



# Concept Paper

---

Project Number: 41123  
December 2014

## Proposed Loan CAM: Second Road Asset Management Project

## CURRENCY EQUIVALENTS

(as of 15 November 2014)

Currency unit	–	riel (KR)
KR1.00	=	\$0.00024
\$1.00	=	KR4,065

## ABBREVIATIONS

ADB	–	Asian Development Bank
km	–	kilometer
MPWT	–	Ministry of Public Works and Transport
PMU	–	project management unit
RBL	–	results-based lending
TA	–	technical assistance

## NOTE

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

<b>Vice-President</b>	S. Groff, Operations 2
<b>Director General</b>	J. Nugent, Southeast Asia Department (SERD)
<b>Director</b>	H. Iwasaki, Transport and Communications Division, SERD
<b>Team leader</b>	S. Date, Senior Transport Specialist, SERD
<b>Team members</b>	I. Ashan, Counsel, OGC C. Clark, Safeguards Specialist (Resettlement), SERD U. Hoque, Senior Social Development Specialist (Gender and Development), SERD E. Lara, Safeguards Officer (Environment), SERD V. Lisack, Procurement Specialist, OSFMD A. Mabale, Associate Project Officer, SERD E. Oyunchimeg, Senior Transport Specialist, SERD A. Velasquez, Safeguards Specialist (Environment), SERD A. Veron-Okamoto, Transport Specialist, SERD F. Villanueva, Senior Operations Assistant, SERD
<b>Peer Reviewer</b>	C. Chen, Senior Transport Specialist, South Asia Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## CONTENTS

	<b>Page</b>
PROJECT AT A GLANCE	
I. THE PROJECT	1
A. Rationale	1
B. Impact, Outcome, and Outputs	2
C. Investment and Financing Plans	3
D. Indicative Implementation Arrangements	4
II. DUE DILIGENCE REQUIRED	4
III. PROCESSING PLAN	4
A. Risk Categorization	4
B. Resource Requirements	4
C. Processing Schedule	5
IV. KEY ISSUES	5
APPENDIXES	
1. Design And Monitoring Framework	6
2. Problem Tree	9
3. Project Preparatory Technical Assistance	10
A. Justification	10
B. Major Outputs And Activities	10
C. Cost Estimate And Proposed Financing Arrangement	10
D. Consulting Services	11
E. Implementation Arrangements	14
4. Initial Poverty And Social Analysis	15
Supplementary Appendix	
1. Project Rationale and Lessons Learned from Road Asset Management Project	

## PROJECT PREPARATORY TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 41123-014</b>	
<b>Project Name</b>	Second Road Asset Management Project	<b>Department /Division</b>	SERD/SETC
<b>Country Borrower</b>	Cambodia Ministry of Economy and Finance	<b>Executing Agency</b>	Ministry of Public Works and Transport
<b>2. Sector</b>		<b>ADB Financing (\$ million)</b>	
✓ Transport	Road transport (non-urban)		0.85
		<b>Total</b>	<b>0.85</b>
<b>3. Strategic Agenda</b>		<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>		<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional development	Effective gender mainstreaming (EGM)	✓
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Rural Urban	High Low
<b>6. TA Category:</b>	B		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.85</b>	
Sovereign Project preparatory technical assistance: Technical Assistance Special Fund		0.85	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.09</b>	
Government		0.09	
<b>Total</b>		<b>0.94</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		No	
Use of country public financial management systems		No	

## I. THE PROJECT

### A. Rationale

1. The project aims to assist the Government of Cambodia with periodic maintenance of the national and provincial roads administered by the Ministry of Public Works and Transport (MPWT). The project will (i) assist MPWT in the periodic maintenance of about 515 kilometers (km) of MPWT roads; and (ii) help to create a sustainable road maintenance regime by strengthening capacity at MPWT to (a) improve the maintenance and management of its roads network; (b) strengthen axle load control operations; and (c) further strengthen the process of privatizing MPWT's force account units. The project will also support a community-based road safety program, and an HIV/AIDS and human trafficking awareness and prevention program, with sufficient gender considerations.<sup>1</sup>

2. Roads are the principal mode for transport in Cambodia. The country's road network of 51,764 km includes: (i) about 5,623 km of national roads (primary national highways); (ii) about 6,641 km of provincial roads (secondary national highways); and (iii) about 39,500 km of rural roads. Management of national and provincial roads is the responsibility of MPWT; the Ministry of Rural Development (MRD) is responsible for rural roads.

3. By the early 1990s, after years of civil war, the country's road network deteriorated severely. Since 1992, with assistance from the Asian Development Bank (ADB) and other development partners, the government has focused on rehabilitating core national infrastructure required for the economy to develop in a sustainable manner. Such efforts have brought the paved national road network to about 2,700 km in length, about 25% of the total national and provincial road network. Only half of the remaining 75% of unpaved national and provincial roads are in good to fair condition. An approximate \$3.2 billion may still be required to pave the road network.

4. Meanwhile, the rural economy, supported by 80% of the national population, is becoming increasingly dependent on the improved national and provincial road networks for access. Without a robust road asset management program, investments made for rehabilitating MPWT's paved roads (over \$1 billion since the mid-1990s) are in danger with increasing traffic. MPWT has estimated that the annual budgetary requirement for road maintenance of national and provincial roads is about \$100 million.

5. In 2008, ADB approved a loan to MPWT for the Road Asset Management Project (RAMP).<sup>2</sup> The RAMP financed periodic maintenance works to help preserve MPWT roads that are still maintainable, and correct deficiencies affecting the sustainability and safety of the network. The RAMP also included activities to strengthen the capacity of MPWT for efficient road asset management planning, and assist MPWT in privatizing its force account units. MPWT then did not have systematic, program-based planning, execution, or budgeting for road maintenance, and road maintenance works were directly undertaken by MPWT through force account.

6. The periodic maintenance program under the RAMP was largely successful. So was the road safety output, though relatively in small scale. It made progress in enhancing MPWT capacity

---

<sup>1</sup> The project is included in ADB. 2014. *Country Operations Business Plan: Cambodia, 2014–2016*. Manila.

<sup>2</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Kingdom of Cambodia for the Road Asset Management Project*. Manila (Loan 2406-CAM).

for identifying priority maintenance activities through road damage assessment, data analysis, and work programming. However, this was not the case for the capacity building to outsource force account-based road maintenance works to the private sector. Further, the RAMP was not successful in focusing on sustainability of road maintenance financing. Details of these problems and gaps under the past and ongoing external assistance are outlined in the Supplementary Appendix.

