

# Project Administration Manual

Project Number: 50101-002

Loan Number: LXXXX

14 August 2019

Kingdom of Cambodia: Third Rural Water Supply and  
Sanitation Services Sector Development Program

## ABBREVIATIONS

ADB	–	Asian Development Bank
BCC	–	behavior change communication
CBO	–	community based organization
CC	–	Commune Council
CCWC	–	commune committee for women and children
CDHS	–	Cambodia demographic health survey
CDTA	–	capacity development technical assistance
CLTS	–	community led total sanitation
COBP	–	country operations business plan
CPF	–	community participation framework
CSO	–	civil society organization
CSES	–	Cambodia Socioeconomic Survey
D&D	–	decentralization and de-concentration
DMC	–	developing member country
DMF	–	design and monitoring framework
DMS	–	detailed measurement survey
DOE	–	provincial department of environment
DPSFM	–	Decentralized Public Sector Services and Financial Sector
DRHC	–	Department of Rural Health Care
DRWS	–	Department of Rural Water Supply
EARF	–	environmental assessment and review framework
ECCD	–	early childhood care and development
EMP	–	environmental management plan
GAP	–	gender action plan
GDCC	–	Government Donor Coordination Committee
GDP	–	gross domestic product
GRM	–	grievance redress mechanism
CR-SHIP	–	Cambodia rural sanitation and hygiene improvement program
GSF	–	Global Sanitation Fund
IP3	–	3-year implementation plan (D&D)
IDE	–	International Development Enterprise (International NGO)
IEC	–	Information education communication
IEE	–	initial environmental examinations
JMI	–	joint monitoring indicator
JTWG	–	Joint Technical Working Group
LAR	–	land acquisition and resettlement
MDG	–	millennium development goal
MEF	–	Ministry of Economy and Finance
MIH	–	Ministry of Industry and Handicraft
MIS	–	management information system
MOE	–	Ministry of Environment
MRD	–	Ministry of Rural Development
NAP	–	National Action Plan
NAP-ORMF	–	National Action Plan – Operational Results Monitoring Framework
NCDD	–	National Committee for Sub-National Democratic Development
NCDD-S	–	National Committee for Sub-National Democratic Development, Secretariat
NGO	–	non-governmental organization

NSFSN	–	National Strategy for Food Security and Nutrition
NS-RWSS	–	National Rural Water and Sanitation Strategy 2011 - 2025
NSP	–	National Strategic Development Plan
ODF	–	open defecation free
O&M	–	operation and maintenance
PAP	–	provincial action plan
PBL	–	policy-based loan
PCU		Project coordination unit
PDRD	–	Provincial Departments of Rural Development
PHAST	–	participatory hygiene and sanitation transformation
PIC	–	project implementation consultants
PPT	–	provincial project team
PRSC	–	provincial resettlement committee
PSA	–	poverty and social assessment
PPTA	–	project preparatory technical assistance
PWG-RWSSH	–	project working group-rural water supply, sanitation and hygiene
REA	–	rapid environmental assessment
RGC	–	Royal Government of Cambodia
RRP	–	Report and Recommendation of the President
RS III	–	Government Rectangular Strategy for Growth, Employment, Equity and Efficiency, Phase III
RuSH	–	rural sanitation and hygiene
RWS	–	rural water supply
RWSS	–	rural water supply and sanitation
RWSSH	–	rural water supply, sanitation and hygiene
RWSSP2	–	Second Rural Water Supply and Sanitation Sector Project
SDG	–	sustainable development goal
SDP	–	sector development program
SMSU	–	sanitation marketing scale-up
SNA	–	sub-national administration
SNIF	–	sub-national investment fund
SNV	–	Netherlands Development Organisation
SPS	–	safeguard policy statement
SSH4A	–	sustainable sanitation and hygiene for all
SWS	–	sustainable WASH systems
TA	–	technical assistance
TOR	–	terms of reference
TWG	–	technical working group
VDC	–	village development committee
WASH	–	water, sanitation and hygiene
WSSCC	–	water supply and sanitation collaborative council
WSUG	–	water and sanitation user group



## CONTENTS

	<b>Page</b>
I. PROJECT DESCRIPTION	1
A. Summary	1
B. Impact and Outcome	1
C. Outputs	1
II. IMPLEMENTATION PLANS	5
A. Project Readiness Activities	5
B. Overall Project Implementation Plan	6
III. PROJECT MANAGEMENT ARRANGEMENTS	7
A. Project Implementation Organizations: Roles and Responsibilities	7
B. Key Persons Involved in Implementation	8
C. Project Organization Structure	9
IV. COSTS AND FINANCING	10
A. Cost Estimates Preparation and Revisions	10
B. Key Assumptions	10
C. Detailed Cost Estimates by Expenditure Category	10
D. Allocation and Withdrawal of Loan and Grant Proceeds	11
E. Detailed Cost Estimates by Financier	12
F. Detailed Cost Estimates by Outputs and/or Components	13
G. Detailed Cost Estimates by Year	14
H. Contract and Disbursement S-Curve	15
I. Fund Flow Arrangements	15
1. Disbursement Steps with Advance Account	16
2. Disbursement Applying the Direct Payment	17
V. FINANCIAL MANAGEMENT	19
A. Financial Management Assessment	19
B. Disbursement	22
1. Disbursement Arrangements for ADB Funds	22
2. Disbursement Arrangements for Counterpart Fund	23
C. Accounting	23
D. Auditing and Public Disclosure	23
VI. PROCUREMENT AND CONSULTING SERVICES	24
A. Advance Contracting	24
B. Procurement of Goods, Works, and Consulting Services	25
C. Procurement Plan	26
D. Consultant's Terms of Reference (TOR)	26
VII. SAFEGUARDS	26
VIII. GENDER AND SOCIAL DIMENSIONS	28
IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION	32
A. Project Design and Monitoring Framework	32
B. Monitoring	34
C. Evaluation	35

D.	Reporting	35
E.	Stakeholder Communication Strategy	36
X.	ANTICORRUPTION POLICY	36
XI.	ACCOUNTABILITY MECHANISM	36
XII.	RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL	37

## **Appendixes**

Appendix 1: Procurement Plan	38
Appendix 2: Consultant's Terms of Reference	42
Appendix 3: Guidelines on Establishment of Water and Sanitation User Group (WSUG)	49

## **List of Tables**

Table 1: Schedule of Program Readiness Activities	5
Table 2: Overall Project Implementation Plan	6
Table 3: Escalation Rates for Price Contingency Calculation	10
Table 4: Detailed Cost Estimates by Expenditure Category (\$ million)	10
Table 5: Allocation and Withdrawal of Loan Proceeds under the Concessional Loans	11
Table 6: Allocation and Withdrawal of Grant Proceeds under the Disaster Risk Reduction Fund	11
Table 7: Allocation and Withdrawal of Grant Proceeds under the High-Level Technology Fund	11
Table 8: Detailed Cost Estimates by Financier (in \$ million)	12
Table 9: Detailed Cost Estimates by Outputs/Components (\$ million)	13
Table 10: Summary Project Cost and Financing Plan	13
Table 11: Detailed Cost Estimates by Year (\$ million)	14
Table 12: Contract Award and Disbursement Projections	15
Table 13: Financial Management Action Plan	20
Table 14: Gender Action Plan	30

## **List of Figures**

Figure 1: Contract Awards and Disbursement Projections S-Curve	15
Figure 2: Funds Flow Diagram	18

### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM includes references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Rural Development and the Department of Rural Water Supply are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by the Ministry of Rural Development and the Department of Rural Water Supply of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.





## I. PROJECT DESCRIPTION

### A. Summary

1. The Third Rural Water Supply and Sanitation Services Sector Development Program sector development program (SDP) will support the Royal Government of Cambodia's (RGC) efforts to provide universal access to water supply, improved sanitation, and safe hygiene behavior in rural areas by 2025.<sup>1</sup> The SDP comprises (i) a project, financed by loan and grants to expand rural water supply and sanitation (RWSS) services in at least 11 districts in ten provinces,<sup>2</sup> and (ii) a program, financed by a policy-based loan, under which the Asian Development Bank (ADB) will support governance and institutional improvements in RWSS financing, planning and assets registry and information management.

2. This PAM guides the implementation of the project component of the SDP.

### B. Impact and Outcome

3. **Impact:** The SDP's impact is aligned with RGC's and the rural water supply, sanitation, and hygiene's (RWSSHS) target of universal access to RWSS services in Cambodia by 2025.

4. **Outcome:** The outcome is universal access to safe and uninterrupted RWSS services in participating districts.

### C. Outputs

#### 1. Output 1: Rural water supply infrastructure and services improved and expanded

5. The project will rehabilitate existing and damaged rural water facilities, due to age or natural disasters, and construct new water supply facilities in at least 11 districts in 10 provinces (at least 400 villages in 40 communes will be covered). Selected schools and health centers in at least 11 districts will also receive water supply facilities, based on assessed need, to ensure that they have access to safe water and uninterrupted services. Rural water supply facilities will be provided using various standard designs based on the actual water resources available in each village to ensure year-round access to safe water. A pilot project of air-to-water generation units will be installed in seven locations with limited access to safe drinking water particularly during dry seasons.

6. Facilities will be designed incorporating the climate change adaptation and disaster risk management principles to reduce the impacts of natural disasters on the facilities by making the facilities more sustainable and resilient to weather shocks. Project beneficiaries will provide in-kind contributions. Prior to implementation of works, communities are consulted on their

---

<sup>1</sup> Government of Cambodia, Ministry of Rural Development (MRD). 2014. *National Rural Water Supply, Sanitation and Hygiene Strategy, 2014-2025*. Phnom Penh.

