CURRENCY EQUIVALENTS
(as of 25 September 2016)

Currency unit – riel/s (KR)
KR1.00 = $0.00024
$1.00 = KR4,090

ABBREVIATIONS

ADB – Asian Development Bank
MRD – Ministry of Rural Development
NAP – National Action Plan for Rural Water Supply, Sanitation and Hygiene
O&M – operation and maintenance
PBL – policy-based loan
RWSS – rural water supply and sanitation
RWSSH – rural water supply, sanitation, and hygiene
RWSSHS – Rural Water Supply, Sanitation and Hygiene Strategy
TA – technical assistance

NOTE

In this report, "$" refers to US dollars.
<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Position/Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice-President</td>
<td>S. Groff</td>
<td>Operations 2</td>
</tr>
<tr>
<td>Director General</td>
<td>J. Nugent</td>
<td>Southeast Asia Department (SERD)</td>
</tr>
<tr>
<td>Directors</td>
<td>T. Gallego-Lizon</td>
<td>Urban Development and Water, SERD</td>
</tr>
<tr>
<td></td>
<td>S. Tukuafu</td>
<td>Cambodia Resident Mission, SERD</td>
</tr>
<tr>
<td>Team leader</td>
<td>S. Kamal</td>
<td>Urban Development Specialist, SERD</td>
</tr>
<tr>
<td>Team members</td>
<td>L. Adams</td>
<td>Senior Social Development Specialist, SERD</td>
</tr>
<tr>
<td></td>
<td>I. Ahsan</td>
<td>Senior Counsel, Office of the General Counsel</td>
</tr>
<tr>
<td></td>
<td>D. Connett</td>
<td>Young Professional (Environment), SERD</td>
</tr>
<tr>
<td></td>
<td>J. Hakim</td>
<td>Senior Portfolio Management Specialist, SERD</td>
</tr>
<tr>
<td></td>
<td>R. Luistro</td>
<td>Associate Project Analyst, SERD</td>
</tr>
<tr>
<td></td>
<td>A. Morel</td>
<td>Senior Environment Specialist, SERD</td>
</tr>
<tr>
<td></td>
<td>A. Orbe</td>
<td>Senior Operations Assistant, SERD</td>
</tr>
<tr>
<td></td>
<td>N. Ouk</td>
<td>Senior Project Officer, SERD</td>
</tr>
<tr>
<td></td>
<td>M. Ovenden</td>
<td>Social Development Specialist (Resettlement), SERD</td>
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<tr>
<td></td>
<td>A. Senador</td>
<td>Senior Operations Assistant, SERD</td>
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<td></td>
<td>S. Tansengco-Schapero</td>
<td>Senior Finance Specialist, SERD</td>
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<tr>
<td></td>
<td>M. White</td>
<td>Urban Development Specialist (Water Supply and Sanitation), SERD</td>
</tr>
<tr>
<td>Peer reviewer</td>
<td>J. Huang</td>
<td>Principal Urban Development Specialist, South Asia Department</td>
</tr>
</tbody>
</table>

In preparing any country program or strategy, financing any program, 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.
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B. An Overview of the Microfinance Market in Cambodia and Recent Sanitation Microfinancing Initiatives
C. Map Showing Focus Provinces of Proposed Project
D. Project Procurement Classification
# PROGRAM AT A GLANCE

## 1. Basic Data

<table>
<thead>
<tr>
<th>Project Number: 50101-002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Name:</strong> Third Rural Water Supply and Sanitation Services Sector Development Program</td>
</tr>
<tr>
<td><strong>Country:</strong> Cambodia</td>
</tr>
<tr>
<td><strong>Borrower:</strong> Government of Cambodia</td>
</tr>
<tr>
<td><strong>Department/Division:</strong> SERD/SEUW</td>
</tr>
<tr>
<td><strong>Executing Agency:</strong> Ministry of Rural Development</td>
</tr>
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</table>

## 2. Sector

<table>
<thead>
<tr>
<th>Subsector(s)</th>
<th>ADB Financing ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Agriculture, natural resources and rural development</td>
<td>Rural sanitation 5.00</td>
</tr>
<tr>
<td></td>
<td>Rural water supply services 20.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25.00</td>
</tr>
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</table>

## 3. Strategic Agenda

<table>
<thead>
<tr>
<th>Subcomponents</th>
<th>Climate Change Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusive economic growth (IEG)</td>
<td>Adaptation ($ million) 0.00</td>
</tr>
<tr>
<td>Environmentally sustainable growth (ESG)</td>
<td>Climate Change impact on the Project Medium</td>
</tr>
</tbody>
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## 4. Drivers of Change

<table>
<thead>
<tr>
<th>Components</th>
<th>Gender Equity and Mainstreaming</th>
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</thead>
<tbody>
<tr>
<td>Governance and capacity development (GCD)</td>
<td>Effective gender mainstreaming (EGM)</td>
</tr>
<tr>
<td>Partnerships (PAR)</td>
<td>Institutional development</td>
</tr>
<tr>
<td>Private sector development (PSD)</td>
<td>Organizational development</td>
</tr>
<tr>
<td></td>
<td>Bilateral institutions (not client government)</td>
</tr>
<tr>
<td></td>
<td>Official cofinancing</td>
</tr>
<tr>
<td></td>
<td>Conducive policy and institutional environment</td>
</tr>
<tr>
<td></td>
<td>Public sector goods and services essential for private sector development</td>
</tr>
</tbody>
</table>

## 5. Poverty and SDG Targeting

<table>
<thead>
<tr>
<th>Location Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project directly targets poverty and SDGs Yes</td>
</tr>
<tr>
<td>SDG-targeting (TI-S) SDG6</td>
</tr>
<tr>
<td><strong>Rural</strong> High</td>
</tr>
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</table>

## 6. Risk Categorization:

<table>
<thead>
<tr>
<th>Environment: B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary Resettlement: B</td>
</tr>
<tr>
<td>Indigenous Peoples: B</td>
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<tr>
<td><strong>Low</strong></td>
</tr>
</tbody>
</table>