7. As a consequence of relatively rapid economic development, overloaded cargo vehicles have become a severe cause of road damage in Cambodia. While ADB has been supporting an axle load control program for the national road network since 2007 (as well as another axle load control program for MRD's rural roads since 2011), MPWT's axle load control program has run into operational problems since 2012, and is currently ineffective in controlling overloading.

8. The proposed project aims to address the aforementioned road asset management and overloading issues (paras. 7–8). The past and ongoing ADB interventions have been able to improve the road assets that were the direct target of ADB financing, and made some headway in strengthening MPWT's capacity in the use of key tools for road asset management planning. However, they were not successful in catalyzing sector-wide changes in the way the government finances and implements its road asset management, and preserves its created assets against overloading. It is proposed that the preparation of the proposed project explores the use of results-based lending (RBL) as a possible financing modality to better address the identified sector-wide issues.

9. The overarching objective of ADB's country partnership strategy 2014–2018 for Cambodia is poverty reduction, in line with the government's socioeconomic development priorities.<sup>3</sup> Meanwhile, the government's national strategy for growth for 2013–2018 emphasizes the need for development of physical infrastructure with other three core areas (agriculture sector promotion, private sector development and employment, and capacity building and human resource development).<sup>4</sup> The project supports both these strategies.

## **B. Impact, Outcome, and Outputs**

10. The impact of the project will be to preserve the long-term sustainability of national and provincial road network. This will assist economic growth by reducing future transport costs and preserving road connections. This impact is consistent with the sector results framework of the Cambodia Transport Sector Assessment, Strategy, and Road Map.<sup>5</sup> The outcome of the project will be increased financing and capacity for efficient road asset management within MPWT. There are four key project outputs: (i) road maintenance; (ii) road asset management; (iii) road safety and safeguards; and (iv) project management support.

11. **Road Maintenance.** About 515 km of national and provincial roads will be repaired and maintained with asphalt concrete overlay, implemented through performance-based contracts. These roads have been selected through the criteria of: (i) previously rehabilitated but neglected roads due to lack of financing for the periodic maintenance; and (ii) roads that have not been rehabilitated by ADB financing in the past. This output also includes implementation supervision consulting services.

<sup>3</sup> ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018* (draft). Manila.

<sup>4</sup> Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia. 2013. *Rectangular Strategy for Growth, Employment, Equity, and Efficiency, Phase III*. Phnom Penh.

<sup>5</sup> ADB. 2014. *Cambodia Transport Sector Assessment, Strategy, and Road Map* (draft). Manila.

12. **Road Asset Management.** This output will improve road asset management in a sustainable manner through a strong capacity-building program. This program will continue the interventions initiated in the RAMP for MPWT to efficiently manage the road assets, with measures for efficiently outsourcing maintenance works performed by force account units in MPWT (through competitive bidding based on national procurement practices accepted by development partners), and for resolving axle load control operation issues. The output also focuses on an approach to achieve sustainable funding for road maintenance through road fund or similar source. This may be an initial step in the process of achieving long-term sustainability of maintenance funding due to the still unpaved road network of national and provincial roads (para. 3). Nevertheless, this initiative seems vitally important for the future of road maintenance in Cambodia which may be achieved over long term interventions.

13. **Road Safety and Safeguards.** This output will increase the awareness and application of road safety and safeguards of the project provinces (Kampong Cham, Kampong Speu, Kampot, Prey Veng, Sihanoukville, Stung Treng, and Svey Rieng) by (i) a community-based road safety awareness program, including education program for schools, drivers, road users, and the community; road safety provisions in road design; and community-based enforcement. The approach here is to aim for self-sustainability of the communes to run road safety programs in the long term; (ii) implementing an HIV/AIDS and human trafficking awareness and prevention program; and (iii) conducting a gender-disaggregated baseline socioeconomic survey of project beneficiaries.

14. **Efficient Project Management.** This output is to strengthen the capacity of MPWT to provide efficient project management support for project implementation. The project will promote positive employment and gender impacts in the rural communities under most of the outputs. The labor and gender mainstreaming action plan, to be developed during project design, will incorporate all the labor and gender-mainstreaming aspects of the project outputs.

### C. Investment and Financing Plans

15. The project is estimated to cost \$116.0 million, including taxes and duties of \$10.0 million. The total cost includes physical and price contingencies, and interest and other charges during implementation. The investment and financing plan is summarized in Table 1. ADB financing is firm but others are tentative for now. ADB will seek financing from other financiers in the future, but the project may also be designed for a no-cofinancing scenario.

**Table 1: Tentative Investment and Financing Plan (\$ million)**

Item	Cost	Financing		Government
		ADB (ADF Loan)	Cofinanciers (to be determined) <sup>a</sup>	
Road maintenance	75.00	34.70	40.30	
Road asset management	5.60	1.00	4.60	
Road safety and safeguards	2.40	1.80	0.60	
Project management support	2.00	1.50		0.50
Contingencies	19.00	9.00	10.00	
Taxes and duties	10.00			10.00
Financing charges	2.00	2.00		
<b>Total</b>	<b>116.00</b>	<b>50.00</b>	<b>55.50</b>	<b>10.50</b>
<b>Percentage</b>	<b>100.00</b>	<b>43.10</b>	<b>47.84</b>	<b>9.06</b>

<sup>a</sup> Tentative co-financiers are the Government of Australia and the Export-Import Bank of Korea.

Source: Asian Development Bank estimates.

## D. Indicative Implementation Arrangements

16. The MPWT will be the executing agency for the Project, with extensive experience of implementing ADB-funded projects. It is proposed to have project management unit 3 (PMU3), currently implementing four ongoing ADB-financed projects, to implement the proposed project. An international firm will be engaged to implement the technical assistance (TA) to design the proposed project, to be implemented over 6.5 years. Procurement of goods, works, and related services, and recruitment of consulting services will be undertaken in accordance with ADB's Procurement Guidelines (2013, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

## II. DUE DILIGENCE REQUIRED

17. Due diligence may include the following during project design in addition to the applicability of RBL: (i) **Technical**. The institutional capacity and organizational assessment for planning and execution of road asset management will be conducted; (ii) **Economic**. Economic viability will be confirmed, which will cover all necessary areas as required by the ADB Operations Manual; (iii) **Financial**. Financial viability in terms of sustainability of the project or overall road maintenance in MPWT will be confirmed. The project design will look into public financial management, procurement, anticorruption, policy and legal, capacity, and other institutional issues; (iv) **Poverty and social**. There are indirect poverty reduction impacts. Major direct social impacts are HIV/AIDS, human trafficking, and road safety. A poverty and social/gender analysis will be undertaken to prepare a report and a gender action plan based on recommendations for maximizing the benefits for women; and (v) **Safeguards**. Minor environment impacts will be likely due to site works (dust and emissions). It is envisaged that there will be no impacts on indigenous peoples, and there will be no road widening either. Therefore, the project may be category B for environment, category C for indigenous peoples and resettlement.

