JAPAN FUND FOR POVERTY REDUCTION GRANT

I. INTRODUCTION

1. The Greater Mekong Subregion (GMS) Health Security Project supports Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar, and Viet Nam[1] in complying with the International Health Regulations (IHR) of the World Health Organization (WHO).[2] It is developing the core health system capacities needed to respond to public health threats of national and international concern. Activities under the additional financing for Cambodia will be delivered through outputs 2, 3, and 4 of the original project.[3] They will (i) enhance surveillance and response capacity for COVID-19 and other communicable diseases in provinces nationwide (output 2), (ii) strengthen laboratory services and infection prevention and control (IPC) in 8 provincial hospitals and 73 district referral hospitals (output 3), and (iii) build emergency clinical care capacity for COVID-19 in 14 provincial hospitals (output 4). The proposed loan from the Asian Development Bank (ADB) will allow Cambodia to scale up the original project's successful investments in core health system capacities under outputs 2 and 3. The proposed grant to Cambodia from the Japan Fund for Poverty Reduction (JFPR) COVID-19 Window complements the loan with targeted investments under outputs 2 and 4 to overcome health system deficiencies in responding to the coronavirus disease (COVID-19). The grant-financed activities of output 2 will benefit the 14.2 million residents of Cambodia's 24 rural provinces by improving the subnational capacity for the timely detection and effective management of COVID-19 outbreaks. The grant-financed activities under output 4 will benefit 6,792,247 residents of 14 rural provinces in Cambodia by improving access to clinical care for COVID-19 patients.[4] The overall project's focus on health facilities in rural provinces benefits the poor, 90% of whom live in rural areas.[5]

II. THE GRANT

A. Rationale

2. **COVID-19 pandemic.** On 30 January 2020, WHO declared the COVID-19 outbreak a public health emergency of international concern. As of 2 September 2021, Cambodia had recorded 93,510 confirmed cases of COVID-19, and 1,916 deaths.[6] While the country successfully contained the pandemic throughout 2020, and case numbers remained low, an outbreak that began on 20 February 2021 resulted in a surge of new infections and sustained community transmission. WHO highlighted the risk of silent transmission, and 66% of cases in this outbreak were indeed asymptomatic.[7] Cambodia's highly mobile population drives the spread

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1 The original project comprised (i) loans to Cambodia (SDR15,012,000 [$21 million]), the Lao PDR (SDR2,856,000 [$4 million]), Myanmar (SDR8,616,000 [$12 million]), and Viet Nam (SDR56,946,000 [$80 million]); and (ii) a grant to the Lao PDR ($8 million). ADB provided additional financing loans to the Lao PDR ($20 million) and Myanmar ($30 million). ADB also provided project preparatory technical assistance of $1.3 million to Cambodia, the Lao PDR, Myanmar, and Viet Nam. ADB. Greater Mekong Subregion Health Security Project; ADB. Greater Mekong Subregion Health Security Project (Additional Financing) (Lao PDR); ADB. Greater Mekong Subregion Health Security Project (Additional Financing) (Myanmar); and ADB. Technical Assistance: Greater Mekong Subregion Health Security Project.

2 World Health Organization (WHO). 2016. *International Health Regulations (2005). Third Edition.* Geneva.

3 The project has four outputs: (i) regional cooperation and communicable disease control in border areas improved, (ii) national disease surveillance and outbreak response system strengthened, (iii) laboratory services and hospital infection prevention and control (IPC) improved, and (iv) emergency preparedness and response capacity for COVID-19 strengthened. The JFPR grant will contribute to outputs 2 and 4.