<sup>2</sup> Banteay Meanchey, Battambang, Kampong Chhnang, Kampong Thom, Pursat and Siem Reap were covered under the previous RWSS projects (ADB. 2005. *Tonle Sap Rural Water Supply and Sanitation Sector Project*. Manila; ADB. 2009. *Second Rural Water Supply and Sanitation Sector Project*. Manila; ADB. 2016. *Additional Financing for Second Rural Water Supply and Sanitation Sector Project*. Manila.). Four additional provinces will be included in the SDP, which are Kampong Speu, Kampot, Oddar Meanchey and Preah Vihear. Communes are the third-level administrative divisions and subdivisions of districts.

affordability and willingness to contribute. For example, in villages where piped water supply is selected, service connections and meters will be set-up after piped water supply is already available.<sup>3</sup> The project will also coordinate with the General Department of Potable Water Supply, under the Ministry of Industry and Handicraft, to avoid any potential overlap where new water licenses and piped water supply is proposed or being developed.

7. Water supply facilities to be supported under the project include community ponds (rehabilitation only), dug wells, drill wells, rainwater jars, rainwater collection tanks, small piped water, elevated tanks, and others.

## **2. Output 2: Rural sanitation infrastructure and services improved and expanded**

8. The project will construct new latrines and septic facilities at households in at least 11 districts, through the provision of latrine substructure material while the benefitting households will contribute by providing labor and latrine superstructure materials.<sup>4</sup> The project will also construct public latrines at schools and/or health centers and advocate behavior change on sanitation and hygiene including at schools and for households. Similar with the water facilities, sanitation facilities will be designed incorporating the CCA and DRM principles.

9. Output 2 will be delivered to the target communes through (i) sanitation demand creation activities implemented; (ii) behavior change communication initiatives on sanitation and hygiene implemented; (iii) public latrines constructed for schools and/or health centers; (iv) water, sanitation, and hygiene promotion mainstreamed; (v) behavior change communication initiatives on sanitation and hygiene implemented in schools; (vi) sanitation supply chain analysis conducted; (vii) capacity building and training provided to local private actors to engage or expand their businesses into WASH-related products and services; (viii) training and technical guidance on household latrines provided, (ix) saving groups for sanitation established and capacity development provided; (x) sanitation financing support mechanism for the poor households established and implemented, (xi) external ODF verification conducted and ODF awards provided; and (xii) post-ODF action plans developed.

## **3. Output 3: Institutional capacity improved**

10. The project will (i) strengthen the technical, financial, management and leadership capacity of national and participating subnational administrations staff in RWSS investment planning and operation and maintenance (O&M); (ii) support Provincial Departments of Rural Development (PDRDs) to prepare annual reports on rural drinking water quality tests, and (iii) support project districts to prepare RWSS safety plans by incorporating CCA and DRM in RWSS planning and designs. As parts of the RWSS safety plan activities, the project will train community members and government staff on CCA and DRM principles. It will be delivered through the following activities: (i) district, commune, and village level RWSS teams established and orientation on the roles and responsibilities provided; (ii) five-year capacity development and training plan for the program implemented and monitored; (iii) capacity development on results-based rural water supply and sanitation planning provided; (iv) functions and job descriptions developed and performance management process managed for staff at national and provincial

---

<sup>3</sup> In this case, the project will finance the construction of water sources and main pipelines. The water and sanitation user group will install house connections and meters after receiving contributions from households. The project will install public taps to enable poor and women-headed households, who cannot afford house connections, to get water.

<sup>4</sup> Substructure materials refer to concrete slabs, latrine rings; superstructure materials may include materials for latrine walls, roofs, doors, etc.

levels; and (v) functions and job descriptions developed and performance management process managed for the members of district and commune RWSS teams.

11. **Selection of subprojects.** Selection of districts and communes will be guided by the following criteria: (i) RWSS services coverage below the national average, (ii) high poverty levels, and (iii) communes with no overlapping RWSS projects financed by other development partners or non-government organizations.

12. **Selection Criteria.** In the 10 provinces, a total of 40 target communes were selected as beneficiaries of the project,<sup>5</sup> The selection of the target communes was made by the MRD/ DRWS and PDRDs, with the support from the PPTA consultant team, using the following key criteria:

- (i) Communes with the lowest rural water supply and sanitation coverage are prioritized
- (ii) Communes with no overlapping with the RWSS projects financed by other development partners or NGOs are prioritized
- (iii) Communes with the highest number of ID Poor households are given a priority
- (iv) Communes located within the districts, where the transfer of rural water supply O&M and rural sanitation and hygiene functions to the sub-national level has been piloted or planned, are given priority

13. Each selected commune adopts the following subproject eligibility criteria (See *Community Participation Framework, Supplementary Document 20, for more information*):

- (i) Sub-project feasibility study reports show that the sub-project design is technically feasible, cost effective, sustainable and practical to implement
- (ii) Sub-project design is developed based on the detailed assessment of the current water supply and sanitation situation in all the target villages and the results of the assessment are presented in the feasibility study reports
- (iii) Sub-project design is conducted following a participatory process to ensure that the needs and priorities of women and men from a range of social groups (including indigenous peoples and ethnic minorities, and those typically marginalized,) are taken into account
- (iv) Sub-project is confirmed to have no significant negative social or environmental impacts and no involuntary resettlement impact
- (v) Sub-project designs comply with National Policy and National Strategic Plan for Rural Water Supply, Sanitation and Hygiene for 2014-2025 and comply with all the relevant laws and regulations of the RGC
- (vi) In case impacts are unavoidable, the impacts will be minimized through the following mechanisms:
  - Voluntary donation of land/assets by the land/asset owner by means of MOU to the MRD; and
  - Agreement of Shared Use signed by all user committee members;
  - Vulnerable affected households comprising of the poor, women headed households, disabled, elderly, landless, indigenous peoples (IPs) or ethnic minorities will not be asked to donate land or assets.

14. **Implementation of subprojects.** The project consists of about 40 subprojects. Subprojects refer to project activities at a commune level, e.g. all project activities in commune A is considered as one subproject. Subprojects will be implemented in four batches. The first batch

---

<sup>5</sup> This includes the seven communes from the batch 7 subprojects (renamed as Batch 1B) of the Second Rural Water Supply and Sanitation Sector Project (RWSSP2) that were carried over to the SDP.

consists of two stages (Batch 1A and Batch 1B) and expected for implementation in 2020. The second, third and fourth will follow subsequently.

15. Batch 1 is divided into two parts for procurement: (i) Batch 1A subprojects, prepared under the project design technical assistance and (ii) Batch 1B subprojects, prepared under RWSSP2 additional funding (AF). The first batch subproject will be procured to allow for contract award immediately upon loan effectiveness. Batch 1A subprojects will be implemented in (i) Sambuor commune, Mongkol Borei district Banteay Meanchey province; (ii) Prey Khpos Commune, Bavel District, Battambang province; (iii) Peam Commune, Samakki Meanchey district, Kampong Chhnang province; (iv) Tang Samroang Commune, Phnom Sruoch district, Kampong Speu province; (v) Chhuk Khsach Commune, Baray District, Kampong Thom province, (vi) Lbeuk Commune, Chhuk District, Kampot province; (vi) Samroang Commune, Phnom Kravanh District, Pursat province; and (vii) Lveaeng Ruessei Commune, Chi Kraeng District, Siem Reap province.

16. Batch 1B subprojects will be implemented in (i) Phum Thmei Commune, Thmar Poiuk District, Banteay Meanchey province; (ii) Hab Commune, Koas Krala District, Battambang province; (iii) Koas Krala Commune, Koas Krala District, Battambang province; (iv) Tang Krasang Commune, Tuek Phos District, Kampong Chhnang province; (v) Ti Pouk Commune, Santuk District, Kampong Thom province; and (vi) Ansa Chambak Commune, Krakor District, Siem Riep province.

17. Works to be implemented under subprojects 1A and 1B include rehabilitation of community ponds, rehabilitation and/or construction of dug wells, construction of drilled wells, provision of rainwater jars, construction of household latrines, construction of public latrines, and rainwater collection tanks for schools and health centers.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

**Table 1: Schedule of Program Readiness Activities**

Indicative Activities	2019										Responsible Entity
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Advance contracting actions	x	x	x	x	x	x					ADB/MRD
Retroactive financing actions											NA <sup>a</sup>
Establish project IA											MRD/PCU <sup>b</sup> .
ADB Board approval											ADB
Loan signing											ADB and MRD/MEF
Government legal opinion provided											MRD & MEF
Government budget inclusion											MRD & MEF
Loan effectiveness											ADB & MRD/MEF

<sup>a</sup> Not envisaged under the loan

<sup>b</sup> Already in place

ADB = Asian Development Bank, IA = implementing agency, MEF = Ministry of Economy and Finance, MRD = Ministry of Rural Development, PCU = project coordination unit.



### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Executing agency (EA)	<ul style="list-style-type: none"> <li>– Ministry of Rural Development</li> <li>– In charge of physical implementation and financial disbursement, reporting, and auditing arrangement</li> </ul>
Implementing agencies (10 Provincial Departments of Rural Development)	<ul style="list-style-type: none"> <li>– Project Coordination Unit (PCU)<sup>6</sup></li> <li>– responsible for the project's day-to-day operations including, project planning and reporting, and coordination with national and international agencies and Grievance Redress Mechanism (GRM</li> <li>– implement the Gender Action Plan</li> <li>– set standards for technical design, construction and quality control;</li> <li>– produce prescribed progress and milestone reports with information from the 10 participating provinces</li> </ul>
Project Specific Management body (either stand-alone or within the EA)	<ul style="list-style-type: none"> <li>– Existing project coordination unit (PCU)</li> <li>– responsible for project management, procurement; contract supervision; project monitoring; project reporting</li> <li>– coordinate with other agencies and relevant projects, and stakeholders</li> <li>– supervise training activities; workshops; loan consultants; financial management; PITs</li> </ul>
Project Steering Committee (PSC) <sup>7</sup>	<ul style="list-style-type: none"> <li>– Chair: Secretary of state of MRD as the Chair</li> <li>– Permanent members: Rural Water Supply, Rural Health Care, Community Development, Training, Planning, and Administration and Staff (responsible for gender), Ministry of Economy and Finance and ten Directors from the Provincial Departments of Rural Development PDRD.</li> <li>– meet every three months to coordinate project activities.</li> <li>– Oversees progress of the project's implementation and institutional reforms, and reports such to the Government.</li> </ul>
Provincial project teams	<ul style="list-style-type: none"> <li>– Chair: Director of Provincial Department of Rural Development of each province.</li> <li>– responsible for coordinating and reporting on GRM</li> </ul>
Commune councils	<ul style="list-style-type: none"> <li>– Chair: GRM focal point</li> <li>– coordinate with PPT Community Development Officer</li> </ul>
Village development committees (VDC)	<ul style="list-style-type: none"> <li>– Chair: GRM focal point</li> <li>– coordinate with PPT Community Development Officer</li> </ul>

<sup>6</sup> PCU staff will be increased to provide adequate DRHC representation for additional responsibilities in the areas of sanitation, hygiene awareness and behavioral change. The staff change for positions of Project Director and Project Manager will require ADB's prior endorsement.