18. Given the procurement management issues that other development partners have had with MPWT in the past, the project design will focus on establishing risk mitigation measures.

## III. PROCESSING PLAN

### A. Risk Categorization

19. The project is an investment project with a project cost of about \$116.0 million. ADB has sound past experience in Cambodia in road sector projects. MPWT and PMU3 also have good capacity with experience in ADB-financed projects. With no resettlement effects and other safeguards categories as B and C, it is considered a *low risk* project. This is also the same for procurement.

### B. Resource Requirements

20. The key members of the project team will be a senior transport specialist/mission leader, a transport economist, an environment specialist, a social development specialist, and a project analyst. About 80 person-weeks of staff resources will be required. For designing the project including RBL, staff resources from the Office of the General Counsel and Controller's Department may need to be determined. A project preparatory TA will design the proposed project; the requirements are in Appendix 3.

### C. Processing Schedule

21. Table 2 shows the major milestones of project processing.

**Table 2: Proposed Processing Schedule**

<b>Milestones</b>	<b>Expected Completion Date</b>	<b>Milestones</b>	<b>Expected Completion Date</b>
1. TA Fact finding Mission	May 2014	10. Loan fact-finding mission; TA Final Report	September 2015
2. Departmental Review	June 2014	11. Management review meeting	November 2015
3. Peer review	August 2014	12. Loan negotiations; TA physical closing date	January 2016
4. Advance Action	September 2014	13. Board consideration; TA financial closing date	April 2016
5. Concept paper approval	December 2014	14. Loan effectiveness	June 2016
6. Short listing of consultants	December 2014		
7. Mobilization of TA consultants	January 2015		
8. TA Inception mission	February 2015		
9. Mid-term review	June 2015		

TA = technical assistance.

Source: Asian Development Bank.

### IV. KEY ISSUES

22. There are no key issues requiring due diligence and support from other ADB teams. However, during project design, it is necessary to confirm about \$55.5 million co-financing. In the event the use of RBL is pursued for the project, the project team will seek guidance on further loan processing at the Management Review Meeting.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Long-term sustainability of national and provincial road network preserved</p>	<p>MPWT allocates \$80 million annually for road maintenance in 2026 from \$47 million in 2014</p> <p>The value of national provincial road assets will be \$3.0 billion or more by 2026 (baseline \$2 billion in 2014)</p> <p>Average traffic volume of project roads increase from 2,090 pcu in 2014 to 3,500 pcu in 2026</p>	<p>Field surveys: MPWT</p> <p>Annual report: MPWT</p>	<p><b>Assumptions</b> The government is committed to maintenance and management of MPWT's road network</p> <p><b>Risks</b> The project roads deteriorate because of insufficient funds for road maintenance programs due to political attributes</p>
<p><b>Outcome</b> Increased financing and capacity for efficient road asset management within MPWT</p>	<p>Average passenger (\$0.25/km) and freight vehicle operating costs (\$0.50/km) in 2014 remain constant or begin decreasing in constant prices by 2023</p> <p>Share of external donor financing for periodic road maintenance reduces by 50% from 2014 in 2023 (baseline in 2014 TBD)</p> <p>Sustainable road maintenance financing modalities implemented by 2023</p>	<p>Field traffic surveys: MPWT</p> <p>Annual reports: MPWT</p>	<p><b>Assumption</b> The government sustains its commitment to good road maintenance practices</p> <p>Force account usage improves</p> <p>Contractors with adequate technical skills are available for road maintenance works</p> <p><b>Risk</b> Insufficient funding for road maintenance due to political attributes</p>
<p><b>Outputs</b> 1. Improved road maintenance</p> <p>2. Improved road asset management in MPWT</p>	<p>About 515 km of national and provincial roads repaired and maintained by December 2021</p> <p>Contractors' cumulative unskilled labor days will be 20% women by 2021.</p> <p>Fully operational weigh stations increase from 0 in 2014 to 7 by 2021</p>	<p>Monthly and quarterly project progress reports: MPWT</p> <p>Annual reports: MPWT</p> <p>Quarterly progress reports: MPWT</p> <p>Project completion report: ADB</p> <p>Annual reports: MPWT</p>	

Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Assumptions and Risks
	Road maintenance by private contractors increase from 5% in 2014 to 60% in 2021  Sustainable road maintenance financing models developed by 2021	Quarterly progress reports: MPWT  Project completion report: ADB  Annual reports: MPWT	
3. Increased road safety and awareness of potential social problems	40% of project beneficiaries (50% women) in project provinces and all contractors' personnel participate in an HIV/AIDS awareness and human trafficking awareness and prevention program before and during civil works construction, by 2021  Sex-disaggregated baseline socioeconomic data established by 2018  Mothers have a 30% share in community participants in road safety awareness activities by 2018	Quarterly progress reports: MPWT  Project completion report: ADB  Quarterly progress reports: MPWT  Quarterly progress reports: MPWT  Project completion report: ADB	
4. Efficient project management	PMU3 personnel increased from 15 (10 male, 5 female) in 2014 to 22 (14 male, 8 female) in 2021  All PMU3 staff (current 10 male, 5 female) participate in training on social and gender issues, by 2021 (likely 22 with 14 male, 8 female).	Quarterly progress reports: MPWT  Project completion report: ADB  Quarterly progress reports: MPWT  Project completion report: ADB	