4 The 14 provincial hospitals supported under output 4 are listed in Supplementary Document 3.

5 World Bank. Cambodia Overview.

6 WHO. Coronavirus Disease (COVID-19) Dashboard (accessed 3 September 2021).

7 As of 19 April 2021. WHO. 2021. *Cambodia Coronavirus Disease 2019 (COVID-19) Situation Report #42*. Geneva.

of COVID-19. As many as 4.1 million people per year migrate internally. Migrant workers face social and economic barriers in accessing health services, which increases the risk that COVID-19 cases remain undetected.[8]

3. **Economic impacts.** Alongside the immediate health impacts, the pandemic in Cambodia also had significant social and economic impacts. The country's narrow economic base, built from garments, tourism, agriculture, and construction, was hard hit by the pandemic. These impacts disproportionately affect the poor and vulnerable who depend on low-skilled and informal work for their livelihoods. Pre-COVID-19, the country's expected growth rate for 2020 was 6.8%, with a poverty rate of 9.6%. Revised projections indicate that the economy potentially contracted by 4.0%, with poverty increasing to 17.6%.[9] However, the government's stimulus packages are likely to have mitigated the severity of these projected impacts. In response to the new infections that began in February 2021, the government implemented various control measures such as lockdowns in high-incidence areas, interprovincial travel bans, closure of schools, and restricted tourism. These measures are likely to result in a continuation of the pandemic's economic and social impacts throughout 2021.

4. **Health system readiness.** The Response Plan for COVID-19 of the Ministry of Health (MOH) guided early investments to strengthen the health system and improve COVID-19 readiness.[10] In 2021, MOH made the rollout of COVID-19 vaccination a key pillar of the country's response strategy.[11] As of 31 August 2021, Cambodia had administered 18.3 million COVID-19 vaccine doses (footnote 6). The vaccine is rolled out primarily to provincial and district hospitals that operate COVID-19 vaccination clinics. Given the potential for new variants of the virus to impede the vaccine's efficacy, the health system needs continued strengthening to prevent, detect, and respond to COVID-19.[12] Despite marked improvements in the capacity of Cambodia's health system since 2013, deficiencies remain. WHO and MOH assessed Cambodia's compliance with the 13 core health system capacities required by the IHR at 50%.[13] The country scored below average in the Global Health Security Index and is ranked lowest among the GMS countries.[14] The COVID-19 pandemic highlighted ongoing deficiencies in health system readiness in two areas: surveillance and outbreak response, and health service provision (clinical care).

5. **Surveillance and response.** Cambodia's surveillance and response capacities proved insufficient to prevent an increase in COVID-19 cases and related community transmission. Since cases were recorded in all 24 provinces, it is imperative to build provincial capabilities for testing, contact tracing, and quarantine. Weak subnational data management and analysis capabilities impede timely information sharing and data-driven interventions. Weaknesses in risk assessment and risk communication capabilities also hamper community adoption of preventive measures. Robust contact tracing and case management systems will enable MOH to pursue its policy of home management of asymptomatic and mild COVID-19 cases, freeing up hospital beds for critically ill patients. Since COVID-19 patients in home management may progress to severe illness, the availability of rapid patient transportation and high-level clinical care services needs to be ensured urgently.

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8 M. Inkochasan et al. 2019. Access to health care for migrants in the Greater Mekong Subregion: policies and legal frameworks and their impact on malaria control in the context of malaria elimination. Bangkok. 2019.

9 United Nations Development Programme (UNDP). Policy Brief 1: COVID-19 Economic and Social Impact Assessment in Cambodia. Phnom Penh. October 2020.

10 MOH. *Cambodia Response Plan for COVID-19*. March 2020 to February 2021. The plan aligns with WHO. (Draft). 2019 Novel Coronavirus (2019 nCoV): Strategic Preparedness and Response Plan. Geneva (3 February 2020).