<sup>7</sup> The PSC established under the Tonle Sap Rural Water Supply and Sanitation Sector Project will continue to be the PSC for this project.

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>- Participate in identifying and selecting future subprojects</li> <li>- conduct third party validation of voluntary donation in accordance with the CPF.</li> </ul>
Water and Sanitation User Group (WSUG)	<ul style="list-style-type: none"> <li>- Operate and maintain the rural water supply and sanitation built in their location.</li> <li>- Collect user charges from beneficiaries.</li> <li>- Organize meetings to discuss any issues related to the operation and maintenance (O&amp;M) of facilities, particularly on user charges setting.</li> <li>- Prepare and maintain bookkeeping system describing the collected funds, their usages etc. (financial report).</li> <li>- Coordinate with and report to VDC on all matters related to the O&amp;M of the facilities.</li> </ul>

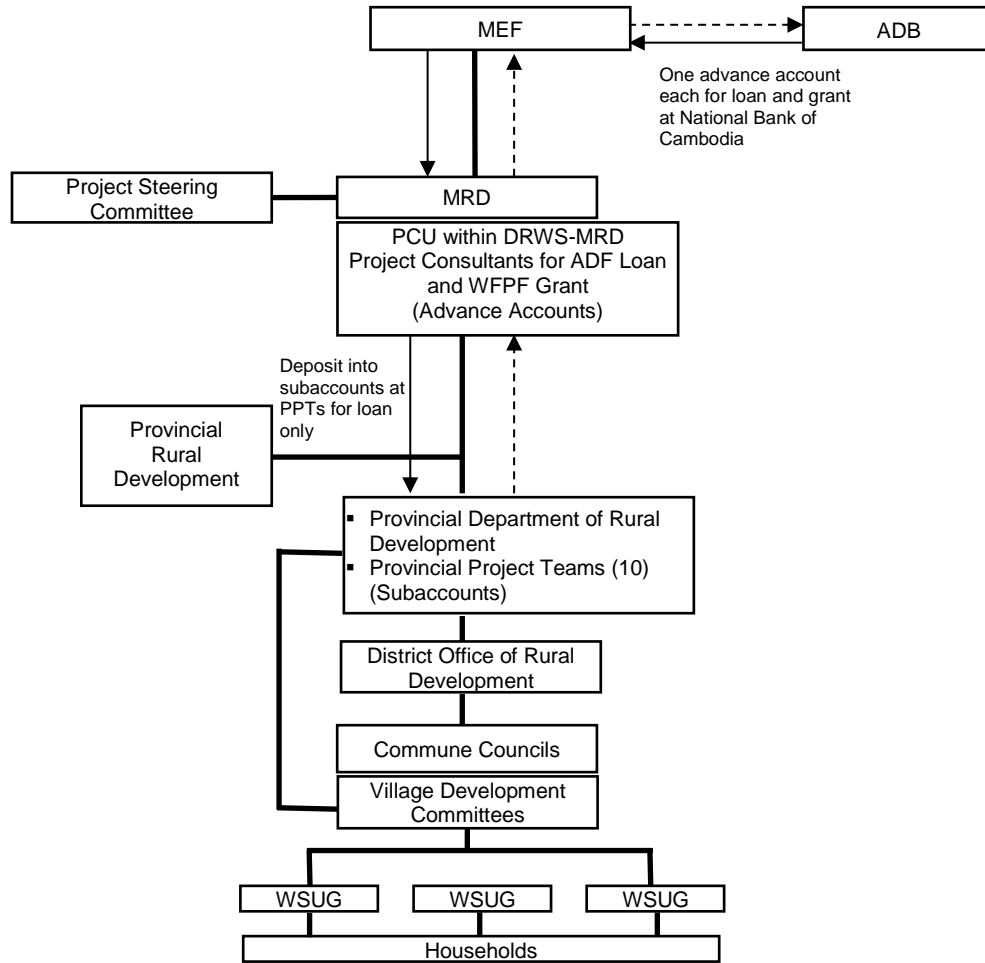
Source: Asian Development Bank.

## B. Key Persons Involved in Implementation

Executing Agency: Ministry of Rural Development	Officer's Name : Position : Telephone : Email address : Office Address :	Mr. Srin Pouthy Project Director 85512711944 <a href="mailto:pouthysrin@gmail.com">pouthysrin@gmail.com</a> Ministry of Rural Development Phnom Penh, Cambodia
Asian Development Bank  Urban Development and Water Division Director	Officer's Name : Position : Telephone : Email address : Office Address :	Mr. Vijay Padmanabhan Director 632 632 5279 <a href="mailto:vpadmanabhan@adb.org">vpadmanabhan@adb.org</a> #6 ADB Avenue, Mandaluyong City
Mission Leader	Officer's Name : Position : Telephone : Email address : Office Address :	Ms. Siti Hasanah Urban Development Specialist 632 632 1295 <a href="mailto:shasanah@adb.org">shasanah@adb.org</a> #6 ADB Avenue, Mandaluyong City



**C. Project Organization Structure**



#### IV. COSTS AND FINANCING

18. The project costs tables are presented below.

##### A. Cost Estimates Preparation and Revisions

19. The cost estimate was prepared jointly by ADB and implementing agency using beginning 2019 prices. The cost estimate will be revised at the loan midterm review stage, if necessary.

##### B. Key Assumptions

20. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: KHR 4,079 = \$1.00 (as of 15 August 2019).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

**Table 3: Escalation Rates for Price Contingency Calculation**

Item	2019	2020	2021	2022	2023	Average
Foreign rate of price inflation	1.5%	1.5%	1.6%	1.6%	1.6%	1.5%
Domestic rate of price inflation	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%

Source: Asian Development Bank.

##### C. Detailed Cost Estimates by Expenditure Category

**Table 4: Detailed Cost Estimates by Expenditure Category  
(\$ million)**

Item	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
<b>A. Investment Costs</b>				
1 Civil Works	6.3	14.1	20.5	64.6
2 Consulting Services	1.2	2.1	3.3	10.5
3 Capacity Development	-	1.1	1.1	3.6
4 Project Management	-	1.2	1.2	3.8
5 Machinery and Equipment	0.4	1.0	1.4	4.4
6 Taxes & Duties	0.9	1.8	2.7	8.6
<b>Subtotal (A)</b>	<b>8.8</b>	<b>21.4</b>	<b>30.3</b>	<b>95.6</b>
<b>B. Recurrent Costs</b>				
1 Salaries	-	0.7	0.7	2.1
2 Expense	-	0.7	0.7	2.3
<b>Subtotal (B)</b>	<b>-</b>	<b>1.4</b>	<b>1.4</b>	<b>4.4</b>
<b>Total Base Cost</b>	<b>8.8</b>	<b>22.8</b>	<b>31.7</b>	<b>100.0</b>
<b>C. Contingencies</b>				
1 Physical	0.9	2.4	3.2	10.2
2 Price	0.5	1.5	2.1	6.5
<b>Subtotal (C)</b>	<b>1.4</b>	<b>3.9</b>	<b>5.3</b>	<b>16.7</b>
<b>D. Financing Charges During Implementation</b>				
1 Interest During Implementation	0.9	-	0.9	2.9
<b>Subtotal (D)</b>	<b>0.9</b>	<b>-</b>	<b>0.9</b>	<b>2.9</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>11.2</b>	<b>26.7</b>	<b>37.9</b>	<b>119.6</b>

Notes: Numbers may not sum precisely because of rounding.  
Source: Asian Development Bank.