## 7. Safeguard Categorization

<table>
<thead>
<tr>
<th>Environment: B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary Resettlement: B</td>
</tr>
<tr>
<td>Indigenous Peoples: B</td>
</tr>
</tbody>
</table>

## 8. Financing

<table>
<thead>
<tr>
<th>Modality and Sources</th>
<th>Amount ($ million)</th>
</tr>
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<tbody>
<tr>
<td><strong>ADB</strong></td>
<td>25.00</td>
</tr>
<tr>
<td>Sovereign SDP - Program loan: Asian Development Fund</td>
<td>10.00</td>
</tr>
<tr>
<td>Sovereign SDP - Project loan: Asian Development Fund</td>
<td>15.00</td>
</tr>
<tr>
<td><strong>Cofinancing</strong></td>
<td>10.00</td>
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<tr>
<td>To be determined - Loan</td>
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<tr>
<td><strong>Counterpart</strong></td>
<td>5.00</td>
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<td>Beneficiaries</td>
<td>1.00</td>
</tr>
<tr>
<td>Government</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40.00</td>
</tr>
</tbody>
</table>

## 9. Effective Development Cooperation

| Use of country procurement systems Yes |
| Use of country public financial management systems No |
I. THE PROGRAM

A. Rationale

1. Building on the experience of the Asian Development Bank (ADB) in implementing sector and subnational reform programs in Cambodia, the proposed Third Rural Water Supply and Sanitation Services Sector Development Program will support the development of rural infrastructure and basic services, institutions, and human capacities. The program will support inclusive growth by (i) reducing inequalities; (ii) improving health, gender, and living conditions; and (iii) reducing vulnerability and targeting solutions for the poor and disadvantaged.¹

2. Development problem. Cambodia’s total population is estimated at 15.4 million people, 78% of whom live in rural areas. Cambodia’s most recent socioeconomic survey revealed that in 2014, despite impressive gains, only 47% of the rural population had access to improved water sources and 46% to improved sanitation.² Lack of access to sanitation alone results in significant financial ($12 per capita) and economic ($33 per capita) annual losses.³ With more than one-third of rural households below the official poverty line, and stark differences between access of the poorest income quintile (12%) and the richest (59%), lack of access impacts the poorest households.⁴ Economic losses are the result of impacts on health (43% of total), costs related to pollution of water and fisheries (33%), access costs relating to journey and waiting times (9%), and lost receipts from tourism (16%). Incidents of diarrhea are the second-largest cause of infant and under-5 mortality in Cambodia, which are among the highest in the region.

3. Binding constraints. Inadequate access to rural water supply and sanitation (RWSS) stems from weak planning and governance, inadequate finances, limited capacity, and external factors such as climate change. Ineffective planning and governance derive from structural reasons, including partial decentralization reforms and lack of information systems. Inadequate financing derives from limited public resources to meet targets, inadequate revenues, and households’ lack of access to finance. Skills need strengthening, particularly at the local level. Projected changes in rainfall (increasing during the wet, decreasing during the dry season), and rising temperatures, will increase flooding and prolong droughts.⁵ Thus, investments in infrastructure, coupled with reforms to bring services closer to the people, are needed.

4. Government’s strategy. The government’s Rural Water Supply, Sanitation and Hygiene Strategy (RWSSHS), 2014–2025 aims to provide universal access to water supply, improved sanitation, and safe hygiene behavior in rural areas by 2025.⁶ The National Action Plan for Rural Water Supply, Sanitation and Hygiene, 2014–2018 (NAP) aims to secure 60% improved access for both rural water supply and rural sanitation by 2018.⁷ The estimated public

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¹ The program is included in the country operations business plan, 2016–2018 for Cambodia. ADB. 2015. Country Operations Business Plan: Cambodia, 2016–2018. Manila. The design and monitoring framework is in Appendix 1. A project preparatory technical assistance (TA) will be provided (Appendix 3).
² Government of Cambodia, Ministry of Planning, National Institute of Statistics. 2015. Cambodia Socioeconomic Survey, 2014. Phnom Penh. In 1990, Cambodia’s overall access to improved water was estimated at 23% and its overall access to improved sanitation was estimated at 3%. In rural areas, access to improved water was estimated at 22% and access to improved sanitation was estimated at 0%.
⁴ Similar disparities also exist for rural water supply. World Bank. 2015. Water Supply and Sanitation in Cambodia. Washington, DC.
⁵ A preliminary climate risk screening indicated a “medium” climate risk rating for the proposed program.
investment required to achieve these intermediate goals is about $89 million, including
development assistance. From 2019, the NAP envisages increasing annual coverage from 2%
(2014–2018) to more than 5%. Both the RWSSHS and NAP include specific decentralization
targets per the government’s wider program of subnational reforms, initiated in 2001 and scaled
up under the 2008 Organic Law. The government’s integrated approach to reform the RWSS
sector includes decentralization of selected spending assignments per the National Program for
Subnational Democratic Development, 2010–2019, implemented through 3-year implementation
plans. To date, the Ministry of Rural Development (MRD) has voluntarily transferred a few
functions, including rural sanitation and hygiene and rural water supply operation and
maintenance (O&M), which are now being piloted in a few districts with the aim of scaling up as
a next step. Successful implementation of these reforms is needed for meeting RWSSHS goals.

5. **ADB’s engagement.** ADB is fully engaged in helping the government realize its RWSS
and decentralization visions. Since 2005, two RWSS projects totaling $54 million have
collectively improved water supply for approximately 800,000 people and sanitation for
approximately 400,000 in over 1,200 villages around the Tonle Sap Lake to date. ADB has
also assisted administrative and fiscal decentralization efforts, including two subprograms for
decentralized public service and financial management. The proposed program will support
the government’s plans for decentralization of RWSS service delivery and associated reforms.
The proposed program will continue to expand RWSS access in the six provinces targeted by
the previous two RWSS projects, where (i) coverage remains below the national average, (ii)
poverty levels are high, and (iii) ADB has a concerted program to bridge the rural-urban divide.