11 Ministry of Health. 2021. National Deployment and Vaccination Plan For COVID-19 Vaccines. Phnom Penh.

12 WHO. The effects of virus variants on COVID-19 vaccines. March 2021.

13 WHO. Electronic State Parties Self-Assessment Annual Reporting (accessed 28 April 2021).

14 Johns Hopkins Center for Health Security. Global Health Security Index.

6. **Health service provision (clinical care).** Cambodia's guidelines for COVID-19 treatment indicate that oxygen therapy should be administered to severe and critically ill patients, but provincial hospitals nationwide lack equipment and suitably trained personnel for the clinical management of severe COVID-19 illness. MOH's oxygen baseline assessment found that none of the provincial hospitals had the capacity to manage five or more critical COVID-19 cases.[15] Noninvasive ventilation requires a high level of oxygen supply, and hospitals' overreliance on private oxygen providers is seen as a constraint.[16] The oxygen baseline assessment also found that hospitals lack clinical equipment to administer oxygen therapy, such as (i) pulse oximeters, needed for the diagnosis of COVID-19 severity and the clinical management of oxygen therapy; (ii) intubation sets and accessories for oxygen regulation; and (iii) equipment for noninvasive ventilation, such as high-flow nasal cannulas. A shortage of ambulances impedes the timely transfer of critically ill COVID-19 patients from community to hospital. Clinical staff lack the skills required to diagnose and treat patients in need of oxygen therapy.

7. In parallel with the health impacts of COVID-19, there is mounting evidence of an increase in the incidence of gender-based violence linked to the pandemic.[17] Psychosocial issues, such as anxiety and depression, are also increasingly prevalent. Frontline hospital staff, who are often the first point of contact for affected individuals, are poorly equipped to identify and respond to these social and psychological issues.

8. **Government request.** The Government of Cambodia requested a concessional loan of $25.0 million from ADB's ordinary capital resources and a $5.0 million JFPR grant as additional financing for the GMS Health Security Project. The additional financing will support Cambodia's continued progress toward compliance with the IHR core capacities. The ADB loan will enable the nationwide scale-up of investments made in the original project to build subnational capacities, while the JFPR grant will complement the loan with targeted investments in new capacities for COVID-19 response (para. 1).

9. The additional financing is aligned with the following impact: GMS public health security strengthened.[18] Investments to strengthen the capacity of Cambodia's public health system to prevent, detect, and respond to public health threats has benefits beyond the country's borders. Strong national public health systems are the cornerstone of regional health security. Investments under the additional financing to effectively respond to COVID-19 and other threats of communicable disease benefit both the Cambodian people and the wider GMS population.

B. Outputs and Key Activities

10. **Output A (project output 2): National disease surveillance and outbreak response systems strengthened**. Grant-financed activities will strengthen subnational surveillance and response systems for the effective management of COVID-19 outbreaks. The grant will support digital technology to boost outbreak coordination and contact tracing, including (i) upgraded computer hardware for central, provincial, and district agencies responsible for communicable disease control; and (ii) training for surveillance staff in provincial and district agencies in the use of digital outbreak management tools.[19] The grant will further support training in all 24 provinces,

[15] MOH. (Draft). *Analysis of Oxygen Capacity for Public Health System in Cambodia,* 2021.
[16] In fact, 72% of provincial and district referral hospitals source oxygen from suppliers in their provinces. The others use suppliers in Phnom Penh and neighboring provinces.
[17] CARE. 2020. *CARE Rapid Gender Analysis for COVID-19 Cambodia*. (July 2020).
[18] Defined by the GMS Health Security Project.
[19] Including event monitoring and media screening systems, and WHO's Go.Data tool.

including the 14 provinces covered by output B: (i) training for rapid response teams in field skills relating to risk assessment, risk analysis, and outbreak management; and (ii) training for health and non-health staff in delivering COVID-19 risk communications to the public.

11. **Output B (project output 4): Emergency preparedness and response capacity for COVID-19 strengthened.** Grant-financed activities will build the capacity to provide clinical care for moderate to severe COVID-19 cases in 14 provincial hospitals. These hospitals were selected based on the findings of the oxygen baseline assessment and in coordination with other development partners that support oxygen therapy. The other 10 provincial hospitals in Cambodia are supported by other development partners (para. 27). The grant will equip each of the 14 selected hospitals with (i) an oxygen plant to ensure uninterrupted oxygen supply, (ii) clinical equipment for the provision of oxygen therapy,[20] and (iv) an ambulance for the transportation of COVID-19 patients who require emergency care. Training programs will be delivered in each hospital to build the capacity of (i) female and male intensive care unit staff for the clinical management of moderate to severe COVID-19 illness, including the provision of oxygen therapy; (ii) hospital technicians for the operation and maintenance (O&M) of oxygen plants and ambulances; and (iii) frontline health staff for identifying and responding to people affected by gender-based violence and mental health issues linked to the pandemic.

