

Summary of ADB Water Operations and Progress in Cambodia

A. Country Strategy and Programs (CSP) and ADB Projects

The CSP and ADB Projects

The Country Strategy and Program (CSP) integrates the country operational strategy and country assistance plan processes and documents. Anchored on strong poverty, economic, social and sector analyses, the CSP is prepared once every five years with developing member countries' (DMCs) active participation through consultation with the government and other stakeholders -- civil society, NGOs, the private sector, and other aid agencies. Currently, a CSP update is prepared every year taking into account the continued relevance of the CSP, its implementation, and its operational program for the next three years.

Importantly, the CSP:

- defines ADB's medium-term development strategy in agreement with DMCs
- identifies ADB's role and focus on poverty
- outlines DMCs' priorities
- determines ADB's country-specific poverty reduction strategy, thematic and sector priorities

In line with the country's CSP, ADB provides financing for projects that will effectively contribute to the economic and social development of the country concerned and have the strongest poverty reduction impact in conformity with the country and ADB strategies. Project identification may require the help of outside experts, especially in the smaller and less developed DMCs. If so, ADB can provide technical assistance to help a country identify and prepare a project for possible financing.

In evaluating projects, ADB pays specific attention to the:

- economic viability, technical feasibility, and financial soundness of projects
- effect on development activity in the country concerned
- contribution to removing economic bottlenecks
- capacity of the borrowing country to service additional external debts
- introduction of new technologies to raise productivity
- expansion of job opportunities
- strengthening of institutions along the criteria of good governance
- integration of environmental and social considerations into ADB projects

Country programming involves developing pipeline projects for a specific period of time. Programming is done in close consultation with the Government and various stakeholders, including the private sector organizations, NGOs, and the country's other development partners. It has to be consistent with the relevant development plans and strategy of the concerned country. Programming agrees upon and prioritizes proposed support over the specific period.

Cambodia's CSP and ADB Projects in the Water Sector in Brief

ADB is committed to play a major role in Cambodia in water resource management, including donor coordination to promote a consistent and sustainable approach to building capacity in the sector. Coordination efforts include linking farmer organizations for operation and maintenance of irrigation infrastructure, as well as connecting water policies and laws to sector responsibilities across government agencies. Initially outlined, ADB's capacity building support includes (i) providing a detailed water sector profile, (ii) formulating investment strategies, (iii) establishing an institutional

framework for sustainable operations and maintenance of irrigation systems, (iv) identifying an action agenda for the National Water Sector Policy, and (v) strengthening project planning and implementation capacity.

In recent revisions to the CSP, Cambodia agreed that an important aspect of the new country strategy should be focused specifically on the Tonle Sap area. Efforts will include a series of interventions to improve management of natural resources, protect the environment, and address the pressing and severe issues of poverty. Under ADB's Tonle Sap basin strategy, the focus will continue to be on promoting management and conservation of natural resources, with a view to promoting sustainable livelihoods within the basin area.

Specific interventions to promote alternative livelihood activities under the Tonle Sap Initiative will focus on protecting and supplementing of the assets of the poor (physical, social, and natural) through a) community- based natural resource management, b) the provision of small-scale community infrastructure (e.g. rural access roads, foot bridges, small irrigation pumps, community wells for safe water), c) skills development training, and d) institutional development and capacity building. For example, the Tonle Sap Initiative includes a loan to promote sustainable management and conservation of natural resources and biodiversity in the Tonle Sap Basin, with a special focus on fisheries.

Regarding rural economic development, ADB has also approved the Agriculture Sector Development Program and the Northwest Irrigation Sector Project, which recognize the importance of improved irrigation facilities and rural economic and environmental development. ADB's support for irrigation development will be integral to its support for agriculture and will emphasize improved water management for high and stable crop yields and incomes. ADB will promote an integrated basin-oriented approach to irrigation design, and encourage water-using farming communities to manage small and medium-sized irrigation schemes in a sustainable way.

While the main thrusts of ADB's interventions in agriculture are directed at increased commercialization, food security issues will be addressed by agriculture and irrigation components of projects under the Tonle Sap basin strategy. ADB will also include rural water supply and sanitation as a new area of focus. Interventions to improve rural water supply and sanitation are meant to be catalytic, and ADB's future involvement will be centered on the Tonle Sap basin.

B. Status of Progress in Key Priority Areas in Brief

1. Water Sector Reforms

Water sector policy and legislative reforms in Cambodia are ongoing. The Ministry of Water Resources and Meteorology (MOWRAM) was established in 1999 as lead water sector agency. A comprehensive water sector assessment was conducted in 2001-2002 which led to (i) a National Water Sector Profile, (ii) a draft National Water Resources Strategy, (iii) a draft Strategic Plan for the Ministry of Water Resources and Meteorology (MOWRAM), and (iv) a draft National Water Resources Policy, and a draft Law on Water Resources Management. A Water Sector Roadmap was also completed in 2003 and updated in 2004. The National Water Resources Policy was approved in January 2004, and the Law on Water Resources Management is currently at the National Assembly awaiting adoption. A Strategic Development Plan for the Water Sector (2006-2010) is currently being drafted. Various other sectoral policies and strategies have been drafted or adopted in recent years, including the National Water Supply and Sanitation Policy (NWSSP), Urban Water Supply and Sanitation Policy, and a National Environmental Action Plan.