6. **Proposed modality.** Several modalities have been screened. A sector development
program, consisting of an investment loan component and a policy-based loan (PBL)
component, is proposed. The sector development program will support the government’s
commitment to expanding RWSS access while leveraging difficult and critical decentralization
reforms necessary to ensure that the investment project (and other RWSS investments) is
sustainable and meets objectives. The reforms will entail (i) new and additional budget
allocations to the sector; and (ii) significant policy changes in terms of resource mobilization,
cost recovery, and participation from citizens and the private sector. Budget support is
necessary to leverage these reforms in areas such as staff transfer to subnational authorities.
The government has adequately implemented several sector investments and has a sound
sector policy and strategy for a sector development program (Supplementary Appendix A).

B. **Impacts, Outcome, and Outputs**

7. The program’s impact will be support for the RWSSHS’s vision of universal access to
safe water supply and sanitation services achieved by 2025” (footnote 7). The program outcome

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8 RWSSHS implementation is sequenced: up to 2018, phase 1 will harmonize the sector, and establish and
strengthen institutions; phase 2 will accelerate service expansion to achieve universal access by 2025.
9 Implementation of the Organic Law is expected to involve a significant devolution of power from the central to the
provincial and district levels to improve service delivery and strengthen the state’s regulatory functions. The
majority of ministries will have to undertake a functional review process to identify functions for potential devolution
to subnational administrations in accordance with sector priorities and the law’s provisions.
Supply and Sanitation Sector Project*. Manila; ADB. 2016. *Additional Financing for Second Rural Water Supply and
Sanitation Sector Project*. Manila. See Supplementary Appendix A for more on these projects and lessons learned.
11 ADB. 2012. *Decentralized Public Service and Financial Management Sector Development Program - Subprogram
1*. Manila. Subprogram 2 was approved in August 2016.
12 To maximize ADB’s impact, the program’s investment loan will focus on these same six provinces, namely Banteay
Meanchey, Kampong Chhnang, Kampong Thom, Pursat, Battambang and Siem Reap. The proposed Second
Integrated Urban Environmental Management in the Tonle Sap Basin Project (targeted approval by 2019) will
support four towns in the first town provinces: Serei Saophoan, Kampong Chhnang, Steung Sen, and Pursat.
will be improved access to safe and affordable drinking water, sanitation, and hygiene for rural areas in six provinces around Tonle Sap Lake (footnote 12). The program will have four outputs: (i) RWSS management will be decentralized (to be delivered by the PBL); (ii) rural water supply infrastructure and service in the Tonle Sap provinces will be expanded (to be delivered by the investment loan); (iii) rural sanitation in the Tonle Sap provinces will be expanded (investment loan); and (iv) human resources will be strengthened and management capacity will be developed in the Tonle Sap provinces (investment loan).

8. The PBL will advance sector reform and envisages two tranches. The first tranche will support initial transfer of functions and budget to the district level for (i) rural sanitation and hygiene, and (ii) rural water supply O&M functions. The second tranche will finalize sector restructuring and further delegation and assignment of RWSSH functions as per the RWSSHS and in line with decentralization, which could include the development of relevant systems, regulations and quality control mechanisms. Outputs 2, 3, and 4 will be delivered by the investment loan and will continue to focus RWSSH development in the six focus provinces, where, despite improvements, access remains low. Under outputs 2 and 3, RWSS assets will be expanded consistent with the RWSSHS, including exploring new avenues for rural water and septage management provision, sanitation financing schemes, and targeted subsidies and incentives for the poorest households. Output 4 will include O&M, trainings and advocacy.

C. Program Costs, and Investment and Financing Plans

9. The total cost of the program is $40 million, of which ADB will finance $25 million equivalent through concessional ordinary capital resources lending. The PBL will be $10 million, while the investment loan will be $15 million. ADB will finance consulting services, goods, and civil works, including taxes and duties. The government will finance land acquisition and resettlement, and recurrent costs.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ million)</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian Development Bank</td>
<td></td>
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</tr>
<tr>
<td>Concessional ordinary capital resources lending</td>
<td>25.0</td>
<td>62.5</td>
</tr>
<tr>
<td>Cofinanciers (to be confirmed)</td>
<td>10.0</td>
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<td>Government</td>
<td>4.0</td>
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<td>Beneficiaries</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>40.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank estimates.

D. Indicative Implementation Arrangements

10. The executing agency for the program will be the MRD, to be confirmed at program approval. The PBL component will have two tranches, with the first tranche implemented by 2018 and the second by 2022. The investment loan will be implemented during 2019–2024. Bidding documents for the first batch of subprojects will be prepared by the project preparatory technical assistance (TA) for works based on standard designs developed by the MRD.

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13 The program will also support government to help it meet its commitments toward the achievement of Sustainable Development Goal 6, ensuring availability and sustainable management of water and sanitation for all.

14 In provinces bordering the Tonle Sap Lake, access to safe water ranges from 16% to 37%, while access to hygienic latrines ranges from 29% to 48%. Government of Cambodia, Ministry of Planning. 2014. National Strategic Development Plan, 2014–2018. Phnom Penh.
II. DUE DILIGENCE REQUIRED

11. The project preparatory TA will support the preparation of the PBL and investment loan.
   (i) **Technical.** Technical viability for subprojects will be assessed, and technology adapted to local conditions and with appropriate O&M arrangements will be selected.
   (ii) **Economic and financial.** Economic and financial viability of the program will be assessed per ADB’s guidelines for economic analysis and financial management.\(^{15}\)
   (iii) **Governance.** Financial management, governance, and procurement assessments of coordinating institutions for RWSSH decentralization and implementing agencies (including subnational administrations), and a program impact assessment leading to a policy matrix, will confirm suitability of the program’s implementation arrangements.
   (iv) **Poverty and social.** Assessments relating to social and gender aspects, and the impact of proposed reforms on poor and vulnerable groups, will be conducted.
   (v) **Safeguards.** Environmental, involuntary resettlement and indigenous peoples’ frameworks and plans will be prepared per the Safeguard Policy Statement (2009).

III. PROCESSING PLAN

A. Risk Categorization

12. The overall risk categorization for the program is “low risk.”\(^ {16}\) On procurement risk categorization, the project is high risk (Supplementary Appendix D).