12. Capacities for the timely detection of COVID-19 and the implementation of containment measures (to be built under output A) are critical in mitigating the spread and severity of the pandemic. In parallel, capacities to treat severe cases as they occur (to be built under output B) are needed to mitigate the pandemic's negative health impacts. By addressing deficiencies across both these dimensions, the grant project ensures an integrated approach to an effective COVID-19 response. Output A is implemented nationwide to eliminate deficiencies in all 24 provinces. Output B will be implemented in the 14 provinces that require it. Since the provincial hospitals in the remaining 10 provinces are supported by other development partners (para. 27), this ensures that all provincial hospitals in the country will have their oxygen clinical care capacity upgraded.

C. Cost Estimates and Financing Plan

13. The grant outputs are estimated to cost $5.90 million (Table 1). Detailed cost estimates by cost category and by financier are given in the project administration manual (PAM).[21]

[20] This equipment includes pulse oximeters, laryngoscopes, suction devices, nasal cannulas, oropharyngeal cannulas, simple oxygen masks, venturi masks, and endotracheal tubes.

[21] Project Administration Manual (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President for additional financing to the Kingdom of Cambodia).

Table 1: Cost Estimates

Item	Amount ($ million)[a]	Share of Total (%)
A. Base Cost[b]		
1. Output A: National disease surveillance and outbreak response systems strengthened	1.19	20
2. Output B: Emergency preparedness and response capacity for COVID-19 strengthened	4.32	73
Subtotal (A)	**5.51**	**0**
B. Contingencies	**0.39**	**7**
Total (A+B)	**5.90**	**100**

COVID-19 = coronavirus disease.
[a] Includes taxes and duties of $0.90 million, of which $0.81 million will be financed by the government through tax exemption and $0.09 million will be financed from the JFPR grant. Such amount does not represent an excessive share of the project cost.
[b] In mid-2021 prices.
Source: Asian Development Bank estimates.

14. JFPR will provide grant cofinancing equivalent to $5.0 million, to be administered by ADB. The government will finance taxes on imported equipment and vehicles purchased under the grant through exemptions. JFPR will finance local taxes on training and workshops and community mobilization costs. The financing plan is in Table 2.

Table 2: Financing Plan

Source	**Amount** ($ million)	**Share of Total** (%)
Japan Fund for Poverty Reduction[a]	5.0	84.7
Government	0.9	15.3
Total	**5.9**	**100.0**

[a] Administered by the Asian Development Bank.
Source: Asian Development Bank estimates.

D. Implementation Arrangements

15. The additional financing (JFPR grant and ADB loan) will follow the same implementation arrangements that applied to the original project. MOH, through its Department of Planning and Health Information, is the executing agency. The implementing agencies are the Department of Communicable Disease Control, the Department of Hospital Services (DHS), the National Institute for Public Health (NIPH), the National Malaria Center, 24 provincial health departments (PHDs), and 1 municipal health department. The project implementation period is 24 months, with an expected physical completion date of 31 October 2023.

16. The project management unit (PMU) for the original project will also manage the JFPR grant. The JFPR grant will finance an international procurement specialist, a national finance officer, and a national health technical officer to support the PMU in carrying out the additional grant activities. A further 11 national consultants will be financed through the ADB loan. The technical monitoring and implementation management of the grant-financed activities will be the responsibility of the national health technical officer, with support from the monitoring and evaluation officer financed under the loan. MOH, through the PMU, will open and administer an advance account, which will be used exclusively for JFPR's share of eligible expenditures.

