet due.
GA Sched. 4, Para. 3	The international consultants shall be selected and engaged as a firm by the EA using the quality-and-cost-based selection method.	MOI	In progress.
GA Sched. 4, Para. 4	The domestic consultants shall be selected and engaged by the Project EA using arrangements acceptable to ADB and the Government of Finland.	MOI	In progress.
GA Sched. 4, Para. 5 (a)	Contract for Component 2 of the Project may be awarded to the WorldFish Center on the basis of direct selection. Promptly after the contract is awarded, ADB shall be furnished with a copy of the contract as executed.	TSBR Secretariat	Not yet due.
GA Sched. 4, Para. 5 (b)	Contract for the education for protection of natural resources under Component 3 may be awarded to Live and Learn Environmental Education on the basis of direct selection. Promptly after the contract is awarded, ADB shall be furnished with a copy of the contract as executed.	MOE	Not yet due.

Reference in Grant Agreement	Covenant	Responsibility	Status of Compliance
GA Sched. 4, Para. 6	The Recipient shall ensure that all consultants financed under the Project contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.	MOI, TSBR Secretariat, MOE	Not yet due.
GA Sched. 5, Para. 1	A PSC shall be established prior to the effective date and shall consist of representatives from MAFF, MEF, MOE, MOI, MRD, MOWA, CNMC and CARD. CARD, through its Secretary General, shall head the PSC, which shall provide policy and strategy guidance. The PSC shall communicate Project outcomes to the Council of Ministers. The PSC shall meet at least twice a year. CAD shall be assisted, on an intermittent basis, by an international consultant.	MEF	Complied with.
GA Sched. 5, Para. 2	MOI shall be the executing agency and shall (i) set overall project direction, (ii) resolve implementation problems, (iii) review Project progress and performance against milestones (with 6-monthly reporting), (iv) ensure flow of funds to the communes, (v) ensure the timely and adequate provision of counterpart funding, and (v) undertake procurement for contract supply and civil works under Components 1 and 3. In addition, MOI shall implement Component 1 and 3B of the Project.	MOI	In progress.
GA Sched. 5, Para. 2 (a)	TSBR Secretariat shall be the implementing agency for Component 2 and shall carry out day-to-day activities. In carrying out its duty as the IA, TSBR Secretariat shall work in close consultation and coordination with DOF, IFREDI and MOE.	TSBR Secretariat	In progress.
GA Sched. 5, Para. 2 (b) & (c)	CARD shall be the implementing agency for Component 3A. MOE shall be the IA for Component 3C	CARD, MOE	In progress.
GA Sched. 5, Para. 3	A CLFT, headed by the Chief of PLAU, shall be established in each of the Project provinces and shall be responsible for overseeing the implementation of livelihood support at commune and village levels. The CLFTs shall also be responsible for approving the activities, monitoring the procurement carried out by the Commune Councils and report on CLF-related activities to MOI through PLAU.	MOI	Not yet due.
GA Sched. 5, Para. 4	The Commune Council shall receive support from the commune facilitators organized under the CLFT and shall be responsible for (i) identifying activities suitable for funding under the CLF, and (ii) preparing the proposals for submission to the Planning and Budgeting Committee. A commune bank account shall be set up in each of the communes as the vehicle to transfer funds to the commune level.	MOI	Not yet due.
GA Sched. 5, Para. 5	The Recipient shall ensure that all necessary counterpart funds for Project implementation are provided in a timely manner and, to such end, the Recipient shall make timely submissions of annual budgetary appropriation requests and take all other measures necessary or appropriate for prompt	MEF	Not yet due.