B. Resource Requirements

13. A project preparatory TA (Appendix 3) will be provided.\(^ {17}\)

C. Processing Schedule

Table 2: Proposed Processing Schedule

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Expected Completion Date</th>
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<tbody>
<tr>
<td>Concept paper approval</td>
<td>September 2016</td>
</tr>
<tr>
<td>Loan fact-finding mission</td>
<td>March 2018</td>
</tr>
<tr>
<td>Staff review meeting</td>
<td>May 2018</td>
</tr>
<tr>
<td>Negotiations</td>
<td>August 2018</td>
</tr>
<tr>
<td>Board consideration</td>
<td>September 2018</td>
</tr>
<tr>
<td>Loan effectiveness</td>
<td>February 2019</td>
</tr>
</tbody>
</table>


IV. KEY ISSUES

14. Key issues include (i) the timing of decentralization reforms and the impact of these reforms on final institutional arrangements and fund flow mechanisms; (ii) the need for up-front capacity building at the district level; (iii) further targeting of sanitation subsidies, complemented by self-financing mechanisms; and (iv) securing cofinancing.\(^ {18}\)

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\(^{17}\) Financed from the Technical Assistance Special Fund (TASF-V). Operational staff inputs are estimated as (i) 7, 10 and 24 person-weeks for concept paper processing, feasibility supervision, and loan processing respectively. Inputs are estimated at 18 person-months for international and 43 person-months for national consultants.

\(^{18}\) Issues around decentralization reforms will be coordinated closely with the Public Management, Financial Sector, and Trade Division.
# PRELIMINARY DESIGN AND MONITORING FRAMEWORK

## Impact the Program is Aligned with
Universal access to safe water supply and sanitation services achieved (National Rural Water Supply, Sanitation and Hygiene Strategy, 2014–2025)\(^a\)

<table>
<thead>
<tr>
<th>Results Chain</th>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome</strong></td>
<td>By 2025&lt;br&gt;a. XX people (XX women) using safely managed water services in selected rural districts (2016 baseline: XX) &lt;br&gt;b. XX people (XX women) using safely managed drinking water services and XX people (XX women) using safely managed sanitation services, including a hand-washing facility with soap and water (2016 baseline: XX)</td>
<td>a–b. &lt;br&gt;Commune councils&lt;br&gt;Ministry of Planning database and/or statistical reports&lt;br&gt;MRD’s MIS&lt;br&gt;Final program report</td>
<td>Slower than planned decentralization implementation&lt;br&gt;Insufficient public resources available to support the government’s 2014–2025 targets</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>By 2018 (tranche 1) &lt;br&gt;1a. Government-approved sub-decree defining the decentralized roles and mandates of organizations for RWSS adopted, and XX reformed regulations and proclamation issued in support &lt;br&gt;1b. Assignment of rural water O&amp;M, and rural sanitation and hygiene functions transferred to XX district administrations &lt;br&gt;1c. Subnational administration budgets allocated and efficiently procured for (i) rural water supply decentralized O&amp;M (in at least 50 districts), and (ii) rural sanitation and hygiene (in at least 100 districts) &lt;br&gt;1d. XX staff (XX women) transferred from PDRD or appointed to XX new District RWSSH Unit (TBC) &lt;br&gt;1e. 20% of provincial council decision makers (e.g., directors, heads of division) are women (2014 baseline: 13%) &lt;br&gt;By 2022 (tranche 2) &lt;br&gt;1f. Assignment of XX functions and XX sub-functions relating to RWSS to XX district administrations completed &lt;br&gt;1g. Inventories for RWSS prepared for all districts and consolidated at provincial and/or national level &lt;br&gt;1h. Sub-decree and XX regulations on public sector accountability issued, and citizen’s mechanism for oversight of administration and use of finance for RWSS by subnational authorities established in XX districts. Processing time to address complaints reduced by 50% (baseline: XX) &lt;br&gt;1i. Sub-decree and XX regulations on citizens’ participation in RWSS decision-making issued &lt;br&gt;1j. Guidelines on principles of responsibility, accountability, and transparency for private sector in RWSS prepared by MRD and adopted in XX</td>
<td>1a–1l. &lt;br&gt;Sub-decree adopted&lt;br&gt;National Committee for Sub-national Democratic Development status reports&lt;br&gt;Relevant MRD and MEF reports&lt;br&gt;Review of completed policy actions relative to policy matrix&lt;br&gt;District RWSSH records&lt;br&gt;Approved guidelines on principles of responsibility, accountability, and transparency for private sector in RWSS</td>
<td>Weak coordination in policy formulation among central government agencies may undermine the pace of decentralization and deconcentration reforms&lt;br&gt;Resistance of line ministries to devolve functions</td>
</tr>
<tr>
<td>Results Chain</td>
<td>Performance Indicators with Targets and Baselines</td>
<td>Data Sources and Reporting</td>
<td>Risks</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 2. Rural water supply infrastructure and service in the Tonle Sap provinces expanded | By 2024  
2a. XX village RWSS plans prepared and consolidated into XX commune plans  
2b. XX communal, reliable water supply facilities are rehabilitated or upgraded, and XX are newly developed  
2c. Water safety and sanitation plans incorporating climate change adaptation and disaster risk management principles implemented in XX communes  
2d. XX design–build–operate or long-term O&M contracts signed between owners and service providers for small network systems | 2a–2d. District RWSSH and MRD MIS  
Approved village water supply and sanitation plans  
MRD and PDRD and commune development and investment plans  
WSUG and village development committee records  
Quarterly progress reports, monitoring and evaluation reports | Insufficient private sector absorption capacity  
Insufficient WSUG capacity to manage contractual management issues                                                                 |
| 3. Rural sanitation in the Tonle Sap provinces expanded                       | By 2024  
3a. Sanitation marketing program developed and implemented in at least XX villages  
3b. Affordable sanitation finance and/or credit program for low-income households rolled out  
3c. Pro-poor sanitation implementation guidelines (including incentives and/or smart subsidy system) developed  
3d. Septage management (collection and disposal) certification with service providers issued in XX districts  
3e. XX latrines in schools and health centers rehabilitated or constructed (2018 baseline: XX) | 3a–3e. District RWSSH unit and MRD MIS  
Approved village water supply and sanitation plans  
Commune development and investment plans  
WSUG and village development committee records  
Quarterly progress reports  
Monitoring and evaluation reports | Poor households’ inability to access finance                                                                                           |
| 4. Human resources strengthened and management capacity developed in the Tonle Sap provinces | By 2024  
4a. Private sector/nongovernment organization participation and capacities in RWSS construction and management assessed  
4b. Technical, financial, and managerial training for XX national and subnational staff (at least 40% women) developed and executed.  
4c. Professional post-construction technical and managerial support (including O&M) systems established, XX staff (at least 40% women) trained  
4d. Advocacy and public awareness on self-financing of latrines, health and hygiene conducted, targeting XX participants (at least 40% women) | 4a–4d. Workshop records  
Program capacity development plan  
Training database  
Quarterly progress reports |                                                                                                                                                                                                                       |
## Key Program Actions