17. All procurement of goods, works, and consulting services will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).[22]

18. The implementation arrangements are summarized in Table 3 and described in detail in the PAM (footnote 21).

Table 3: Implementation Arrangements

Aspects	**Arrangements**		
Implementation period	October 2021–31 October 2023		
Estimated completion date	31 October 2023		
Estimated grant closing date	30 April 2024		
Management			
(i) Oversight body	MOH		
(ii) Executing agency	MOH, represented by DPHI		
(iii) Key implementing agencies	DCDC, DHS, NIPH, CNM, 24 PHDs, 1 MHD		
(iv) Implementation unit	PMU (under DPHI) supported by 1 international and 2 national consultants financed by the JFPR grant; and 11 national consultants to be financed from the loan		
Procurement	ICB	1 contract	$2.63 million
	NCB	2 contracts	$1.17 million
Consulting services	ICS	66 person months	$0.19 million
Retroactive financing	None		
Advance contracting	Advance contracting will apply to all procurement of goods and consulting services in this project.		
Disbursement	The JFPR grant proceeds will be disbursed following ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, CNM = National Malaria Center, DCDC = Department of Communicable Disease Control, DHS = Department of Hospital Services, DPHI = Department of Planning and Health Information, ICB = international competitive bidding, ICS = individual consultant selection, JFPR = Japan Fund for Poverty Reduction, MHD = municipal health department, MOH = Ministry of Health, NCB = national competitive bidding, NIPH = National Institute for Public Health, PHD = provincial health department, PMU = project management unit.
Source: ADB.

III. DUE DILIGENCE

A. Technical

19. The 14 provincial hospitals were selected for JFPR grant support based on the findings of the oxygen baseline assessment. The DHS and NIPH, in consultation with the Oxygen Therapy Working Group, will develop the specifications for oxygen plants and oxygen therapy equipment to ensure alignment across all development partners. The hospitals receiving oxygen plants will act as a hub for oxygen supply (cylinder refilling) to district hospitals in the province. They will also serve as the primary hub for oxygen therapy in the province. Future investments by PHDs in cascade training and equipment will allow the expansion of these capabilities to district facilities. Capacity building activities will be led by the MOH department responsible for the technical area and will use the national training curriculum.

[22] The original project applies ADB's *Procurement Guidelines* (2015, as amended from time to time).

B. Economic and Other Impacts, Financial Viability, and Sustainability

20. Supply contracts for oxygen plants, clinical equipment, and ambulances will include the provision of maintenance and spare parts for the project implementation period. Hospital technicians will be trained in the maintenance of oxygen plants and ambulances, to ensure sustained functioning of equipment and vehicles beyond the project life. Counterpart financing will support the operational costs. The project team will work closely with MOH, PHDs, and hospitals to strengthen forward budget allocation and ensure provision for future O&M. The PMU will continue to consult with MOH and other development partners on the specifications of oxygen plants to be procured. Ensuring the alignment of equipment will allow future maintenance requirements to be streamlined.

21. The financial sustainability analysis will be completed within 3 months from project approval.[23] It will assess the capacity of MOH to pay for the incremental recurrent costs of the project and the O&M of assets throughout their economic life. MOH receives annual budgetary appropriation for O&M from the national government. Historical and projected financial information on this budgetary appropriation, actual utilization, and O&M requirement will be analyzed. The analysis will further determine whether MOH has sufficient residual budgetary allocation to cover the incremental O&M costs.

C. Governance

22. A financial management assessment conducted in June 2021 concluded that the overall pre-mitigation financial management risk is moderate because the project will continue to use the original project PMU. The key financial management risks are that (i) limited financial resources of the government for the health sector may impact project sustainability; (ii) the decentralized nature of the project, involving multiple implementing agencies with separate bank accounts, increases the complexity of project financial management arrangements; (iii) weaknesses appear in government planning and budgeting processes; and (iv) the number and quality of financial management personnel at project implementing agencies impose limitations. In addition to the use of the original project PMU, risks will be mitigated through the provision of financial management training to project implementing agencies.

23. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and MOH. The specific policy requirements and supplementary measures are described in the PAM (footnote 21).