2. Water Resource Management

Under the National Water Resources Strategy and Strategic Development Plan for the Water Sector, a river basin approach to IWRM is envisaged and will be piloted in at least two to three major river basins in 2005-2006. Institutional arrangements to implement IWRM have been made, improving coordination among many government ministries:

- MOWRAM exercises overall responsibility for water management and conservation including IWRM.
- The Cambodia National Mekong Committee (CNMC) coordinates with the water-related Ministries and the Mekong River Commission (MRC). The framework and principles of IWRM will be adopted by MRC by the end of 2005 under the Basin Development Plan (BDP). CNMC has recently conducted several workshops on IWRM at the central, provincial and basin levels
- The Ministry of Industry, Mine and Energy (MIME) provides drinking water supply to cities and towns
- The Ministry of Rural Development (MRD) provides clean water to rural areas
- The Ministry of Environment is in charge of wastewater treatment in cities and towns.
- Plans to establish The Basin Management Council and the Office of Basin Management are underway.

3. Water Service Delivery

Providing access to water services and sanitation is an integral part of the Government's efforts to improve health and living conditions in Cambodia and to meet the related Cambodia Millennium Development Goals (CMDGs).

Urban populations with access to safe water has increased in Phnom Penh, Sihanoukville and five provincial towns with the reorganization of the Phnom Penh Water Supply Authority (PPWSA) and the water supply management infrastructure in three provincial and eight district towns along public-private partnership. PPWSA is widely seen as a good example of successful tariff reform: it has demonstrated how financial and operational autonomy and enforcement of full cost recovery have improved water services delivery and transformed it into an outstanding public utility in the region.

While Cambodia has made progress in providing water and sanitation services to its people, rural water coverage still remains the second lowest in Asia. The great majority of rural and poor households still rely on self-provision through groundwater abstraction, rainwater collection, or use of surface water, with little government investment to ensure sustainable quantity or to monitor water quality. Sanitation in rural areas is almost inexistent and limited to simple on-site facilities, and the majority of the rural population still practices open air defecation¹.

C. Key Issues Facing Cambodia and the Region's Water Sector

The key environmental issues affecting Cambodia are (i) an inadequate legislative framework, (ii) limited coordination among water-related institutions, (iii) unsustainable extraction of fishery and forestry resources, (iv) weak land and water resource management, (v) severe pressure on the Tonle Sap ecosystem, and (vi) unplanned urban and industrial development. Major factors affecting the implementation of ADB's water policy include:

¹ In 2005, ADB has proposed the Tonle Sap Rural Water Supply and Sanitation Project, which aims to provide rural water supply and sanitation facilities to approximately 2,200 villages in five provinces around the Tonle Sap Basin. The project should provide a million people with safe drinking water and 750,000 with improved sanitation facilities.

1. Governance and Institutional Capacity

- Cambodia's legal and regulatory environment needs further strengthening to provide a secure basis for private sector participation and to avoid difficulties related to property rights, licensing, and revenue collection.
- Implementation of laws is generally weak, although advances are being made, e.g., in administering the provisions related to wastewater management of the Law on Environmental Protection and Natural Resources Management.
- Institutional capacity remains limited especially at sub-national and provincial levels. Capacity building will continue to be required in MOWRAM and other water-related institutions at both central and provincial/ district levels to (i) develop the regulatory framework and implementation capacities required to implement water policies and law, (ii) promote IWRM, and (iii) support other water subsectors.
- The Government's goal of increasing irrigated areas is appropriate given the substantial potential of the country but it requires that suitable institutional arrangements for assuring beneficiary participation and schemes sustainability are established before schemes are completed.

2. Distribution and Management of Water Resources across Subsectors

- Water resources management is not undertaken in an integrated manner. Water for agriculture, water supply, and energy is used without much consideration of its impacts on the water required to maintain ecological systems.
- Aquatic ecosystems, particularly fisheries, are not adequately considered in the planning and development of water resources.
- Integrated approaches are necessary, not only at the sub-basin level, but for the whole basin as well as the regional level, since Cambodia, as a downstream riparian country, is vulnerable to upstream developments.
- Access to water for irrigation purposes is limited. Prudent and sustainable water management, including irrigation and drainage, is critical for stabilizing and increasing total rice production. It will reduce farmers' exposure to droughts and floods and encourage agricultural diversification and the move into higher value added products.
- An integrated water resources management (IWRM) approach in a river basin context will ensure the greatest net social benefit. It should take into account water availability and the growing competition among water users—urban areas, hydropower (though this is still limited in Cambodia), and irrigation—and the residual stream flow required to maintain ecosystems and fisheries in the Tonle Sap and Mekong River systems. Cambodia's water sector's legal and policy framework supports such an approach. The challenge lies in its implementation given the lack of resources and the need for continued institutional capacity building

3. Interdependence of Environmental Sustainability & Agricultural and Economic Development

- Agricultural activities have important impacts on the Tonle Sap environment, the most crucial of which is the impact of increased irrigation leading to reduced water quantity and quality. The pressure on natural resources in the basin area is worsened by the lack of alternative livelihoods, and further exacerbated by inequitable access.

- None of the measures that might be introduced to improve the livelihoods of the communities living in the Tonle Sap basin can be effective or sustainable without addressing its overall environmental management. Protection of the watershed and its forested upper catchment areas is essential to livelihood sustainability.