Reference in Grant Agreement	Covenant	Responsibility	Status of Compliance
	disbursement of appropriate funds during each year of Project implementation.		
GA Sched. 5, Para. 6	The Recipient, through MEF and MOI, shall further ensure the smooth flow of funds from central level to the Project provinces and the commune level. MEF shall assist MOI in assuring the smooth transfer of funds from the central to the commune levels. Local Finance Department shall be established by MEF to provide assistance and monitor the performance of sub-national administrations in the management of local finances.	MEF, MOI	Not yet due.
GA Sched. 5, Para. 7	The Recipient, through MOI, shall ensure that the CLF is established within 3 months following the effective date. The CLF grant funds shall be available for the benefit of the selected 37 communes located within the Project provinces and shall be managed by the MOI. The planning of the activities shall follow the procedures of the Commune Development Plan, managed by the Commune Council. Activities endorsed by commune Council shall be submitted to CLFT for approval. The CLF grant funds shall be transferred from the CLF to the respective bank accounts of the 37 individual commune funds to be established at a commercial bank acceptable to ADB by each of the communes at district level. The CLF shall only be used to finance small-scale community-driven activities that are planned and agreed at village and commune levels relating to (i) social infrastructure, (ii) income generation, and (iii) community fisheries that meet the eligibility criteria.	MOI	Not complied with.
GA Sched. 5, Para. 8	The Recipient, through MOI, shall ensure that (i) each of the commune implementing activities funded under the CLF adhere to the Recipient's environmental laws and regulations, ADB's Environment Policy (2002), (ii) best environmental practices, acceptable to ADB, are incorporated into all activities and their implementation, and (iii) each of the communes meets the environmental assessment review procedures described in the IEE prepared for the Project.	MOI	Not yet due.
GA Sched. 5, Para. 9	The Recipient shall ensure that prior to the award of civil works contracts, MOI screens such works for involuntary resettlement effects to make certain that there are no losses of land, income, housing, community facilities, and resources that would require compensation to be paid in accordance with ADB's Policy on Involuntary Resettlement (1995). In the event land acquisition and resettlement is required for any activities or projects funded under the CLF, such land acquisition and resettlement shall be carried out in accordance with the agreed Land Acquisition and Resettlement Framework prepared for the Project.	MOI	Not yet due.
GA Sched. 5, Para. 10	The Recipient shall ensure that the village or commune level special interest groups established under the Project in each of the Project provinces will include women's groups and ethnic minorities.	MOI	Not yet due.

Reference in Grant Agreement	Covenant	Responsibility	Status of Compliance
	There shall be no ethnic discrimination and equal opportunities shall be provided to all minorities.		
GA Sched. 5, Para. 11	The Recipient shall ensure that the Project is implemented in accordance with ADB's Policy on Gender and Development (1998) and the Gender Action Plan prepared for the Project, as agreed between the Recipient and ADB.	MOI	Not yet due.
GA Sched. 5, Para. 12	The Recipient shall ensure that monitoring is undertaken by MOI and reported to ADB through the 6 monthly and annual reporting mechanisms. The basis for project performance monitoring and evaluation shall be the design and monitoring framework and the baseline surveys, as prepared and agreed between the Recipient and ADB.	MOI	Not yet due.
GA Sched. 5, Para. 13	The Recipient shall conduct a comprehensive joint midterm review of the Project implementation with ADB. Semi-annual reviews shall also be conducted by ADB with the support of CARD. The semi-annual reviews shall (i) examine the appropriateness of implementation arrangements and schedules of activities, (ii) assess the procedures for village and commune development plans, (iii) review compliance with agreed procurement procedures, (iv) analyze the outcomes of the capacity building and training programs, and (v) monitor the effectiveness of safeguard procedures.	MOI, CARD, ADB	Not yet due.

LIST OF PARTICIPANTS AT THE KICK-OFF MEETING

Name	Organization
H.E. Sak Setha	Director General, MOI
H.E. Nouv Kanun	Secretary General, CARD
H.E. Leng Vy	Deputy Director General, MOI
Yin Malyna	Deputy Director, MOI
Sok Silo	Director, CARD
Hak Ponnarin	Deputy Chief, MEF
Leav Virochannak	Deputy Director, MOI
Ny Kimsan	Chief, MOI
Neou Bonheur	Deputy Secretary, CNMC
Long Viseth	Staff, MOI
Chea Bunheng	Staff, MOI
Moul Thon	Chief, Provincial Local Administration Unit, Battambang
Huou Vanuth	Chief, Provincial Local Administration Unit, Kompong Thom
Ouk Keila	Chief, Provincial Local Administration Unit, Kompong Chhnang
Hoeung Hong	Chief, Provincial Local Administration Unit, Pursat
Hen Puthy	Chief, Provincial Local Administration Unit, Siem Reap
Roy Fenn	Deputy Tonle Sap Initiative Coordinator
Cynthia Garcia	Project Administration Officer, ADB
Olivier Serrat	Sr. Project Economist, ADB