D. Poverty and Social Impacts

24. **Poverty and social.** The additional financing is classified as a general intervention.[24] The COVID-19 pandemic has put Cambodia's gains in poverty reduction at risk, potentially reversing 4 years of progress in the Human Development Index.[25] These impacts disproportionately affect the poor and vulnerable. A slowdown in the garment, construction, and tourism industries has impaired the livelihoods of low-skilled and informal workers.[26] The additional financing will

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[23] Guidance Note on Applying ADB's Financial Due Diligence Requirements in Response to the Covid-19 Pandemic.

[24] Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President for additional financing to the Kingdom of Cambodia).

[25] UNDP. Projected impacts of COVID-19 on the 2020 Human Development Index in Cambodia and its Neighbors. (Policy brief of 4 January 2021).

[26] UNDP. COVID-19 Economic and Social Impact Assessment in Cambodia. Phnom Penh (Policy brief of 8 October 2020).

strengthen the capacity of the public health system to control the spread of COVID-19, and thereby facilitate the economic recovery and resumption of livelihoods. A further impact concerns the risk of households' financial burden from COVID-19–related illness. Out-of-pocket payments constituted 59% of total health expenditure in 2016, driven by a preference to initiate care in the private sector.[27] Households in the lowest two income quintiles are more vulnerable to out-of-pocket spending.[28] Strengthening the public health system's capacity to effectively treat COVID-19 reduces people's reliance on the private sector, and minimizes both health and socioeconomic impacts.

25. **Gender.** The additional financing is categorized as *effective gender mainstreaming*.[29] In Cambodia, clinical positions are predominantly staffed by female health care workers.[30] Prioritizing female staff for clinical training will equip them with the knowledge and skills to safely manage highly infectious patients. During the pandemic, an increase in the incidence of psychosocial conditions, including anxiety and depression among women, was observed.[31] Hospitals provide a critical point of contact for the early identification and referral of at-risk individuals. The gender action plan for the original project has been updated to incorporate additional gender actions and targets under project outputs 2 and 4 to manage key gender issues. These include: (i) assessment of gender-related infection risks for frontline health care workers during pandemics; (ii) representative participation of female and male staff in clinical care training; (iii) upskilling of female and male health care workers to provide support and referral options to people affected by gender-based violence and mental health issues; (iv) provision of education materials to health care workers, patients, and their families on mental health and psychosocial support during times of crisis; and (v) collection and reporting of sex-disaggregated data on COVID-19.

E. Participatory Approach

26. The JFPR grant activities were designed in consultation with MOH's technical departments, PHDs and hospitals, and development partners. Nongovernment organizations working in technical areas, such as the Clinton Health Access Initiative (CHAI), participated in the design consultations. The DHS—with support from CHAI, the United Nations Office of Project Services (UNOPS), and WHO—completed a baseline consultation and assessment of oxygen needs with the participation of provincial and district referral hospitals across the country. Assessment findings provided the basis for the prioritization of beneficiary hospitals under the project grant.

F. Development Coordination

27. ADB coordinates with development partners, including the Japanese Embassy and Japan International Cooperation Agency (JICA), through bilateral consultations and MOH-led working groups. ADB is a member of the Health Technical Working Group, the key forum for development partner coordination in the health sector. ADB participates in the oxygen working group, a coordination platform for development partners providing investments for oxygen therapy.

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[27] World Bank. World Development Indicators (accessed 28 April 2021).
[28] WHO. 2019. Financial Health Protection in Cambodia (2009–2016): Analysis of Data from the Cambodia Socioeconomic Survey. Manila.
[29] Gender Action Plan (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President for additional financing to the Kingdom of Cambodia)
[30] In Cambodia, 52% of the health workforce are women, and most hold lower-level positions, while 84% of managers are men.
[31] CARE. 2020. *CARE Rapid Gender Analysis for COVID-19 Cambodia*. July 2020.

UNOPS is procuring and installing oxygen plants with support from the Government of Japan (4 national and 6 provincial hospitals) and WHO (1 national hospital). The government will utilize funding from the Global Fund's COVID-19 Response Mechanism (C19RM) to install oxygen plants in 4 provincial hospitals, and to procure oxygen therapy equipment and provide clinical training, among others. The 14 provincial hospitals proposed for the JFPR grant were selected to complement these investments of other development partners (para. 11).