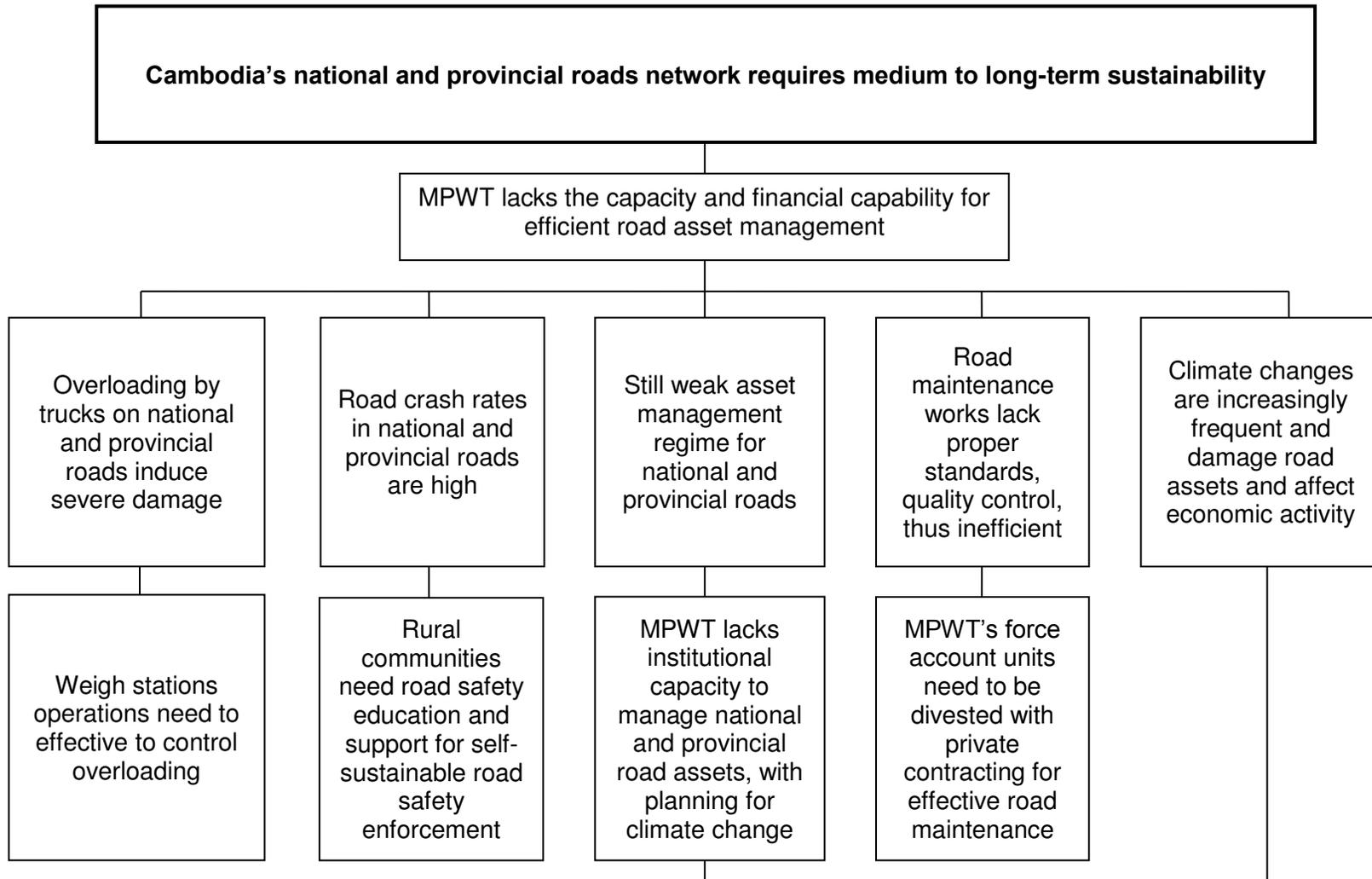
Activities with Milestones	Inputs	
1. <b>Improved road maintenance</b>	<b>ADB:</b>	<b>\$50.00 million</b>
1.1 MPWT selects implementation supervision consultants by January 2018	<b>Government:</b>	<b>\$10.50 million</b>
1.2 MPWT awards civil works contracts by June 2018	<b>Cofinancing:</b>	<b>\$55.50 million</b>
1.3 MPWT completes 515 km of road rehabilitation by June 2023	<b>Total</b>	<b>\$116.00 million</b>
2. <b>Road asset management</b>		
2.1 MPWT resolved operational issues at weigh stations by January 2018	<b>Item</b>	<b>Amount</b> (\$ million)
2.2 MPWT resume axle load control by March 2018	1. Road maintenance	

Activities with Milestones	Inputs	
3. <b>Road safety and safeguards</b>	a. Repair and	68.00
3.1. MPWT implements the road safety program by June 2023	maintain 515	
3.2. MPWT implements the HIV/AIDS and human trafficking awareness and prevention program by June 2023	km of national and provincial roads	7.00
3.3. MPWT completes the baseline socioeconomic survey with sex-disaggregated data by December 2018	b. Consulting services for implementation supervision	
4. <b>Efficient project management</b>	2. Road asset	5.60
4.1. MPWT completes training on social and gender issues for all PMU3 staff by June 2023	maintenance	
4.2. PMU3 recruits 10 new staff to increase its efficiency by June 2023	3. Road safety and safeguards	2.40
4.3. MPWT manages the project efficiently by June 2023	4. Project management	2.00
	5. Contingencies	19.00
	6. Financial charges during implementation	2.00
	7. Taxes and duties	10.00

ADB = Asian Development Bank, km = kilometer, MPWT = Ministry of Public Works and Transport, pcu = passenger car unit, PMU3 = project management unit 3.

Source: Asian Development Bank.

## PROBLEM TREE



MPWT = Ministry of Public Works and Transport.

## PROJECT PREPARATORY TECHNICAL ASSISTANCE

### A. Justification

1. The Government of Cambodia has requested an Asian Development Bank (ADB) project preparatory technical assistance (TA) to prepare the proposed Second Road Asset Management. This proposed project is a priority project in the government's key infrastructure development agenda as it provides a strong foundation for road asset management regime of national and provincial road network of Cambodia. Thus, the TA was included in ADB's country operations business plan 2014–2016 for Cambodia.

### B. Major Outputs and Activities

2. Major activities of the TA are: (i) inception; (ii) feasibility study; and (iii) project design. These include: (a) for inception: the preparatory activities; (b) for the feasibility study: the activities for project preparation which will cover engineering, economic, social, and environmental aspects. The engineering study will include detailed cost estimates, implementation plan, geological, hydrological, and topographical surveys, and the pavement design with bid documents and the master bid document. The social and environmental study will prepare reports on initial environment examination, poverty and social assessment, and resettlement framework; and (c) for project design: preparation of drafts of the report and recommendation of the president, and the project administration manual. The major outputs and activities are summarized in Table A4.1.