### 1. RWSS management decentralized

1. **Sub-decree drafted and promulgated (2018–2021)**
2. **National budgets including subnational administration allocation for RWSS prepared and approved (Q3 2018)**
3. **Sub-decree issued for the official transfer of PDRD staff to district administration offices (Q3 2018)**
4. **Guidelines on district-level service feedback and complaint mechanism issued (Q4 2021)**
5. **Guidelines on principles of responsibility, accountability, and transparency for private sector in RWSS prepared and disseminated (Q4 2021)**
6. **Inventories on RWSS assets completed (Q2 2020)**
7. **MIS at national and district levels designed (Q2 2020) and rolled out (Q4 2021)**
8. **Process of application, criteria, and appraisal developed and approved (Q2 2020), and forms issued (Q3 2021)**
9. **Guidelines for water quality surveillance system and groundwater level monitoring developed (Q4 2021)**
10. **Septage management regulations, including technical aspects and licensing commitment, issued (Q1 2022)**

### 2. Rural water supply infrastructure and service expanded in the Tonle Sap provinces

1. **Rehabilitation assessments received from each province (Q2 2019–Q3 2020)**
2. **Subproject feasibility reports submitted for each commune in three batches (Q2 2019–Q2 2021)**
3. **Model contracts for construction and O&M with service providers drafted (Q4 2019)**
4. **Existing water supply points rehabilitated (Q3 2019–Q3 2023)**
5. **New, improved water supply points developed (Q3 2019–Q3 2023)**
6. **Rural water safety plans and national water quality testing plan developed (Q4 2019)**
7. **Water quality testing (Q3 2019–Q3 2023)**
8. **Small entrepreneurs are supported for local production, supply, and O&M (Q3 2019–Q3 2023)**
9. **A small contractor base is established at the district level (Q3 2019–Q3 2023)**

### 3. Rural sanitation expanded in the Tonle Sap provinces

1. **Public latrines constructed at schools or health facilities (Q3 2019–Q3 2023)**
2. **Satisfactory management arrangements are developed and agreed (Q3 2019–Q3 2022)**
3. **Program for financing of household sanitation established (Q3 2019–Q3 2022)**
4. **Construction of household latrines facilitated (Q3 2019–Q3 2023)**

### 4. Human resources strengthened and management capacity developed in the Tonle Sap provinces

1. **Program orientation workshops delivered at the national and provincial level province (Q2 2019)**
2. **Skills development program developed (Q2 2019), rolled out, and continuously implemented up to 2024**
3. **Capacity development plan for MRD and PDRDs on their new role developed, and related systems established (Q4 2019)**
4. **Refresher trainings for beneficiary communities conducted (Q4 2019)**
5. **Intensive advocacy and public awareness on self-financing of latrines, as well as health and hygiene, conducted (Q3 2019–Q3 2022)**

### Inputs

- **ADB**: $25,000,000 (loan)
- **Cofinancier (TBC)**: $10,000,000
- **Government**: $4,000,000
- **Beneficiary contributions**: $1,000,000

### Assumptions for Partner Financing

Availability of loan and/or grant financing from alternative sources and/or funds.

**ADB** = Asian Development Bank; **MEF** = Ministry of Economy and Finance; **MIS** = management information system; **MRD** = Ministry of Rural Development; **O&M** = operation and maintenance; **PDRD** = provincial department of rural development; **RWSS** = rural water supply and sanitation; **RWSSH** = rural water supply, sanitation, and hygiene; **TBC** = to be confirmed; **WSUG** = water and sanitation user group.

Note: To be reconfirmed and further detailed during program preparation.

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The project preparatory technical assistance (TA) is needed to undertake sector preparatory work and define the scope of the ensuing program. These outline terms of reference have been prepared using an output-based contract approach.

B. Major Outputs and Activities

2. The project preparatory TA has been structured into three separate components:
   (i) Component 1, supporting output 1, will focus on the preparation of a policy, governance, and institutional assessment, as well as detailed actions required to support the policy-based loan. These will include all of the program-level assessments required by the Asian Development Bank (ADB) as per the latest ADB guidelines and templates for policy-based loans.1
   (ii) Component 2, supporting output 4, will develop and deliver a sample capacity development initiative for implementation in four districts under batch 1 subprojects, and a training program at the national and subnational levels, for implementation under the program. This capacity building initiative would supply both the policy-based loan and the investment loan.
   (iii) Component 3, supporting outputs 2 and 3, will (a) conduct a background assessment of the rural water supply and sanitation (RWSS) sector in the six target provinces, and (b) develop feasibility studies (including all relevant assessments per the latest ADB guidelines and templates) for batch 1 subprojects as well as the overall procurement plan. Under component 3 (a), the consultant will assess the potential for new approaches for how the investment loan will deliver water supply and sanitation interventions, including the possible use of service delivery contracts and/or output-based subsidies; pro-poor mechanisms for better targeting; household-level financing solutions; and review, design and testing of a microfinance model for household sanitation. These will inform recommendations for updating the sector investment plan for RWSS, and also the design of feasibility studies under component 3 (b).