28. The Government of Japan is providing 100 ambulances for allocation across the country. MOH is coordinating with PHDs on a needs-based allocation of these ambulances and will ensure that vehicles provided under the JFPR grant complement this investment. JICA is financing the construction of facilities and the installation of medical equipment in three hospitals in Siem Riep. Investments to strengthen surveillance and response capacity are supported by WHO and are also a focus area of the C19RM proposal. These investments are managed and coordinated by MOH's Department of Communicable Disease Control, which is also an implementing agency for the JFPR grant.

G. Safeguards

29. In compliance with ADB's Safeguard Policy Statement (2009), the project's safeguard categories are as follows.[32]

30. **Environment.** The overall project is classified category B for environment, in line with the classification of the original project. The grant project is classified as category C. Output B (project output 4) includes the installation of containerized oxygen plants at existing hospital compounds. Such installation works are not anticipated to cause adverse environmental impacts but could pose minor risks to occupational and community health and safety. The initial environmental examination and the environmental management plan prepared for the original project were updated to reflect the expanded project scope.[33] The PMU, with support from the safeguard specialist, will coordinate the implementation of the environmental management plan.

31. **Involuntary resettlement.** The overall project and grant project are classified category C for involuntary resettlement. No land acquisition and resettlement impacts are envisaged.

32. **Indigenous peoples.** The overall project and grant project are classified category B for indigenous peoples. The project will bring positive benefits to indigenous peoples in project areas, specifically with respect to health care. The project's indigenous peoples plan sets out actions to maximize the benefits for indigenous groups. MOH will appoint a focal person to oversee the plan's implementation, with support from the PMU's national safeguard specialist.

H. Risks and Mitigating Measures

33. The overall risk for the additional financing project is *moderate*. The financial management risk is moderate (para. 22). The project procurement risk is low given the similarity of scope with the original project and the recent relevant procurement experience of the executing agency. Major risks that may affect the implementation of the grant and the mitigating measures are summarized in Table 4. The integrated benefits and impacts are expected to outweigh the costs.

[32] ADB. Safeguard Categories.

[33] Initial Environmental Examination (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President for additional financing to the Kingdom of Cambodia).

Table 4: Summary of Risks and Mitigating Measures

Risks	Description	Mitigating Measures
Political stability	Political and economic instability creates conditions that increase the incidence of outbreaks.	ADB to continue its dialogue with the government on COVID-19 response and recovery
Sector support	Insufficient financial and administrative support from the government to the health sector, which is already burdened by the COVID-19 pandemic	PMU to support MOH in strengthening AOPs, including budgeting and staff requirements
Governance	The decentralized nature of the project with multiple implementing agencies increases the complexity of the project's financial management arrangements	MOH, through the PMU, to manage a single advance account for grant funds. The PMU will manage all grant-financed activities, including procurement.
Procurement	Supply chain affected by COVID-19 causing delay in delivery of goods	Advance actions to complete specifications and bidding documents for oxygen equipment prior to grant effectiveness
Activity implementation	COVID-19 outbreak causes disruptions to project implementation, including health staff unable to participate in training.	PMU to draw on experience from the original project (e.g., online delivery of training; delegation of tasks to PIUs)

ADB = Asian Development Bank, AOP = annual operation plan, COVID-19 = coronavirus disease, MOH = Ministry of Health, PIU = provincial implementation unit, PMU = project management unit.
Source: ADB.

IV. ASSURANCE AND CONDITIONS

34. The government and the Ministry of Health have assured ADB that the implementation of the JFPR grant shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the project administration manual, the grant agreement, and the additional financing loan agreement.[34]

35. Effectiveness of the JFPR grant will be conditional on the effectiveness of the additional financing loan agreement.

Supplementary Documents

1. Japanese Visibility
2. Specific Coordination Details with the Local Embassy of Japan and Japan International Cooperation Agency
3. Distribution List for Hospitals and Ambulances

[34] Legal document to be signed by the government and ADB.