## D. Allocation and Withdrawal of Loan and Grant Proceeds

**Table 5: Allocation and Withdrawal of Loan Proceeds under the Concessional Loans**

Item	Total Amount Allocated for ADB Financing (US\$)		Basis for withdrawal from the loan account
	Category	Subcategory	
1. Works and goods (water supply), and project management.	22,530,000		100% of total expenditure claimed
2. Consulting Services	3,350,000		100% of total expenditure claimed*
3. Unallocated	3,730,000		
<b>TOTAL</b>	<b>29,610,000</b>		

\* Exclusive of taxes and duties imposed within the territory of the Borrower

**Table 6: Allocation and Withdrawal of Grant Proceeds under the Special Funds Resources**

Item	Total Amount Allocated for ADB Financing (US\$)*		Basis for withdrawal from the loan account
	Category	Subcategory	
1. Works (sanitation) and capacity development.	3,120,000		100% of total expenditure claimed*
2. Unallocated	1,270,000		
<b>TOTAL</b>	<b>4,390,000</b>		

\* Exclusive of taxes and duties imposed within the territory of the Recipient

**Table 7: Allocation and Withdrawal of Grant Proceeds under the High-Level Technology Fund**

Item	Total Amount Allocated for ADB Financing (US\$)		Basis for withdrawal from the loan account
	Category	Subcategory	
1. Goods.	1,000,000		100% of total expenditure claimed
<b>TOTAL</b>	<b>1,000,000</b>		

## E. Detailed Cost Estimates by Financier

Table 8: Detailed Cost Estimates by Financier (in \$ million)

Item	Asian Development Bank						RGC		Total Cost		
	Amount of COCR+DRR Loan	% of Cost Category	Amount of DRR Grant	% of Cost Category	Amount of HLT Grant	% of Cost Category	Total ADB	% of Cost Category		Amount	% of Cost Category
A. Investment Costs											
1 Civil Works	18.5	90.3%	2.0	9.7%	-	0.0%	20.5	100.0%	-	0.0%	20.5
2 Consulting Services	3.3	100.0%	-	0.0%	-	0.0%	3.3	100.0%	-	0.0%	3.3
3 Capacity Development	-	0.0%	1.1	100.0%	-	0.0%	1.1	100.0%	-	0.0%	1.1
4 Project Management	1.2	100.0%	-	0.0%	-	0.0%	1.2	100.0%	-	0.0%	1.2
5 Machinery and Equipment	0.5	36.0%	-	0.0%	0.9	64.0%	1.4	100.0%	-	0.0%	1.4
6 Taxes & Duties	2.1	76.0%	-	0.0%	0.1	3.7%	2.2	79.6%	0.6	20.4%	2.7
<b>Subtotal (A)</b>	<b>25.6</b>	<b>84.5%</b>	<b>3.1</b>	<b>10.3%</b>	<b>1.0</b>	<b>3.3%</b>	<b>29.7</b>	<b>98.2%</b>	<b>0.6</b>	<b>1.8%</b>	<b>30.3</b>
B. Recurrent Costs											
1 Salaries	-	0.0%	-	0.0%	-	0.0%	-	0.0%	0.7	100.0%	0.7
2 Expense	-	0.0%	-	0.0%	-	0.0%	-	0.0%	0.7	100.0%	0.7
<b>Subtotal (B)</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>1.4</b>	<b>100.0%</b>	<b>1.4</b>
<b>Total Base Cost (A + B)</b>	<b>25.6</b>	<b>80.8%</b>	<b>3.1</b>	<b>9.9%</b>	<b>1.0</b>	<b>3.2%</b>	<b>29.7</b>	<b>93.9%</b>	<b>1.9</b>	<b>6.1%</b>	<b>31.7</b>
C. Contingencies											
1 Physical	2.6	80.4%	0.6	19.6%	-	0.0%	3.2	100.0%	-	0.0%	3.2
2 Price	1.4	69.3%	0.6	30.7%	-	0.0%	2.1	100.0%	-	0.0%	2.1
<b>Subtotal (C)</b>	<b>4.0</b>	<b>76.1%</b>	<b>1.3</b>	<b>23.9%</b>	<b>-</b>	<b>0.0%</b>	<b>5.3</b>	<b>100.0%</b>	<b>-</b>	<b>0.0%</b>	<b>5.3</b>
D. <b>Financing Charges (D)</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>0.9</b>	<b>100.0%</b>	<b>0.9</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>29.6</b>	<b>78.2%</b>	<b>4.4</b>	<b>11.6%</b>	<b>1.0</b>	<b>2.6%</b>	<b>35.0</b>	<b>92.4%</b>	<b>2.9</b>	<b>7.6%</b>	<b>37.9</b>

Note: Numbers may not sum precisely because of rounding.

ADB = Asian Development Bank, COL: concessional ordinary capital resources, DRR = disaster risk reduction, HLT = High-Level Technology Fund

Financing for contracts will be 100% under one source of financing. The indication of 90.3% for civil works, for example, does not imply that a contract will be financed 90.3% from the loan and 9.7% from the grant. ADB will cover taxes and duties for civil works, capacity development, machinery and equipment. The government will cover the taxes and duties for the consulting services and expenditures financed under the DRR grant through exemption.

Beneficiaries will provide in-kind contribution for the construction of facilities and for operation and maintenance of built facilities. The estimated community contribution is \$3.05 million. Community contribution will not be included as a part of the overall project cost. The DRR grant will finance the sanitation and capacity development components only. The water supply and consulting services will be financed under the loan.

Source: Asian Development Bank

## F. Detailed Cost Estimates by Outputs and/or Components

**Table 9: Detailed Cost Estimates by Outputs/Components (\$ million)**

Item	Total Cost	C1: Expansion of Rural Water Supply Infrastructure and services		C2: Expansion of Rural Sanitation Infrastructure and services		C3: Strengthening of RWSS Institutions and Management Capacity	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Costs</b>							
1 Civil Works	20.5	18.1	88.4	2.4	11.6		0.0
2 Consulting Services	3.3		0.0		0.0	3.3	100.0
3 Capacity Development	1.1		0.0		0.0	1.1	100.0
4 Project Management	1.2	0.9	75.4	0.2	12.5	0.1	12.0
5 Machinery and Equipment	1.4	1.1	75.4	0.2	12.5	0.2	12.0
6 Taxes and Duties	2.7	1.9	68.3	0.3	11.3	0.6	20.4
<b>Subtotal (A)</b>	<b>30.3</b>	<b>21.9</b>	<b>72.4</b>	<b>3.0</b>	<b>10.0</b>	<b>5.3</b>	<b>17.6</b>
<b>B. Recurrent Costs</b>							
1 Salaries	0.7	0.5	72.4	0.1	10.0	0.1	17.6
2 Expense	0.7	0.5	72.4	0.1	10.0	0.1	17.6
<b>Subtotal (B)</b>	<b>1.4</b>	<b>1.0</b>	<b>72.4</b>	<b>0.1</b>	<b>10.0</b>	<b>0.2</b>	<b>17.6</b>
<b>Total Base Cost</b>	<b>31.7</b>	<b>22.9</b>	<b>72.4</b>	<b>3.2</b>	<b>10.0</b>	<b>5.6</b>	<b>17.6</b>
<b>C. Contingencies</b>							
1 Physical	3.2	2.3	72.4	0.3	10.0	0.6	17.6
2 Price	2.1	1.5	72.4	0.2	10.0	0.4	17.6
<b>Subtotal (C)</b>	<b>5.3</b>	<b>3.8</b>	<b>72.4</b>	<b>0.5</b>	<b>10.0</b>	<b>0.9</b>	<b>17.6</b>
<b>D. Financing Charges During Implementation</b>							
1 Interest During Implementation	0.9	0.7	72.4	0.1	10.0	0.2	17.6
<b>Subtotal (D)</b>	<b>0.9</b>	<b>0.7</b>	<b>72.4</b>	<b>0.1</b>	<b>10.0</b>	<b>0.2</b>	<b>17.6</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>37.9</b>	<b>27.4</b>	<b>72.4</b>	<b>3.8</b>	<b>10.0</b>	<b>6.7</b>	<b>17.6</b>

Source: Asian Development Bank.

**Table 10: Summary Project Cost and Financing Plan**

Source	Amount (\$ million)	(%)
Asian Development Bank	<b>35.0</b>	<b>92.3</b>
Ordinary Capital Resources (concessional project loan)	29.6 <sup>a</sup>	78.1
Special Funds resources (Asian Development Fund) (project grant)	4.4 <sup>b</sup>	11.6
High-Level Technology grant (Government of Japan-project)	1.0 <sup>c</sup>	2.6
Government	2.9	7.7
<b>Total</b>	<b>37.9</b>	<b>100.0</b>

<sup>a</sup> Including \$8.78 million, which are intended for Disaster Risk and Climate Resilience activities.

<sup>b</sup> To be financed by the Asian Development Fund 12 disaster risk reduction funding, which are intended for Disaster Risk and Climate Resilience activities.

<sup>c</sup> Financing partner: the Government of Japan. Administered by ADB.

Source: Asian Development Bank estimates.

**G. Detailed Cost Estimates by Year****Table 11: Detailed Cost Estimates by Year (\$ million)**

Item	Total Cost	2019	2020	2021	2022	2023	2024
<b>A. Investment Costs</b>							
1. Civil works	20.5	1.6	3.8	7.2	6.6	1.3	-
2. Consulting Services	3.3	0.3	1.0	0.9	0.7	0.4	0.0
3. Capacity Development	1.1	0.2	0.2	0.2	0.2	0.2	0.0
4. Project Management	1.2	0.1	0.3	0.3	0.3	0.3	0.1
5. Machinery and Equipment	1.4	0.6	0.2	0.2	0.2	0.2	-
6. Taxes & Duties	2.7	0.3	0.5	0.9	0.8	0.2	0.0
<b>Subtotal (A)</b>	<b>30.3</b>	<b>3.0</b>	<b>6.1</b>	<b>9.7</b>	<b>8.8</b>	<b>2.6</b>	<b>0.2</b>
<b>B. Recurrent Costs</b>							
1. Salaries	0.7	0.0	0.1	0.1	0.1	0.1	0.1
2. Expense	0.7	0.0	0.1	0.2	0.1	0.1	0.1
<b>Subtotal (B)</b>	<b>1.4</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>
<b>Total Base Cost (A + B)</b>	<b>31.7</b>	<b>3.1</b>	<b>6.4</b>	<b>10.0</b>	<b>9.0</b>	<b>2.9</b>	<b>0.3</b>
<b>C. Contingencies</b>							
1. Physical	3.2	0.3	0.6	1.1	1.0	0.3	0.0
2. Price	2.1	0.1	0.3	0.6	0.7	0.2	0.1
<b>Subtotal (C)</b>							
<b>Financial Charges During Implementation</b>							
1. Interest During Implementation	0.9	0.0	0.1	0.1	0.2	0.3	0.2
<b>Total (A+B+C+D)</b>	<b>37.9</b>	<b>3.5</b>	<b>7.3</b>	<b>11.8</b>	<b>11.0</b>	<b>3.6</b>	<b>0.6</b>
<b>% Total Project Cost</b>	<b>100.0</b>	<b>9.3</b>	<b>19.3</b>	<b>31.2</b>	<b>28.9</b>	<b>9.6</b>	<b>1.6</b>

Source: Asian Development Bank.