**Table A4.1: Summary of Major Outputs and Activities**

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
1. Inception	April 2015	Inception report	April 2015
1.1 Conduct stakeholder consultations		(should accompany a tripartite meeting)	
1.2 Establish TA methodology and develop work program			
2. Feasibility study	May 2015	Mid-term report	May 2015
2.1 Conduct engineering study to prepare the engineering design, bid documents, and detailed cost estimate		(this report may contain interim results of the feasibility study as of May 2015; it should accompany a tripartite meeting)	
2.2 Conduct environment and social studies to prepare IEE, and social assessment reports			
3. Project design	July 2015	Draft final report	July 2015
3.1 Prepare a link document in draft RRP for each Output		(should accompany a tripartite meeting)	
3.2 Prepare relevant sections of draft PAM as applicable to each Output			
		Final report	August 2015

IEE= initial environment examination; PAM= project administration manual; RRP= report and recommendation of the president; TA= technical assistance.

Source: Asian Development Bank.

### C. Cost Estimate and Proposed Financing Arrangement

3. The TA is estimated to cost \$935,000 equivalent, of which \$850,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The

government was advised that approval of the TA does not commit ADB to financing any ensuing project.

4. The government will provide counterpart support in the form of office accommodation and counterpart staff, estimated to account for 9% of the total TA cost. The detailed cost estimate is presented in Table A4.2.

5. Disbursements under the TA will be done in accordance with the ADB's *Technical Assistance Disbursement Handbook* (2010, as amended time to time). The procurement of equipment will be in accordance with ADB's Procurement Guidelines (2013, as amended from time-to-time). The TA consultants will turn over the equipment to the Ministry of Public Works and Transport (MPWT) after the TA completion.

**Table A4.2: Cost Estimate of the Proposed TA**

Item	Total Cost (\$'000) <sup>a</sup>
<b>ADB Financing<sup>b</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (22 person-months)	440.0
ii. National consultants (34 person-months)	204.0
b. International and local travel	40.0
c. Reports and communications	10.0
2. Equipment (computer, printer, etc.) <sup>c</sup>	10.0
3. Workshops, training, seminars, and conferences <sup>d</sup>	
a. Tri-partite meetings	9.0
b. Social and/or Gender consultation meetings	15.0
c. Training (3 times) to PDPWT staff on road maintenance	10.0
4. Vehicle <sup>e</sup>	24.0
5. Surveys	38.0
6. Miscellaneous administration and support costs	10.0
7. Contingencies	40.0
<b>Total</b>	<b>850.0</b>

<sup>a</sup> The total cost of the TA amounts to an equivalent of \$850,000, of which contributions from TASF are presented in the table above. The Government will provide counterpart support in the form of office accommodation and counterpart staff, whose value is estimated to account for 9% of the total TA cost.

<sup>b</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-IV).

<sup>c</sup> Equipment

Type	Quantity	Cost
2 desktop computers with software, 1 color laser printer, and 1 color copy machine*	Lump sum	\$10,000

\* The consultants will turn over the equipment to the executing agency upon TA completion.

<sup>d</sup> Workshops, training, seminars, and conferences

Purpose	Venue
Tri-partite meetings (3)	Phnom Penh
Social/gender consultation meetings (10 covering all road sections)	Project provinces
Training (3) to PDPWT staff on road maintenance	Phnom Penh

<sup>e</sup> Vehicle

Justify the use of and the need to purchase or lease a vehicle	Expected length of use
Lease of vehicle by consultant for field work	8 months

ADB = Asian Development Bank, PDPWT=Provincial Departments of Public Works and Transport, TA = technical assistance.

Source: Asian Development Bank.

## D. Consulting Services

6. An international consulting firm will be engaged to implement the TA. The TA will require 7 positions in international consultants (22 person months) and 9 positions in national

consultants (34 person months). ADB will select and engage the consulting firm in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time) and other arrangements satisfactory to ADB. ADB will use the quality- and cost-based selection (90:10) with simplified technical proposal to select the consulting firm. Table A4.3 below shows the summary of consulting services requirement.

**Table A4.3: Summary of Consulting Services Requirement**

<b>International Name of Positions</b>	<b>Person months</b>	<b>National Name of Positions</b>	<b>Person months</b>
Pavement design engineer/team leader	6.0	Highway engineer/deputy team leader	8.0
Institutional development specialist	2.5	Institutional development specialist	3.0
Social development and gender specialist	1.5	Social development and gender specialist	4.0
Road safety specialist	3.0	Road safety specialist	6.0
Transport economist	2.0	Transport economist	4.0
Environment specialist	2.0	Environment specialist	3.0
Axle load control specialist	3.0	Axle load control specialist	4.0
Procurement specialist	2.0	Resettlement specialist	2.0
<b>Total</b>	<b>22.0</b>	<b>Total</b>	<b>34.0</b>

Source: Asian Development Bank.

7. The outline terms of references for the project preparatory TA consultants are described in paras. 8 to 19. The proposed TA needs close coordination during implementation between the TA consultants and the World Bank project team who is designing a similar project, the Road Asset Management II.

8. The team leader, as the international pavement design engineer, with his deputy, the national highway engineer, will coordinate all TA activities within the team and with all stakeholders. The team leader will lead the team of international and national consultants to design an investment output for the Second Road Asset Management Project. He or she will prepare a detailed plan for implementation of the output, including civil works, consulting services and other necessary contracts, and procurement method adapted. The team leader will lead in conducting necessary studies, seminars, and surveys, as necessary for each team member's inputs, and prepare a detailed cost estimate for the entire output.

9. The international pavement design engineer and the national highway engineer will design the road maintenance contracts, to be proposed under the ensuing loan project, should be performance-based contracts of 5.5 to 6.0 years in duration. All civil works contracts need to be ready for bidding by the loan fact finding mission. The team leader should work closely with ADB mission to design required design features, including outsourcing of force accounts in MPWT and resolving axle load control operational issues, for the appropriate modality of lending including results-based lending (RBL) for the ensuing loan project.

10. The contract design should focus on gender aspects plus local employment generation, working in close coordination with the national social development and gender specialist, to establish databases of available local labor in communes along the project roads. These two experts will conduct the engineering studies on proposed roads for improvement. Road paving to asphalt concrete should be within the existing construction limits, and no widening or realignment.