C. Cost Estimate and Financing Plan

3. The project preparatory TA is estimated to cost $1,100,000 equivalent, of which $1,000,000 will be financed on a grant basis by ADB’s Technical Assistance Special Fund (TASF-V).2 The government will provide counterpart support in the form of counterpart staff; office space; surveys, engineering, and other studies previously conducted; and other in-kind contributions.3 The government was advised that approval of the project preparatory TA does not commit ADB to finance any ensuing program. Indicative cost estimates, for budgeting purposes, are presented in Table A3.1.

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1 These will be provided and discussed upon commencement of the assignment.
2 Additional sources of financing, including disaster risk reduction financing under the 11th replenishment of the Asian Development Fund, are being explored.
3 Contributions are expected to amount to 9% of the total cost of the TA.
### Table A3.1: Cost Estimates and Financing Plan

($'000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Asian Development Bank</strong></td>
<td></td>
</tr>
<tr>
<td>1. Consultants</td>
<td></td>
</tr>
<tr>
<td>a. Remuneration and per diem</td>
<td>666.0</td>
</tr>
<tr>
<td>b. International and local travel</td>
<td>31.5</td>
</tr>
<tr>
<td>c. Reports and communications</td>
<td>10.0</td>
</tr>
<tr>
<td>2. Equipment (computer, printer, etc.) b</td>
<td>14.0</td>
</tr>
<tr>
<td>3. Workshops, training, seminars, and conferences c</td>
<td></td>
</tr>
<tr>
<td>a. Facilitators</td>
<td>5.0</td>
</tr>
<tr>
<td>b. Workshops and training</td>
<td>45.0</td>
</tr>
<tr>
<td>4. Vehicles d</td>
<td>12.0</td>
</tr>
<tr>
<td>5. Surveys and investigations a</td>
<td>90.0</td>
</tr>
<tr>
<td>6. Miscellaneous administration and support costs</td>
<td>10.0</td>
</tr>
<tr>
<td>7. Contingencies f</td>
<td>116.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,000.0</td>
</tr>
</tbody>
</table>

*Financed by the Asian Development Bank’s Technical Assistance Special Fund (TASF-V).*

*b* Technical assistance (TA) supervising units need to report equipment purchased under the TA budget to the Asset Management and Commercial Services Unit of the Office of Administrative Services in compliance with AO 4.02, Appendix 2, paragraphs 1.5 and 1.6. All equipment procured under the project preparatory TA will be turned over to the executing agency upon completion of the project preparatory TA, including the following:

<table>
<thead>
<tr>
<th>Type</th>
<th>Quantity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desktop and laptop computers with software, 1 color laser printer, 1 black and white laser printer, 1 photocopy machine, and office furniture</td>
<td>1 set</td>
<td>$14,000</td>
</tr>
</tbody>
</table>

*c* Workshops, training, seminars, and conferences will be prepared and conducted by the TA consultants.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception, interim, and final workshops</td>
<td>Government offices or hotel</td>
</tr>
</tbody>
</table>

*d* Vehicle (vehicle lease to supplement government vehicles, where available)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Expected length of use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle lease for consultants to use for fieldwork (multiple locations)</td>
<td>12 vehicle-months</td>
</tr>
</tbody>
</table>

*f* Includes microfinance model testing.

*Contingencies may be used to engage additional consultants to assist the executing agency advance actions, Asian Development Bank procedures and documentation, and recruitment of the project implementation assistance consultant; and to provide other support as needed.*

*Source: Asian Development Bank estimates.*

### D. Consulting Services

4. A firm (or consortium of firms) with multisector experience will be engaged to undertake the necessary studies for this project preparatory TA. The consulting firm(s) will be engaged following the quality- and cost-based selection method, with a quality–cost ratio of 90:10, using full technical proposal procedures. Procurement of all consultancy services used under the project preparatory TA will be carried out in accordance with ADB’s Guidelines on the Use of Consultants (2013, as amended from time to time).4

5. All international consultants will have experience in working in similar assignments in developing countries. Experience in the region, preferably in Cambodia, and experience in processing and implementing projects financed by international financing institutions, will be considered. All national consultants will have experience in similar assignments and working on international development projects.

6. The firm will deliver outputs organized as three components, as per paras. 7–11.

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4 Output-based and/or lump sum contracts are being considered in the engagement of consulting services to reduce administrative burden and improve economy, efficiency, and value for money.
7. Under component 1, the consultant will (i) conduct policy, governance, and institutional assessments; (ii) evaluate the results of the rural water supply operation and maintenance (O&M) and rural sanitation transfer pilot for the subnational administration; (iii) evaluate the level of completion of actions outlined under the National Rural Water Supply, Sanitation and Hygiene Strategy, 2014–2025; the National Action Plan for Rural Water Supply, Sanitation and Hygiene, 2014–2018; and other documents; (v) draft sub-decrees, guidelines, and manuals in support of pending actions; (vi) prepare a policy matrix for policy-based lending; and (vii) conduct all program level assessments required by ADB as per the latest ADB guidelines and templates for policy-based loans. Key areas of expertise for this component will include institutions and governance, policy, decentralization, and relevant technical areas (including RWSS).

8. Under component 2, the consultants will assess staff strength, skills, and responsibilities at the national, provincial, and district levels, and develop a carefully designed capacity building initiative for district administration in response to functional assignment transfer for RWSS under the batch 1 subprojects. In addition, the consultants will review existing manuals and guidelines and propose relevant updates in areas such as community management, O&M, user charges, community collection and administration, groundwater protection and conservation, water conservation, behavior change communication, and environmental and hygiene education and awareness programs and campaigns. Key areas of expertise for this component will include institutions, governance and capacity development.

9. Under Component 3 (a), for the six Tonle Sap provinces, the consultant will conduct a background assessment that will encompass the following tasks: (i) assess the total financial envelope available for the sector; (ii) describe, map, and quantify the condition of basic RWSS amenities and services; (iii) assess managerial and administrative arrangements; (iv) conduct an inventory and critically review all relevant initiatives for infrastructure development, studies, plans, and programs, and public and private sector proposals in selected districts for sector implementation; (v) describe existing relevant O&M procedures, tariffs, and status of billing and collection for the selected subsectors; (vi) prepare a financing and budgeting strategy for safe RWSS, focusing on poor and vulnerable households, and reviewing the proportion of contribution that should be made by communities in each province and district (including through socio-economic and willingness to pay surveys to set criteria and setting of local rates); (vii) propose new approaches for how the investment loan will deliver RWSS interventions, including the possible use of service delivery contracts and/or output-based subsidies, pro-poor mechanisms for better targeting, household-level financing solutions, ad access to financing for poor households; and (viii) make recommendations for updating the sector investment plan for RWSS.