## H. Contract and Disbursement S-Curve

Figure 1: Contract Awards and Disbursement Projections S-Curve

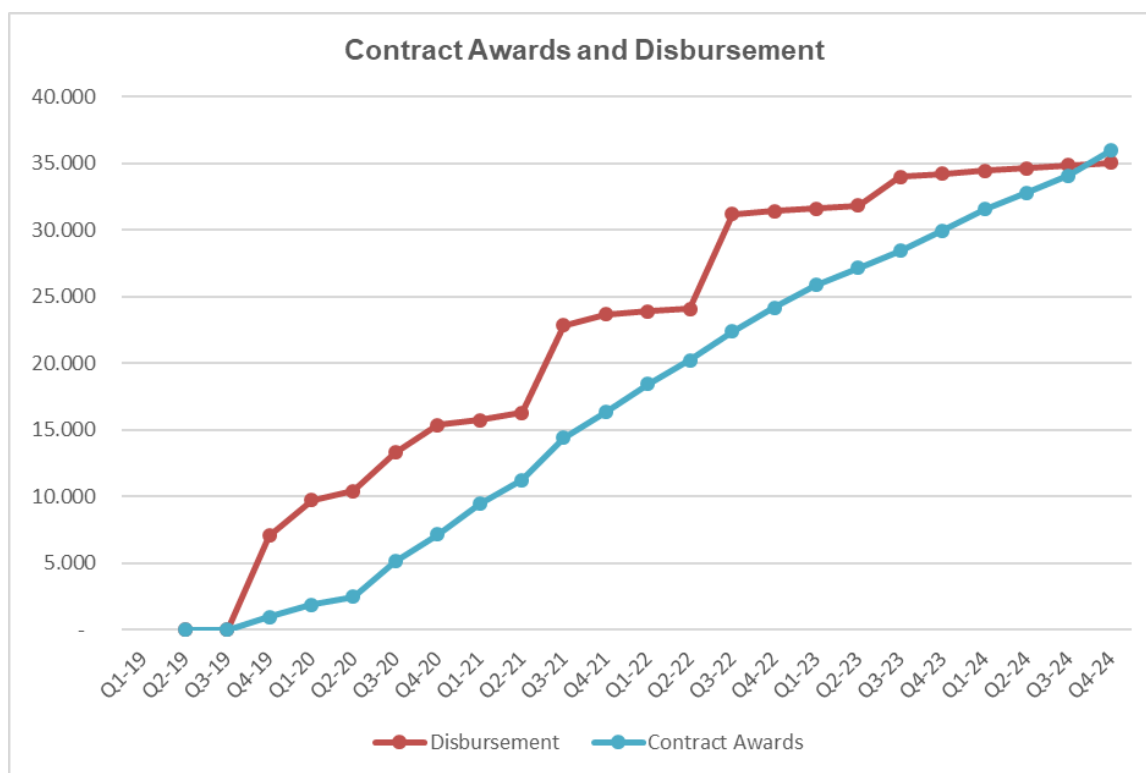


Table 12: Contract Award and Disbursement Projections

Year	Contract Awards (\$'000)					Disbursement (\$ million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2019	-	-	-	7.04	7.04	-	-	-	0.94	0.94
2020	2.68	0.68	2.91	2.02	8.28	0.91	0.61	2.67	2.03	6.22
2021	0.39	0.57	6.56	0.81	8.33	2.28	1.79	3.16	1.92	9.15
2022	0.21	0.21	7.10	0.21	7.72	2.13	1.79	2.14	1.80	7.86
2023	0.21	0.21	2.18	0.21	2.80	1.69	1.27	1.27	1.52	5.75
2024	0.21	0.21	0.21	0.21	0.83	1.60	1.27	1.27	1.86	6.00
<b>Total</b>					<b>35.00</b>					<b>35.00</b>

Source: Asian Development Bank Estimates

## I. Fund Flow Arrangements

21. Based on the financial management assessment, The Ministry of Economy and Finance (MEF), on behalf of the government, will establish advance accounts for the loan and grant at the National Bank of Cambodia to receive funds from ADB loan and grant resources which MRD will maintain. The MRD has experience with use of Advance account under several ongoing projects. The accounts will be opened with the National Bank of Cambodia. Signatories are from MRD/DRWS. Authorized signatories and levels of authority or Advance accounts and withdrawal

applications will be periodically reviewed and kept up to date. SOE procedure will be applied under the project in accordance with the ADB's Loan Disbursement Handbook 2017

22. Under the Program Budgeting system, the project team will have to ensure its required funding—both for external funds provided by the loan and its counterpart allocations—are included in the budgeting process.

23. Implementation and capacity development consultants will provide implementation support in the form of monitoring project progress, signing off claims by the Contractors on quantities, quality and pricing and sending reports and certificates to PIU specialists.

24. In terms of disbursement, the project's EA will use ADB's new Client Portal for Disbursement (CPD) system. The Assistant Disbursement Specialist will check the invoices and claims submitted by the contractor and supported by Supervision Consultant certificates to ensure all is in order. The Disbursement Specialist will then create the Withdrawal Application (WA) in the new system and then pass electronically to the Director of the PMU in DRWS.

25. The PMU Director will review the WA and if agreed will pass to the Project Director (Deputy Minister) in MRD. The Deputy Minister will insert the authorization code and forward the WA electronically to the relevant contact in the Ministry of Finance who will, in turn, check and insert his/her authorization code and then forward electronically the WA to ADB. ADB then either makes direct payment, reimburses or replenishes according to the relevant payment system requested in the CPD System.

## **1. Disbursement Steps with Advance Account**

### **a. Step I: Release of Initial Deposit**

26. Before the submission of the first withdrawal application (WA), the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the executing agency and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD) system is encouraged for submission of withdrawal applications to ADB."

27. The executing agency prepares a formal letter to MEF requesting the opening of two advance accounts, one for the loan and one for the grant, in the National Bank of Cambodia (central bank). MEF submits the request letter along with the loan and grant agreements to the central bank for opening the advance accounts.

28. The central bank opens the advance accounts and informs MEF that the accounts have been opened and can be used in accordance with the loan and grant agreements. MEF informs the executing agency that the advance accounts have been established, and initial deposits could be deposited to the advance accounts following the issuance of the budget allocation.

29. The executing agency prepares a draft withdrawal application of initial deposit for approval by MEF. The withdrawal applications should be supported by estimated eligible expenditures to



be financed through the advance accounts for the next 6 months as detailed in ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

30. MEF reviews and signs the withdrawal applications and supporting documents and submits it to ADB for payment along with a covering letter signed by authorized persons. Based on the withdrawal applications received from MEF, ADB deposits the initial amount to the advance accounts. In parallel, a notice of disbursement can be downloaded from ADB.

#### **b. Step II: Disbursement and Liquidation**

31. After contractors/suppliers/consultants sign the contract with the executing/implementing agencies, they can submit the claims for payments/invoices to PDRD/MRD. PDRD/MRD will verify the documents and submit to the request to MEF. MEF will issue a payment instruction to the budget user for their accounting system and as evidence for processing withdrawal application for replenishment to ADB via the executing agency. Funds get transferred from the operational bank directly to the contractor/consultant/supplier bank account in a commercial bank or treasurer bank account of the budget user.

#### **c. Step III: Liquidation and Replenishment of Advance Account**

32. PPT/PDRD sends a summary of payments and support documents (invoices, proof of payments, contracts) to PCU at the executing agency (MRD) for replenishment process. Following the request from the executing agency, MEF sends a copy of advance account bank statement to the executing agency for preparing draft withdrawal applications. For each request for replenishment, a WA is to be prepared –with ADB financing of 100%.

33. The executing agency prepares draft withdrawal application for replenishment to MEF, summarizing the expenditures from all provinces, with the copy of payment proofs and the advance account statement. MEF as the authorize signatory, signs the withdrawal application after verification and submits it to ADB for liquidation and replenishment via the CPD.

34. ADB replenishes the funds into the advance accounts and, in parallel the notice of disbursement can be downloaded from ADB website by MEF, for its information and record. The Central Bank, for purposes of advance accounts disbursement notification, regularly dispatches a copy of the advance account statement to MEF.

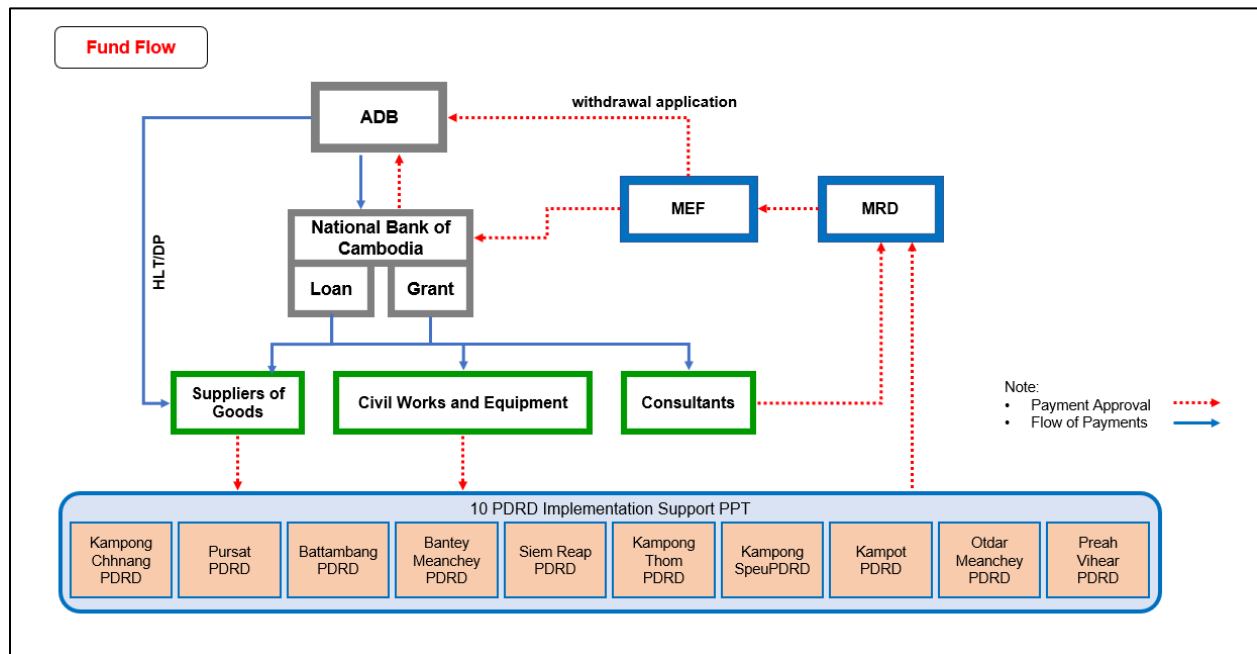
### **2. Disbursement Applying the Direct Payment**