11. The international and national institutional development specialists will closely assess the institutional, organizational, and political issues during the implementation of the Road Asset Management Project, pertaining to unachieved objectives. Based on such lessons learned, the

experts should recommend realistic changes required in MPWT to achieve a stronger asset management regime. These changes should include necessary steps for sustainability of maintenance financing through revenue generation schemes, like fuel taxes (please refer to Supplementary Appendix 1).

12. The international and national social development and gender specialists will conduct poverty and social and indigenous peoples impact assessments and develop a program to raise awareness of HIV/AIDS and human trafficking prevention for the output. The experts will prepare a labor and gender action plan for the project for gender mainstreaming. They will also prepare an indigenous peoples plan or planning framework, if social assessment will find that the project will have impacts on indigenous peoples.

13. The international and national road safety specialists will design a community-based road safety program for the communes along the project roads. The experts should coordinate with ongoing road safety initiatives in MPWT and the Ministry of Rural Development, as well as other national initiatives to avoid duplication. The international expert should basically work in the field and design innovative features for changing behavior of road users to improve road safety in rural areas, while exerting efforts to build the capacity of the national expert. The experts should undertake a road safety audit for all project roads and propose innovative and effective design features to the team leader to be included in civil works contracts. Such designs should be cost optimal in terms of the balance between effects of road environment versus road user behavior in reducing the incidence of road crashes.

14. The international and national transport economists will complete the traffic surveys for project roads for the economic analysis. The experts should conduct the economic analysis for the ensuing loan project based on ADB guidelines. The experts should update the design and monitoring framework's relevant indicators for traffic volumes, vehicle operating costs, and worth of road assets in MPWT.

15. The international and national environment specialists will perform an environmental assessment of the proposed output's environmental impacts to (i) comply with safeguard requirements of ADB and the government, (ii) recommend on required mitigating measures and draft the initial environment assessment, including an environment management plan (EMP) for civil works implemented under the project, and (iii) recommend on implementation and monitoring of the EMP.

16. The international and national axle load control specialists will assess the operational issues of axle load control in MPWT, in the field, and based on lessons learned on past and ongoing projects' implementation which support or supported axle load control interventions. The experts should refer to para. 10 on lending framework for the proposed project and work closely with the team leader to define realistic milestones and/or indicators, as required for RBL, for achievement by MPWT. The experts should refer to the TA 7665-CAM: Provincial Roads Improvement Project, for its Final Report, as this document had compiled solutions to axle load control operational issues of MPWT and recommendations for the future.

17. The international procurement specialist will assess the procurement capacity of MPWT and update the agency procurement capacity assessment prepared in 2011. Also, the expert will prepare the master bid document and bid documents for all contract packages.

18. The national resettlement specialist will prepare the resettlement framework for the project in case of any need for minor land acquisition during project implementation. If the

project design clearly identifies such land acquisition, then the required resettlement plan needs to be prepared. However, there is no land acquisition necessary nor will there be any displacement, physical or economic, permanent or temporary, of persons who may be using portions of identified existing national and provincial roads due to the project. In summary, the project preparatory TA will confirm potential involuntary resettlement impacts and prepare appropriate resettlement safeguards document to ensure compliance with requirements of the ADB's Safeguard Policy Statement (2009). There are also no known indigenous peoples groups in the project areas. The presence of indigenous peoples will be confirmed and impacts assessed during the project preparatory TA. The safeguards categorization will be reviewed and confirmed at that time as needed.

19. The general qualifications recommended all specialists to have a university degree in the related field, a minimum of 4 years of experience in the relevant field of expertise, and geographical experience. In the case of the team leader, the team leadership experience of 5 years is required. The international institutional development specialist needs to have a minimum of one assignment in road sector institutional development in Cambodia or similar neighboring country. English fluency is essential for all national experts.

20. Draft reports should be submitted in soft copy at least 2 weeks before the inception review, mid-term review, and final review. Once the comments from ADB and MPWT have been received and incorporated, the final version may be submitted in hard copy, three copies each to ADB and MPWT. For other months which do not have such milestone, a short progress report should be submitted in hard copy, three copies each to ADB and MPWT.

## **E. Implementation Arrangements**

21. MPWT will be the executing agency of the TA. The project management unit 3 (PMU3) will be the implementing agency of the executing agency. The PMU3 is familiar with implementation activities, as it is the implementing agency for four ongoing ADB-financed road sector projects. MPWT, along with the Ministry of Economy and Finance, the oversight agency or the borrower of the ensuing loan, will make in-kind contributions of office accommodation, and other inputs such as staff salaries, per diem, and transport, to support the TA.

22. The proposed TA processing and implementation schedule is listed in Table A4.4. The TA is expected to start in 15 January 2015, after 8 months of implementation, and completed by 15 September 2015.

**Table A4.4: Technical Assistance Processing and Implementation Schedule**

<b>Major Milestones</b>	<b>Expected Completion Date</b>
Advance action on recruitment of TA consultants	September 2014
Short listing of consultants	November 2014
TA approval	November 2014
Approval of technical and financial proposals	December 2014
Inception	February 2015
Mid-term review	June 2015
Submission of TA draft Final Report	September 2015
Loan fact-finding mission	September 2015
TA physical closing date	September 2015
TA financial closing date	April 2016

TA= technical assistance

Source: Asian Development Bank.

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia	Project Title:	Second Road Asset Management Project
Lending/Financing Modality:	Project	Department/Division:	Southeast Asia Department Transport and Communications Division