Japanese Visibility

The project will closely follow the detailed guidance in the Guidance Note on Visibility for Japan Fund for Poverty Reduction (JFPR). The Ministry of Health will arrange a launching ceremony for the project that will include coverage by national media. A media release will be issued in conjunction with the project launch. The logos of the JFPR and Japanese Official Development Assistance will be displayed in publications and event materials produced with JFPR grant resources. The JFPR logo will also be featured in signages at the 14 hospitals receiving equipment support and on the 14 ambulances financed under the grant. Throughout grant implementation, the Embassy of Japan and the Japan International Cooperation Agency will be updated on the grant implementation's progress, and representatives will be invited to participate in review missions and milestone events such as the inauguration, or the opening of training workshops. An end-of-project dissemination meeting will be held with all project implementing agencies, project stakeholders, development partners, and representatives from the Embassy of Japan and the Japan International Cooperation Agency.

Specific Coordination Details with the Local Embassy of Japan and Japan International Cooperation Agency

1. During project preparation, online consultations were held with the Japan International Cooperation Agency (JICA) in Phnom Penh in May 2021. The Asian Development Bank (ADB) team informed JICA of the focus of the overall additional financing and the outputs and activities to be financed by the Japan Fund for Poverty Reduction (JFPR) grant. A copy of the concept paper and the grant assistance report was shared with JICA.

2. On 28 May 2021, Mr. Tadashi Ogasawara of JICA shared with ADB the current and planned activities that Japan is supporting in Cambodia. JICA is providing $19.6 million for the construction of facilities and the installation of medical equipment in three hospitals in Siem Riep. He confirmed that the scope of the ADB grant activities would complement and not duplicate JICA's current activities. The possibility of aligning and coordinating the coronavirus disease (COVID-19) support with the health sector and other projects will be explored during implementation.

3. The ADB and JICA teams shared lessons and common challenges in implementing projects in Cambodia's health sector. Both parties agreed to meet regularly and share updates, especially with respect to the COVID-19 response. These lessons will also be shared with Cambodia's Ministry of Health (MOH) and the wider group of development partners through sector forums. These include the Health Technical Working Group and Oxygen Therapy Working Group, both led by MOH.

4. Once the grant proposal is approved by the Government of Japan and ADB, and the JFPR grant is declared effective, the MOH will arrange a launching ceremony for the JFPR grant. Officials from the Embassy of Japan (EOJ) and JICA will be invited to participate in the ceremony.

5. From time to time, EOJ and JICA will be informed of the grant implementation's progress and milestones, especially if major changes in scope and objectives are required. Throughout the project, the ADB team will be available to answer inquiries from EOJ and JICA. EOJ and JICA officials will be invited to join progress and completion review missions to see project results and to interact firsthand with project recipients. The ADB team will share information on the outcomes and lessons from the grant with EOJ and JICA in the field to enable both sides to explore and seek potential collaboration.

6. Communications with EOJ and JICA will continue, with copy to the ADB Cambodia Resident Mission (CARM) and the Japan Team in ADB's Sustainable Development and Climate Change Department. CARM will help arrange meetings with EOJ and JICA, when needed. CARM will also play a key role in arranging the grant agreement signing event and in ensuring overall coordination and relationship management with EOJ and JICA.

Distribution List for Hospitals and Ambulances

HOSPITAL	OXYGEN PLANT	OXYGEN THERAPY EQUIPMENT	AMBULANCE
Kratie Provincial Hospital	√	√	√
Mondul Kiri Provincial Hospital	√	√	√
Rattanakiri Provincial Hospital	√	√	√
Prey Veng Provincial Hospital	√	√	√
Stung Treng Provincial Hospital	√	√	√
Kompongthom Provincial Hospital	√	√	√
Kampot Provincial Hospital	√	√	√
Koh Kong Provincial Hospital	√	√	√
Pursat Provincial Hospital	√	√	√
Pailin Provincial Hospital	√	√	√
Oddar Meanchey Provincial Hospital	√	√	√
Kandal Provincial Hospital	√	√	√
Kep Provincial Hospital	√	√	√
Tbong Khmum Provincial Hospital	√	√	√