35. This will apply to expenditures to be financed under the HLT grant. The direct payment procedure is a disbursement procedure where ADB, at the request of MEF/MRD, pays a designated beneficiary (a consulting firm or contractor) directly. A withdrawal application (WA) must be submitted to ADB together with a summary sheet and the required supporting documents. A separate WA is required for each different currency.

36. To prove the requested disbursement is for eligible project expenditures incurred, the consultant/contractor must submit the supporting documents as follows: for request of advance payment, the consultant/contractor must submit an invoice indicating amount of advance payment and bank account details. For progress payment, the consultant/contractor must submit an invoice indicating date, amount, and bank account details. ADB will return WAs that do not meet the requirements. Additional supporting documents may be required depending on the transaction involved.

37. The EA should retain supporting documents – i.e. contract terms and conditions which refer to payment of advance and progress payments, breakdown of amount due, and other documents as required in the contract, for annual audit of project financial statement/or ADB’s review. A template of WAs, required supporting documents and detailed procedure of direct payment procedure are provided in the Appendix (or can be obtained from the Loan Disbursement Handbook, July 2017).

**Figure 2: Funds Flow Diagram**



ADB = Asian Development Bank, DP = Direct payment, HLT = high-level technology, MEF = Ministry of Economy and Finance, MRD = Ministry of Rural Development, PDRD = Provincial Department of Rural Development, PPT = provincial project team.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

38. The financial management assessment (FMA) was conducted in May 2018 in accordance with *ADB's Financial Management Technical Guidance Note (May 2015)*. The due diligence focused on two main areas: (i) the major fiduciary risks facing the Rural Water Supply project arising out of the FMA of the EA—the MRD, and the (ii) the FMA of the implementing agencies (IA)— PDRDs in Kampong Chhnang, Pursat, Battambang, Bantey Meanchey, Siem Reap, Kampong Thom, Kampong Speu and Kampot.

39. The results of the FMA of the Rural Water Supply in MRD and assessment of the 10 provinces, including agreed project financial arrangements and financial responsibilities, as well as perceived financial risks and risk management measures is presented as substantial.

40. According to the Public Expenditure and Accountability Assessment, Cambodia is performing well in its budget outturn at the aggregate level. However, there are still significant weaknesses on the comprehensiveness of its budget particularly the indication of significant amounts of expenditure arrears. The process of budgeting has improved steadily over the years since 2005 and the MRD knows its final budget allocations well before the start of the fiscal year but the disbursement of the budget is continually delayed in the first five months of the new fiscal year.

41. Other findings of the assessment include: (i) many MRD staff are not aware of ADB's Code of ethics; (ii) procurement due diligence needs to be rigid; (iii) MRD's staff turnover in the provincial environment is high, (iv) financial reporting standard is still being transitioned to adopt the International Public Sector Accounting Standards (IPSAS), (v) accounting and reporting capacity at the provincial level is low, (vi) sub-national government's financial management information system (FMIS) is weak. The result of the assessment concludes that the overall project financial management risk is **substantial**.

42. The proposed mitigation measures are as follows: (i) addressing project implementation delays due to lack of counterpart funds, (ii) ensuring all MRD staff are familiar with ethics violations, (iii) enhancing procurement due diligence to reinforce rules on conclusion and conflict of interest, (iv) ensuring the best contractor is selected in accordance with ADB's procurement policy and (v) enhancing FMIS systems.

43. Based on the implementation of the transactional technical assistance, it was found that financial risk is considered substantial as internal audits are focused on omissions and miscalculations, not on internal control. Given these findings, ADB is recommended to continue its work in enhancing the capacity and capability of the Internal Audit Department for MRD for the foreseeable future and MRD to provide additional training to provincial staff in program budgeting, accounting and reporting.

44. Considering MRD's sufficient experience handling externally funded projects and the implementation arrangement for the project established, the advance fund will be used for this project and the limit was set to the equivalent to 6 months forecast.

45. RGC, MRD have agreed to implement an action plan as key measures to address the deficiencies. The financial management action plan is provided in the table below.

Table 13: Financial Management Action Plan

Risk Assessment	Risk Description	Mitigation Measures	Timeline	Responsibility
<b>Inherent Risk</b>				
1. Country (Substantial)	Based on the public expenditures and accountability assessment report and questionnaires completed by Provincial Department of Rural Developments in 8 provinces, it can be concluded there is a risk that the counterpart fund to be provided by the RGC may not be timely available, which may affect project implementation.	MRD will ensure that counterpart funds are budgeted and released in a timely manner.	Q3 2019	ADB, RGC
2. Entity (Substantial)	<p>MRD has experience in implementing the ADB-financed Second Rural Water Supply and Sanitation Sector Project (RWSSP2), which was delayed and required extension. The implementation of the Second Rural Water Supply and Sanitation Sector Project Additional Financing (RWSSP-AF), however, suggested that MRD's capacity has improved, which is indicated with a timely completion of the project.</p> <p>There is possibility that issues faced during implementation of the previous two projects will also be faced under the proposed project.</p> <p>MRD staff's awareness on the code of ethics needs strengthening.</p> <p>Transparency during procurement process also needs improvement.</p>	<p>Lessons from the two projects have been summarized and made as reference in the design of the proposed project.</p> <p>MRD and ADB will closely work to ensure that issues faced during the previous two projects are not repeated. Mitigation measures are to be developed in close coordination between ADB and MRD.</p> <p>The project will support MRD to disseminate and promote the code of ethics among MRD staff.</p> <p>Enhance procurement due diligence and ensure the contractor selection process follows ADB's procurement policy</p>	Q3 2019	ADB, MRD

Risk Assessment	Risk Description	Mitigation Measures	Timeline	Responsibility
<b>Total Inherent Risk: Substantial</b>				
<b>Control Risk</b>				
1. Fund Flow (Substantial)	The issuance of counterpart funds to the provincial offices involves 5 steps of endorsements. This may cause project implementation delay.	MRD will ensure counterpart funds are budgeted and released in a timely manner.	Q3 2019	ADB, MRD
2. Staffing (Substantial)	Project staff turnover in the provincial level was high. Further, their accounting skills need to be strengthened.	MRD will be requested to ensure that additional stipend for project staff in are the provincial level are provided to secure the stable human resource for the project.  MRD to provide intensive training to the staffs on new FMIS system and project accounting on regular basis.	Q2 2020	ADB, MRD
3. Accounting Policy & Procedure (Substantial)	The current practice in Cambodia, projects that are financed by development partners are applying a modified cash basis accounting. This has resulted in the issuance of improper project financial statements, which ultimately affect the auditors' opinion on the financial statements. In many cases auditors provided adverse or disclaimer opinions.	ADB to provide support and monitor the road map submitted by the government showing its plan and commitments to transition towards IPSAS for cash-based payments.	Q1 2020	ADB, MRD
4. Reporting & Monitoring (Substantial)	The accounting and reporting practices in the 10 implementing agencies at provincial level need further improvement and strengthening. This is due to limited staff with proper skills and the application of spreadsheet-basis accounting system.	MRD to provide additional training to provincial staff in program reporting and enhance the FMIS system to generate ADB formatted reports without having to use an external spreadsheet.	Q1 2020	ADB, MRD
2. Internal Audit (Substantial)	The existing project internal auditing needs strengthening as	ADB review missions to discuss	Q1 2020	ADB, MRD

Risk Assessment	Risk Description	Mitigation Measures	Timeline	Responsibility
	the current practices included reviews of itemized transactions only.  Internal audit should be more focused on internal control and procedures.	the audit plans and agreement reached on the number and focus on the internal audit to be reflected in aide memoires		
3. Information System (Substantial)	Cambodia uses the modified cash-basis of accounting and reporting as a step towards full accrual-based accounting. However, for ADB-financed projects the government is using data-based Excel sheet to produce accrual-based accounting statement as the FMIS is still under implementation stage.	MEF FMIS for MRD will be modified to produce ADB reports in the correct format from the mainframe data to prevent manual intervention.	Q1 2020	ADB, MRD
<b>Total Control Risk: Substantial</b>				
<b>Overall Risk: Substantial</b>				

## B. Disbursement

### 1. Disbursement Arrangements for ADB Funds

46. The ADB loan and grant proceeds and the HLT grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (July 2017, as amended from time to time), and detailed arrangements agreed upon between the Government and ADB. All financial institutions must comply with applicable national laws and regulations, as well as with ADB's SPS requirements.