<b>I. POVERTY IMPACT AND SOCIAL DIMENSIONS</b>				
<b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b>				
<p>The government's poverty reduction strategy for growth for 2013–2018 (the Rectangular Strategy for Growth, Employment, Equity, and Efficiency, Phase III) emphasizes the need for development of physical infrastructure with other three core areas (agriculture sector promotion, private sector development and employment, and capacity building and human resource development).<sup>1</sup></p> <p>Meanwhile the overarching objective of ADB's current Country Partnership Strategy 2014–2018<sup>2</sup> for Cambodia is poverty reduction, in line with the Government's socioeconomic development priorities. The strategy focuses on two strategic objectives: (i) inclusive economic growth through provision of physical infrastructure, as well as interventions in other development activities such as vocational training, agriculture, and financial sector development; and (ii) social development and equity. Rehabilitating and enhancing the climate resilience of the rural roads under the project will improve the rural poor's access to markets and social services, and is a core means of promoting inclusive economic growth and reducing poverty, as well as enhancing social development and equity.</p> <p>The strategy includes the proposed project as one key intervention for preserving the road assets of national and provincial roads.</p>				
<b>B. Poverty Targeting</b> (Select one):				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"><input checked="" type="checkbox"/> General Intervention</td> <td style="width: 50%; border: none;"><input type="checkbox"/> Individual or Household (TI-H)</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Geographic (TI-G)</td> <td style="border: none;"><input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</td> </tr> </table> <p>The project has an indirect impact on poverty alleviation through improved conditions for travel and transport.</p>	<input checked="" type="checkbox"/> General Intervention	<input type="checkbox"/> Individual or Household (TI-H)	<input type="checkbox"/> Geographic (TI-G)	<input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)
<input checked="" type="checkbox"/> General Intervention	<input type="checkbox"/> Individual or Household (TI-H)			
<input type="checkbox"/> Geographic (TI-G)	<input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)			
<b>C. Poverty and Social Analysis</b>				
<p>1. <b>Key issues and potential beneficiaries.</b> The main project beneficiaries are rural based communities and road users along five segments of national roads of Cambodia.<sup>3</sup> The incidence of poverty in Cambodia (based on the national poverty line), is estimated at 35%, of which more than 90% live in the rural areas. Cambodia's poverty is rooted in its large agricultural sector, which has low productivity and low growth, but provides livelihood to the vast majority of the country's population. Living in rural areas, the poor tend to have low levels of education and limited access to land and other productive assets.</p>				
<p>2. <b>Impact channels and expected systemic changes.</b> Improving the estimated 515 kilometers of rural roads will improve access to markets and employment opportunities, as well as goods and services. Improved road conditions would reduce travel time and vehicle operating costs, both of which would reduce transportation costs. Reduced transportation costs in turn are expected to contribute to reduced prices for goods and services in the project areas. Reduced input costs for agriculture and improved access to markets for farm produce are expected to have a positive impact on farming incomes. Project construction will prioritize employment of locally sourced labor, including a target of 20% women for unskilled labor.</p>				
<p>3. <b>Focus of (and resources allocated in) the PPTA or due diligence.</b> A Poverty and Social Assessment (PSA) will prepare a socio-economic baseline and analyze the incidence and causes of poverty in the project areas. The PSA will also assess negative impacts and propose necessary mitigation measures, as well as analyze positive impacts and means of maximizing pro-poor features in the project design. Project risks are to include increased risk of HIV/STI transmission, human trafficking, and road accidents along with other risks identified through the PSA. Positive impacts and opportunities include improve access and mobility, as well as project related employment. The gender analysis will explore gender-related risks; opportunities and required conditions will be set out in a Gender Action Plan (GAP) and gender strategy based on results of a gender</p>				

<sup>1</sup> Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia. 2013. *Rectangular Strategy for Growth, Employment, Equity, and Efficiency, Phase III*. Phnom Penh.

<sup>2</sup> ADB. 2014. *Country Partnership Strategy: Cambodia, 2014–2018*. Manila (draft).

<sup>3</sup> The five segments are: (i) National Road (NR) 1 between Neak Leang and Bavet (105 kilometers [km]); (ii) NR 3 between Phnom Penh and Kampot (156 km); (iii) NR 7 between Stung Treng City to Lao Border (57 km); (iv) NR 48 from NR 4 junction to Koh Kong Border with Thailand (160 km); and (v) city road sections within Sihanoukville City (40 km).

<p>analysis. Other social issues to be addressed include guarantees for adherence to core labor standards, and ensuring meaningful participation through the preparation of a communications and participation plan.</p>
<p>4. <b>Specific analysis for policy-based lending.</b> Not applicable</p>
<p><b>II. GENDER AND DEVELOPMENT</b></p>
<p>1. <b>What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?</b> The needs of women as road users often vary considerably to those of men. Women typically are responsible for transporting their children to school and social services such as primary health care. Women are also dependent on reliable road transport to access for reproductive and maternal health services. In many rural communities, women play an essential role in contributing to household incomes through marketing of their households farm produce, as well as participating in informal sector livelihoods such as small businesses, casual labor – all of which are affected significantly by the quality of the road transportation. Improved road transportation is, therefore, likely to significantly contribute to women’s health, improved capacity to contribute to household incomes, and reduction in time burden in managing both livelihood and reproductive (i.e. household maintenance) roles.</p> <p>During project implementation, women face specific risks and are likely to have a keener interest in various aspects of the project which need to be addressed in project design and implementation. Women in host communities are, in some respects, more vulnerable to HIV infection due to greater physiological susceptibility, as well as the need to ensure their partners do not engage in risky sexual practices. Women are likely to have a greater interest in road safety as their roles of primary caregivers of their children. The project also provides for short- to medium-term benefits during the implementation phase, including potential opportunities for project-related work, participation in livelihood improvement programs, and enhanced roles within the community by consultation and participation.</p>
<p>2. <b>Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women’s access to and use of opportunities, services, resources, assets, and participation in decision making?</b></p> <p><input checked="" type="checkbox"/> Yes (If yes, a gender action plan should be prepared during PPTA or due diligence)  <input type="checkbox"/> No (Please explain.)</p> <p>Improved road transportation will enhance improved access to services and livelihood opportunities, as well as potentially reduce their time burden. The project implementation will also set targets for women’s participation in project-related work opportunities and implementation of community-based road safety programs which will be reflected in GAP targets.</p>
<p>3. <b>Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?</b> <input type="checkbox"/> Yes (If yes, actions and measures should be prepared during PPTA or due diligence).  <input checked="" type="checkbox"/> No (Please explain)</p> <p>Risks on women’s interests will be carefully assessed during the PPTA stage and addressed through GAP and other relevant Social Action Plans.</p>
<p>4. <b>Indicate the intended gender mainstreaming category:</b></p> <p><input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming)  <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<p><b>III. PARTICIPATION AND EMPOWERMENT</b></p>
<p>1. <b>Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.</b> Main stakeholders include communities through which the roads traverse and road users in the project areas. Project stakeholders will participate in the consultations during the PSA and Gender Analysis which will, in turn, inform the design of project components such as the road safety component, as well as the HIV and Human Trafficking Mitigation Program.</p>
<p>2. <b>How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?</b> A communications and participation plan will be prepared setting out information disclosure and consultation requirements throughout various stages of the project’s implementation. Modes of project communication will include public meetings and focus group discussions. In addition to this, some project components (such as road safety) will be community-based, providing opportunities for participation and management of local communities in activities which directly affect them. A grievance redress mechanism (GRM) will also be established for the project. Lower levels of the project GRM will be located at the local administrative levels. Collaboration with existing community-based organizations, such as religious institutions, mass organizations, and local government service providers (e.g. schools and health services) will also be incorporated in various components involving outreach or community mobilization.</p>