10. Under component 3 (b), the consultant will develop feasibility studies for batch 1 subprojects based largely on the approach taken under the Second Rural Water Supply and Sanitation Sector Project but also incorporating new approaches as per the findings under the outputs of components 1, 2, and 3 (a). Development of the feasibility studies will encompass the following: (i) prepare a preliminary engineering design for subprojects for four districts under batch 1, and undertake detailed subproject preparation activities, including an analysis of suitable technical options that incorporate climate change adaptation and disaster risk reduction measures; (ii) estimate all program costs at market rates; (iii) present an overall procurement plan with procurement contract packages for all batches, clearly indicating the packages to be financed in line with ADB’s Procurement Guidelines (2015, as amended from time to time), and prepare master bidding documents for batch 1 subprojects; (iv) prepare detailed financing and disbursement plans; (v) conduct assessments focusing on governance, poverty and social
aspects, involuntary resettlement, indigenous peoples, and environmental impacts (including rapid assessment of climate risks); (vi) conduct program economic and financial analyses, in accordance with ADB’s guidelines for economic analysis and financial management and analysis of projects, for the sector and sample subprojects; (vii) review, design, and test mechanisms for access to finance for household sanitation to ensure viability during implementation, and thoroughly assess institutions for delivery during upscaling; (viii) through a socioeconomic survey and other tools, assess the program’s social impact, preparing poverty and social assessment and a gender action plan; (ix) confirm the safeguards categorizations, preparing indigenous peoples, resettlement, and environmental frameworks, and planning documents for batch 1 subprojects; and (x) develop standard contracts for O&M.

11. Key areas of expertise for component 3 will include relevant technical expertise (including rural water supply, rural sanitation, water and engineering), economics, financial management, microfinance, safeguards (environment and climate change, social development, gender and social safeguards) and monitoring and evaluation.

E. Implementation Arrangements

12. The Ministry of Rural Development will be the executing agency for the project preparatory TA. The project preparatory TA consultants will be partly based in Phnom Penh (no more than 50% of the time) and partly based in selected district administrations (at least 50% of the time). The Ministry of Rural Development and district administrations will provide office space to the consultants. The government will provide qualified counterpart staff, office administrative support services (where available) and logistics, and necessary data and reports. The executing agencies and ADB will be responsible for supervision of the quality of the project preparatory TA work. Disbursements under the project preparatory TA will be done in accordance with ADB’s Technical Assistance Disbursement Handbook (2010, as amended from time to time). The consultants may procure equipment through shopping in accordance with ADB’s Procurement Guidelines. The equipment procured will be transferred to the executing agency upon completion of the project preparatory TA. A project coordination unit within the Department of Rural Water Supply will be used for project management and coordination.

13. The proposed project preparatory TA processing and implementation schedule is listed in Table A3.2. The project preparatory TA is expected to commence on 15 March 2017 and conclude by 30 September 2018.

Table A3.2: Technical Assistance Processing and Implementation Schedule

<table>
<thead>
<tr>
<th>Major Milestones</th>
<th>Expected Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commencement</td>
<td>March 2017</td>
</tr>
<tr>
<td>Inception report</td>
<td>April 2017</td>
</tr>
<tr>
<td>Component 1 report</td>
<td>June 2017</td>
</tr>
<tr>
<td>Component 2 report</td>
<td>July 2017</td>
</tr>
<tr>
<td>Component 3 report</td>
<td>January 2018</td>
</tr>
<tr>
<td>Delivery of full capacity development initiative</td>
<td>June 2018</td>
</tr>
<tr>
<td>Financial closure (including loan start-up activities)</td>
<td>September 2018</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank

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INITIAL POVERTY AND SOCIAL ANALYSIS

<table>
<thead>
<tr>
<th>Country:</th>
<th>Cambodia</th>
<th>Program Title:</th>
<th>Third Rural Water Supply and Sanitation Services Sector Development Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending/Financing Modality:</td>
<td>Sector development program</td>
<td>Department/Division:</td>
<td>Southeast Asia Department Urban Development and Water Division</td>
</tr>
</tbody>
</table>

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The program will indirectly contribute to poverty reduction through improved access to safe and affordable water supply and sanitation services, which will provide improved health and hygiene benefits and reduce the burden on poor households with respect to time and effort currently afforded to water collection and purification. The program will assist the government to address national targets for universal access to water supply, improved sanitation, and safe hygiene behavior in rural areas by 2025 as identified in the National Rural Water Supply, Sanitation and Hygiene Strategy, 2014–2025. The program also supports the National Action Plan for Rural Water Supply, Sanitation and Hygiene, 2014–2018, which aims to secure 60% improved access for both rural water supply and rural sanitation by 2018. The program is aligned with (i) phase 3 of the government’s Rectangular Strategy for Growth, Employment, Equity and Efficiency; (ii) Cambodia’s National Strategic Development Plan, 2014–2018; and (iii) national plans to promote the transfer of functions to subnational administrations, mainstream climate change into development, and facilitate private sector participation. The program supports the goals of the Water Operational Plan, 2011–2020 of the Asian Development Bank (ADB) to improve service efficiency and increase sanitation coverage. It also supports objectives to (i) strengthen rural, urban, and regional linkages; and (ii) support public sector management under ADB’s country partnership strategy, 2014–2018 for Cambodia.

B. Poverty Targeting

- General Intervention
- Individual or Household (TI-H)
- Geographic (TI-G)
- Non-Income MDGs (TI-M1, M2, etc.)