47. **Advance Accounts.** Loan and grant proceeds, except for the HLT grant proceeds, will be disbursed using the advance account mechanism. The Ministry of Economy and Finance (MEF), on behalf of the government, will establish separate advance accounts for the loan and for the grant at the National Bank of Cambodia to receive funds from ADB loan and grant resources. These accounts will be maintained by MRD. The currency of each advance accounts is the US dollars (USD). MRD is accountable and responsible for the proper use of advances to the advance accounts—the advance account will be used exclusively for ADB's share of eligible expenditures.

48. The total outstanding advance to the respective advance account should not exceed the estimate of ADB's share of expenditures to be paid through the respective advance account for the forthcoming six months. The MRD may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet<sup>8</sup> setting out the estimated expenditures to be financed through the respective account for the forthcoming six months. Supporting documents should be submitted to ADB or retained by the MRD in accordance with

<sup>8</sup> Estimate of Expenditure sheet is available in Appendix 8A of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time)

ADB's Loan Disbursement Handbook (2017, as amended from time to time) when liquidating or replenishing the advance account. All withdrawal applications will be sent to ADB for processing.

## **2. Disbursement Arrangements for Counterpart Fund**

49. The PCU under MRD will be responsible for (i) preparing annual disbursement projections for both ADB and government sources, and (ii) requesting budgetary allocations for counterpart funds. The government will finance local taxes and duties under the project for consulting services and expenditures to be financed under the special funds (DRR grant), as part of its contributions, in-kind and in cash.

### **C. Accounting**

50. Cambodia adopted the Accrual Based Accounting<sup>9</sup> using the International Public Sector Accounting Standards (IPSAS), and Program Budgeting system. However, there does not exist an underlying accounting system with basic elements to determine the cost of services. Under the Public Financial Management Reform program, pilot ministries, such as the MRD, have been instructed to adopt "Budget Entity" system whereby all costs within the ministry are allocated to specific activities, both at the national and sub-national level.

51. The MRD will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following cash-based accounting system following the Government's financial regulations. The MRD will prepare project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practice

### **D. Auditing and Public Disclosure**

52. The MRD is responsible for preparing financial reports<sup>10</sup> and for submitting the annual project financial statement (APFS) prepared at the provincial level. They will also cause the detailed consolidated APFS to be audited in accordance with the International Standards on Auditing, by an independent auditor acceptable to ADB. The APFS together with the auditors' opinion will be submitted in the English language to ADB within six months of the end of the fiscal year by the MRD.

53. The audit report for the annual financial statements will include a management letter and auditor's opinions, which cover whether (i) the project financial statements present fairly, in all material respects, or give a true and fair view of, the project's financial position, its financial performance, and cash flows, in accordance with the applicable financial reporting standards; (ii) the proceeds of the loan and grant were used only for the purpose(s) of the project; and (iii) the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

---

<sup>9</sup> In April 2004, the Royal Government of Cambodia transitioned its accounting and reporting systems from the cash basis to the accrual basis, however the Public Financial Reform Program (PFRP) has only been achieved to modified cash basis at this point, 2018.

<sup>10</sup> The government uses off-the-shelf accounting IT software such as Peachtree and MS Excel spreadsheets to prepare financial reports at the provincial, and sub-national level.

54. Compliance with financial reporting and auditing requirements will be monitored during review missions and normal program supervision, and followed up regularly with all concerned, including the external auditor.

55. The government, the MRD and implementing agencies have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>11</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures

56. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.<sup>12</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.<sup>13</sup>

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting

57. Advance contracting for the Project Implementation Consultants (PIC) and procurement civil works and goods of subprojects Batches 1A and 1B) will be undertaken in conformity with ADB's Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017) as amended from time to time. The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower has been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

58. **Procurement capacity assessment.** A procurement capacity assessment of the EA was carried out as part of project preparation.<sup>14</sup> The assessment results indicate that the risk of the EA's procurement capacity is *medium*. Although MRD is a sound ministry for executing ADB projects as they have stable staff and considerable project experience as well as knowledge of ADB's procurement processes, they lack stringency in their procurement due diligence particularly on the ownership of bidders, and in ensuring that the best contractor is selected for a project in

<sup>11</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the EA advising that (a) the audit documents are overdue; and (b) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within six months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the EA of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

<sup>12</sup> Access to Information Policy: <https://www.adb.org/documents/access-information-policy>

<sup>13</sup> This type of information would generally fall under access to information policy exceptions to disclosure. ADB. 2019. *Access to Information Policy*. Paragraph 7(xiii).

<sup>14</sup> The procurement capacity assessment risk report is available upon request.



accordance with ADB's procurement policy.

59. This lack of due diligence stringency has resulted in complaints of abounding drilling companies and their possible links to government staff. To mitigate such issue, it is therefore recommended to include enhancing procurement due diligence and ensuring that contractor selection process follows ADB's procurement policy in the Loan Covenant. This will be done by increasing the number of contracts with the prior review requirement and fielding procurement post review mission at least once a year. A sample of at least 20% of the number of contracts awarded during the concerned year will be reviewed. Further training on ADB's procurement guidelines and policy will also be provided.

## **B. Procurement of Goods, Works, and Consulting Services**

60. **Procurement of Goods and Works.** All procurement of goods and works will be undertaken in accordance with ADB's Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017) as amended from time to time.

61. Open Competitive Bidding (OCB) is the default method of procurement of goods, works and services under the Procurement Regulations for ADB Borrowers (2017). There is no distinction between international and national bidding and there are no thresholds. One important consideration, however, is to decide where to advertise Invitations for Bids to maximize response from national and international bidders. To inform the decision on where bids should be advertised, a manual analysis of records of contract awards on ADB-financed projects in Cambodia from January 2010 to December 2018 was conducted and revealed the following:

62. In the RWSS Sector:

- Bids for more than 200 consulting services, works and goods contracts were advertised internationally and nationally and all were won by Cambodian companies except for the consulting services, which was won by an international company. The highest contract award value was \$1.4 million.

63. In all sectors:

- Bids for 365 works contracts were advertised nationally and 358 were won by Cambodian companies with the highest award value of \$3.1 million.
- Bids for 47 works contracts were advertised internationally, with 25 won by Cambodian bidders with the highest contract award value of \$12.1 million, and 22 were won by international bidders with the highest contract award value of \$13.5 million.
- Bids for 21 goods contracts were advertised internationally, 14 of which were won by Cambodian companies at values of up to \$3.34 million, and seven by international companies at values of up to \$1.9 million.
- Bids for 144 goods contracts were advertised nationally, 142 of which were won by Cambodian companies at values up to \$2.6 million, and two by international companies at values up to \$0.4 million.

64. Based on the above analysis, international advertisement of bid invitations in the RWSS works appears to have been limited, possibly because few estimated contract values exceeded the previous threshold for national advertisement. In all sectors taken together, however, international advertising was more widespread but does not appear to have restricted the competitiveness of Cambodian contractors and suppliers in bidding and winning contracts.

Similarly, national competitive bidding has not restricted the participation or competitiveness of international contractors and suppliers.

65. Given that the highest estimated contract values for works and goods under TRWSSSDP are \$375,000 for works and \$480,000 for goods, both within the ranges considered in the above analysis, all bidding for TRWSSSDP will be through national advertisement, except for the contract for the construction of drilled wells, which is expected to cost \$3 million. This will be advertised internationally. Selectively, some low value packages of common and readily available goods, or minor and straightforward works renovation contracts, may be procured through requests for quotation to a minimum of three suppliers and small contractors without advertisement. The packaging was done based on the nature and complexity of works, goods and services and market situation to exert best competition, efficiency and value for money. The consulting services package will be advertised internationally.

66. **Consultant Recruitment.** Consultants will be recruited according to ADB's Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017) as amended from time to time.<sup>15</sup> Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 80:20.

67. **Modification in Civil Works Contracts.** For any contract variation that would, in aggregate, increase the original contract amount by more than 15%, the EA shall provide detailed justification and seek no-objection from ADB. If the proposed variation is inconsistent with the procurement plan and the provision of the financing agreement, ADB shall promptly advise the EA stating the reasons for its position. The EA shall furnish the ADB all amendments to the contracts for civil works for legal and record purposes.

### C. Procurement Plan

68. All procurement of goods and civil works and consulting services will be carried by the PCU. An 18-month Procurement Plan indicating packages, advertising dates and review procedures, for goods, works and consulting services is in Appendix 1. The Plan also contains indicative details of packages to be procured beyond the first 18 months of the project implementation period.

### D. Consultant's Terms of Reference (TOR)

69. Detailed TOR for the Project Implementation Consultants are included in Appendix 2.

## VII. SAFEGUARDS

70. In compliance with ADB's Safeguard Policy Statement (2009), the project's safeguard classifications are categorized as B for environment and indigenous peoples and C for involuntary resettlement. The MRD is committed to implementing safeguard plans and frameworks and adhering to ADB and the government's safeguard policies. Details on the safeguard classifications are provided in the following reports: (i) Environmental Assessment and Review Framework, (ii) Initial Environmental Examination, (iii) Indigenous Peoples Framework, (iv) Social

---

<sup>15</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

Safeguards Due Diligence; and (v) Community Participation Framework. (See *Linked documents 16-18, and 20-21*)

71. **Environment (category B).** The project supports small-scale interventions at the village level to improve and expand RWSS facilities. All subproject<sup>16</sup> components are within community land and environmental impacts are anticipated to be minor and localized and effectively mitigated through good construction site management. The 15 representative subprojects (Batches 1A and 1B) are classified as Category C. Overall project classification is confirmed as B. An Initial Environmental Examination (IEE) and Environmental Management Plan (EMP) have been prepared and will provide a template for subsequent batches.

72. An Environmental Assessment and Review Framework (EARF), in line with the one prepared for the Additional Financing for the Second Rural Water Supply and Sanitation Sector Project, has been prepared and provides guidance and templates for the screening, assessment, monitoring, and reporting for future subprojects. The program component will support improved rural water supply standards and testing and guidance for septage management, which is anticipated to have net positive environmental and health benefits through reduced ground water pollution.