3. **What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?**  
 **H** Information generation and sharing  **M** Consultation  **H** Collaboration  Partnership

4. **Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Describe key features, responsibilities and resources to strengthen the participation of CSOs, and/or poor and vulnerable.**  
 Yes  No (Please explain.)  
 Local communities will be consulted on the design of community-based programs, as well as mitigation measures of anticipated social impacts. These consultations will be inclusive. Community-based programs will include participation of women, as well as marginalized groups.

**IV. SOCIAL SAFEGUARDS**

**A. Involuntary Resettlement Category**  A  B  C  FI

1. **Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? (Please explain and provide information on the extent of land and assets acquisition and the estimated number of affected persons. Also describe actions/measures to be conducted during due diligence to address involuntary resettlement.)**  Yes  No  
 No involuntary resettlement impacts are expected as all works will be confined to existing road pavement surface widths.

2. **What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?**  
 Resettlement plan  Resettlement framework  Social impact matrix  
 Environmental and social management system arrangement  None

**B. Indigenous Peoples Category**  A  B  C  FI

1. **Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?**  Yes  No  
 There are no known indigenous peoples groups in the project areas. The presence of indigenous peoples will be confirmed and impacts assessed during the PPTA. The safeguards categorization will be reviewed and confirmed at that time as needed.

2. **Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?**  Yes  No

3. **Will the project require broad community support of affected indigenous communities?**  
 Yes  No (Please explain.)  
 The project will improve existing roads. No indigenous peoples are expected to be adversely affected.

4. **What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?**  
 Indigenous peoples plan  Indigenous peoples planning framework  Social Impact matrix  
 Environmental and social management system arrangement  None

**V. OTHER SOCIAL ISSUES AND RISKS**

1. **What other social issues and risks should be considered in the project design?**  
 Creating decent jobs and employment  **H** Adhering to core labor standards  
 Labor retrenchment  **M** Spread of communicable diseases, including HIV/AIDS  
 Increase in human trafficking  **L** Increase in unplanned migration  
 Affordability  Creating political instability  
 Increase in vulnerability to natural disasters  Others, please specify \_\_\_\_\_  
 Creating internal social conflicts

2. **How are these additional social issues and risks going to be addressed in the project design?**  
 An HIV and Human Trafficking Awareness and Prevention Program will be prepared. Requirements for core labor standards will be stipulated in bidding documents and civil works contracts.

**VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT**

1. **Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?**  Yes  No (Please explain why.)

2. **What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?**  
 The project design consultants will have qualified international and national experts to carry out social impact assessment, gender analysis and communication strategy. Budget will be allocated for social surveys, consultation, and disclosure activities.

## **Project Rationale and Lessons Learned from Road Asset Management Project**

1. This supplementary appendix describes the project rationale with respect to lessons learned in the Road Asset Management Project (RAMP), what have been the problems, what has not been achieved, gaps and problems, and what needs to be remedied in the proposed project.
2. First, RAMP, approved in 2008, was conceived by the World Bank which financed about \$37.0 million; the Asian Development Bank (ADB) financed \$4.0 million. RAMP's objectives were to (i) assist the Ministry of Public Works and Transport (MPWT) with periodic maintenance of about 950 kilometers of national and provincial roads administered by the MPWT, including necessary project implementation support; (ii) help to build capacity at MPWT to improve the management and maintenance of its roads network and start a process of divesting MPWT's force account units; and (iii) implement a road safety activity.
3. The periodic maintenance program under the RAMP was largely successful. So was the road safety activity, though relatively in small scale. It made progress in enhancing MPWT capacity for identifying priority maintenance activities through road damage assessment, data analysis, and work programming. However, this was not the case for the capacity building to outsource force account-based road maintenance works to the private sector. Further, the RAMP was not successful in focusing on sustainability of road maintenance financing as it was not an original objective (see para. 5 below).
4. One lesson from RAMP had been on the use of a procurement agent. This was largely unsuccessful as it created distrust between the development partner and the executing agency, MPWT, while the process was weak in building capacity of the executing agency. Procurement processes were substantially delayed in the World Bank-financed activities. Since ADB was a parallel co-financier, it did not adopt a procurement agent, thus the project implementation in terms of ADB-administered activities was not delayed. The World Bank eventually abandoned the procurement agent.
5. Another substantial and continuing problem had been the proper use of the force account in MPWT. The original project design was aimed at annually increasing financing from government sources, usually earmarked for force accounts, for outsourcing road maintenance contracts to the private sector on a competitive basis. This did not happen as one of the co-financiers agreed with the Borrower, the Ministry of Economy and Finance, not to implement this. This agreement was disclosed to ADB towards the end of the project. Due to strong objections from ADB, the Borrower agreed to reinstate government financing to implement the aforementioned reforms. Nevertheless, as a result, divesting the force account was less than successful, though MPWT initiated \$5.0 million for the first batch of outsourcing contract award process in April 2014.
6. In the RAMP, the focus was not on establishing a sustainable financing scheme for road maintenance. The reason for this was two-fold: one, the RAMP was the initial intervention of this kind in the Cambodia road sector to finance periodic road maintenance. Therefore, all issues in this context could not be aimed at for remedy. The other is the immense road stock, which still needs rehabilitation by paving, in the national and provincial road network. Road maintenance funding has to be in place in a sustainable manner, once the complete road network is in paved condition. This could be identified as a gap.

7. In the proposed project, this road maintenance financing gap needs to be remedied, even as an initial approach, as the whole process may take a long time. Since 75% of the national and provincial road network is unpaved, the government severely lacks financing to rehabilitate these roads to paved condition even with the development financing support. This automatically leads to allocating financing for new rehabilitation rather than maintenance. Nevertheless, the government has clearly identified the need to divest the force account, thereby optimally using the road maintenance allocation through more efficient private sector contracting. Therefore, the proposed project, and onwards, need to pave the foundation to create a more sustainable funding approach for road maintenance.