The proposed investment loan will generally improve the living conditions (especially health conditions) of those who live in rural areas by expanding rural water supply and sanitation access. Universal access to water supply and sanitation infrastructure and services will also improve poverty-related stunting and diarrhea, reduce related economic losses, and decrease time and financial resources rural residents spend in acquiring water from distant water sources and vendors.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The potential beneficiaries are domestic households and businesses in the selected communes clustered in 3–4 provinces around Tonle Sap Lake, who will benefit from infrastructure investments and improved water supply and sanitation services. Expansion of the services to new customers will include affordability measures for the poorest (e.g., incentives and smart subsidies) and opportunities to leverage the required commitments (e.g., latrine superstructures, water connections) to be investigated during the project preparatory technical assistance (TA).

2. Impact channels and expected systemic changes. Pro-poor design aspects may include lifeline tariffs, cross-subsidies, subsidized household water connections for the poor, and potentially subsidized sewer connections for the poor.

3. Focus of (and resources allocated in) the TA or due diligence. Potential constraints include affordability of tariff structure and financing for water connections, and latrine superstructure.

4. Specific analysis for policy-based lending. Pro-poor and socially inclusive transmission channels for proposed policy interventions may include the following: (i) integration of gender- and socially inclusive features in sub-decree for decentralized roles and mandates of rural water supply and sanitation (RWSS) organizations; (ii) subnational administration budgets consider affordability mechanisms and/or gender-sensitive budgeting features; (iii) provincial department of rural development sector staffing appointments consider graduated gender targets, including associated skills training to support targets; (iv) provincial council decision-maker targets for females also include associated skills training to support targets; (v) district inventories for RWSS services and gaps consider mapping of low-access areas (cross-referenced by households classified as “ID Poor 1” and “ID Poor 2” under Cambodia’s Identification of Poor Households Program) as a pro-poor system in targeting delivery of affordability mechanisms; (vi) integration of gender- and socially inclusive features on sub-decree for citizen’s mechanism for oversight of administration and use of finance; (vii) grievance redress mechanism for processing complaints is gender- and socially responsive; (viii) national- and district-level management information system collects sex-disaggregated data and includes gender indicators; and (viii) septage management and household pit emptying regulations consider affordability mechanisms (e.g., communal operation and maintenance fund to cross-subsidize households identified as “ID Poor 1” and “ID Poor 2”).
II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

Key gender issues are (i) lack of women in technical and managerial positions, and hence often a lack of opportunities for promotion; (ii) lack of qualified and/or experienced women in the sector; (iii) limited opportunities for technical capacity and career development within the sector; and (iv) cultural norms for women preventing them from undertaking technical and engineering careers, and (v) cultural norms for men leading them to take responsibility for sanitation awareness and behavior change.

2. 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?

☐ Yes ☐ No Please explain.

The program could make a contribution to the promotion of gender equity and/or empowerment due to the following factors: (i) reduced time savings and household financial resources allocated to secure water, which is often the responsibility of women and girls; (ii) involvement of women in accountability mechanisms and institutional platforms for service delivery; (iii) affordability measures to ensure vulnerable groups (e.g., poor, female-headed households) have access to water and sanitation improvements; and (iv) women's enhanced decision-making participation in the RWSS sector through capacity development training and targets for project management unit and project implementation unit inclusion. The program can also explore gender-inclusive design measures (e.g., ensuring that public latrine facilities promote menstrual hygiene) as well as policy measures (e.g., on recruitment, training and promotion, and sexual harassment). A gender action plan will be prepared under the TA.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

☐ Yes ☐ No Please explain

Project facilities constructed or improved are expected to benefit men and women equally.

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☒ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☐ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The main stakeholders include sector ministries mandated to deliver universal water and sanitation access in rural areas, local communes, and private sector and nongovernment organization providers of project-related services. Other stakeholders that will be consulted during the early stages of the TA include civil society organizations, the government, the private sector, and development partners in accordance with ADB's stakeholder analysis guidelines.

2. 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?

Participatory and stakeholder consultations will be conducted during the initial stages of project design to gauge beneficiaries' understanding, expectations, and scope for participation in project implementation, operation and maintenance, and monitoring. This will be followed up by collaborative decision-making where feasible. Poor and vulnerable groups will be included in analysis of affordable tariff services and measures to leverage improved water and sanitation access (e.g., water connections and latrine superstructures).

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?

☒ Information generation and sharing ☒ Consultation ☒ 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? ☒ Yes ☐ No Affordability concerns will be addressed through the undertaking of affordability analysis.

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?

☒ Yes ☐ No

The project may involve limited land acquisition in association with new water treatment plants and other civil works for infrastructure construction and upgrading.
2. What action plan is required to address involuntary resettlement as part of the TA 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
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?  □ Yes  □ No

The established urban populations are not expected to entail differential or adverse impacts on indigenous peoples and/or ethnic minorities within the meaning of ADB’s Safeguard Policy Statement (2009). No indigenous peoples are expected to live in the project villages, but the project preparatory TA will confirm this. Any indigenous people and/or ethnic minorities issues and actions will be included as part of the resettlement plan.

3. Will the project require broad community support of affected indigenous communities?  □ Yes  □ No
4. What action plan is required to address risks to indigenous peoples as part of the TA 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
- Adhering to core labor standards
- Labor retrenchment
- Spread of communicable diseases, including HIV/AIDS
- Increase in human trafficking
- Affordability
- Increase in unplanned migration
- Increase in vulnerability to natural disasters
- Creating political instability
- Creating internal social conflicts
- Others, please specify ________________

2. How are these additional social issues and risks going to be addressed in the project design?

The program must ensure analysis of constraints and provision of measures to enhance women’s participation in the sector, and poor and vulnerable households’ access to water and sanitation improvements. In addition to gendered institutional analysis of key institutions, female technical skills upgrading and employment opportunities will be included in the gender action plan and summary poverty reduction and social strategy. The program must provide affordable access for all beneficiaries, including the poor and vulnerable; the extent of this access will be determined during the TA through an affordability assessment. Additionally, the gender action plan and summary poverty reduction and social strategy will include affordability measures.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the TA (or other due diligence) contain key information needed to be gathered during TA 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

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 TA or due diligence?

The PPTA is anticipated to include an international social development and gender specialist, an international social safeguards specialist, a national social development and gender specialist and national social safeguards specialist.

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