73. **Indigenous peoples (category B).** The poverty and social assessment, conducted as part of project preparation, found that there are ethnic minorities as well as indigenous peoples (IP) residing in the areas where the subprojects will be implemented. The ethnic groups and IPs are fully integrated with the mainstream society and enjoy equal rights. The project is classified category B for IP impact due to the residents' improved access to sustainable and safe water supply and sanitation. Likewise, representative Batch 1 subprojects prepared before the project approval do not impact ethnic minorities or IP. An Indigenous Peoples Planning Framework (IPPF) was prepared to guide the site selection process for subprojects under Batches 2 to 4. The IPPF will involve ethnic minorities and IP in deciding the subprojects' design and implementation, consultation, and monitoring as well as increase their awareness on sanitation and hygiene.<sup>17</sup>

74. **Involuntary resettlement (category C).** The subprojects and their components involve small-scale rural water supply and sanitation infrastructure.<sup>18</sup> These include rehabilitation of community ponds, rehabilitated dug well, new drilled wells for the communities, rainwater jars for households, subsidized latrines for ID poor households, rainwater collection tanks for schools, drilled well for schools, public latrines for schools, small piped water supply system etc. The 15 representative subprojects (Batch 1A and 1B) are assessed and classified as Category C on involuntary resettlement impact, as the subprojects will be established on either public/community or a privately-owned land plots, where the infrastructure will be used based on the shared use-agreement among beneficiary households.

75. Certain types of small-scale infrastructure may require voluntary donation of minor portion of land that will be selected on a participatory basis by the communities. These are new drilled wells for communities, small piped water supply systems and elevated tanks etc. where locations can be selected in a participatory manner; donors will have power of choice, and another site will

<sup>16</sup> Refers to project activities at a commune level, e.g. all project activities in commune A is considered as one subproject. Subprojects will be implemented in four batches, with the first batch consisting of two stages (Batch 1A and Batch 1B).

<sup>17</sup> IPPF will be disclosed on ADB website prior to management review, and any subsequent IP plan will be disclosed upon receipt and concurrence by ADB.

<sup>18</sup> MRD, the EA for the project, has experience implementing the first and second RWSSPs in around 1,300 villages without any land acquisition and/or resettlement impact and will continue a similar approach for this project.

be selected if the owner refuses or due to vulnerability status is not qualified to donate. Overall project classification is confirmed as C. A Community Participation Framework is formulated to guide the site selection and voluntary donation process for the subprojects that will be prepared after the project approval (Batches 2 to 4). The CPF together with the Social Safeguards Due Diligence Report on the 15 representative sample subprojects are expected to be disclosed on ADB's website by late July 2019.

### VIII. GENDER AND SOCIAL DIMENSIONS

76. The project will continue the gender mainstreaming activities under previous projects and is classified as gender equity theme (GEN). Women and girls will benefit from a reduction in time to collect water and improvements in family health and quality of life. With improved access to safe water supply, sanitation and hygiene, households will appreciate the reduced (i) time and money spent in collecting and buying water, (ii) incidence of water-borne illnesses with more time to care for sick family members, and (ii) expenditure on medicines. The water supply and sanitation improvements provide women and girls in the project's target areas convenience, safety, dignity and more time to participate in other private, public, and leisure activities.

77. The project emphasizes on capacity development and training activities for PDRDs and district offices of rural development, commune councils, the project investment committees at the village level, and WSUGs. To date, capacity building has focused on strengthening women's role at all levels, for which the Second Rural Water Supply and Sanitation Sector Project achieved positive results in terms of numbers of women involved on committees and attending training. While the target of 40% of participants are women, has mostly been exceeded; lessons learned indicate that cultural norms still prevail with men making most decisions, especially at the village level. The project will address this by targeting more women in decision making positions (at least 40%).

78. **Gender Action Plan (GAP).** The project's GAP (*See table 14*) integrates (i) targets for female staffing and decision-making in sector and commune institutions; (ii) participation in planning, design, operation and maintenance of investments; and (iii) actions to improve gender awareness of implementing agencies. The process for the design of the project has placed high importance on ensuring that the design for the sub-projects conforms with the strategic objectives and the principles of the National Strategic Plan (NSP) for Rural Water Supply, Sanitation and Hygiene (RWSSH) for 2014-2025. The design of the GAP is mindful of the mandates of the NSP RWSSH particularly its aspirations to mainstream gender in the RWSSH sector.

79. **GAP Implementation Arrangement.** The responsibility for implementing the GAP lies with MRD. The ToRs of Team Leader, Deputy Team Leader and M&E consultants in the Project Consultant team will include relevant gender actions related to their scope of work. Resources for GAP implementation is integrated in the Project budget.

80. The project executing agency is responsible for GAP implementation, resourcing, monitoring, and preparation of quarterly GAP Implementation Monitoring reports using ADB template. The work of the recruited Project Consultant team will include relevant gender actions. A national gender specialist consultant will also be recruited for 14.0 months on an intermittent basis and will be responsible for guiding the implementation, monitoring, and reporting on the GAP throughout the project period.

81. The gender specialists', supported by the PMU, individual workplans should be aligned with the key milestones of the project outputs/ activities related to the GAP. The national gender

consultant will need to ensure that gender-related substantive content is integrated into capacity development activities and communication strategies of the project, whenever appropriate.

82. Gender related indicators will be included in the project M&E system and provide an update/ report on the progress of the GAP implementation to ADB on a bi-annual basis. Data disaggregated by sex and age and other relevant factors will be included in project progress reports. Adequate resources (human and financial) have been allocated to implement, monitor and report on GAP.

**Table 14: Gender Action Plan**  
**Gender Action Plan**

Objectives	Gender Actions/ Targets	Process
<b>Output 1: Rural water supply infrastructure and services improved and expanded</b>		
1. Ensuring that women and girls benefit from the expansion of rural water supply facilities.	<ul style="list-style-type: none"> <li>• Children, especially child girls, and female teachers in at least 100 primary schools have access to safe rural water supply facilities (baseline 2019: 0).</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline and follow-up surveys</li> </ul>
2. Increase the participation of women in the planning, design and implementation of rural water supply services and action plans to improve responsiveness to the needs of women.	<ul style="list-style-type: none"> <li>• At least 50% of participants of community consultations and planning meetings for rehabilitation and construction of water supply facilities are women (including IPs and ethnic minorities), (baseline 2019: 0).</li> <li>• At least 40% of women are represented in 2,500 WSUG boards. (baseline 2019: 0).</li> </ul>	<ul style="list-style-type: none"> <li>• To support women's participation, the consultations' location, timing and information dissemination consider women's household, work responsibilities, and time constraints as well as childcare arrangements.</li> <li>• Sensitize all WSUG members on issues of women's participation and reinforce positive messages about including women in decision-making.</li> <li>• All contracts for civil works guarantee: i) equal pay for work of equal value; ii) zero-tolerance for sexual harassment; iii) separate sanitation facilities for women and men; iv) worker safety training, equipment and clothing for women and men.</li> </ul>
3. Resources spent to acquiring safe water reduced so that women and girls will have more time in other private, public and leisure activities.	<ul style="list-style-type: none"> <li>• Time for women or girls to acquiring safe drinking water in at least 11 districts is reduced by at least 50%. (2019 baseline: 60 minutes).</li> <li>• Financial expenditures of households in at least 11 districts to obtain safe water is reduced by at least 50% (baseline 2019: \$15–20/month/household).</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline and follow-up surveys</li> </ul>
<b>Output 2: Rural sanitation infrastructure and services improved and expanded</b>		
4. Ensure access to improved sanitation facilities for women, girls, and poor families.	<ul style="list-style-type: none"> <li>• Children, especially child girls, and female teachers in at least 100 primary schools have access to safe, clean, private, sex-disaggregated sanitation facilities, including those with MHM. (baseline 2019: 0)</li> <li>• Women, children especially child girls, visiting health centers (at least 100) have access to safe, clean, private, sex-disaggregated sanitation facilities, including those with MHM. (baseline 2019: 0).</li> <li>• Latrines, including those with MHM friendly design features, are accessible for people with disabilities or with limited mobility. (baseline 2019: 0)</li> <li>• At least two health and hygiene awareness campaign conducted annually at commune level, with at least 50% of the participants are women. (baseline 2019: 0)</li> </ul>	<ul style="list-style-type: none"> <li>• Accessibility features include cubicle size, door opening outwards, seating, handrails, water inside cubicle, collection and disposal mechanism for menstruation management.</li> <li>• Hygiene-related education and campaigns available for both men and women through health centers and integrated into school curriculum. Venues for these should be accessible for both men and women.</li> <li>• Campaigns consider literacy levels, and languages used is free from gender bias.</li> </ul>

Objectives	Gender Actions/ Targets	Process
<b>Output 3: Institutional capacity improved</b>		
5. Ensure the inclusion of women in project management	<ul style="list-style-type: none"> <li>• At least one leadership skill-building training for female WSUG boards conducted annually. (baseline 2019: 0)</li> <li>• At least one gender focal point is appointed in each target province to coordinate implementation of GAP, (baseline 2019: 0)</li> <li>• At least 50% of the positions in the PCU and PPT staff are women, of which 40% have management or supervisory roles, (baseline, 2019: 0)</li> <li>• At least 40% of the household water safety inspection and monitoring teams are women. (baseline 2019: 0)</li> <li>• At least 40% of participants of training on the overall project management are women. (baseline 2019: 0)</li> </ul>	<ul style="list-style-type: none"> <li>• Gender awareness for staff should take place on annual basis to consider staff changes and incorporate assessment of progress on GAP implementation.</li> </ul>
6. Ensure the collection of data disaggregated by sex, ethnicity, IP and other status to measure progress through the Program Performance Monitoring System (PPMS)	<ul style="list-style-type: none"> <li>• At least 40% of attendees of monitoring and evaluation training are female. (baseline 2019: 0)</li> <li>• At least 40% of participants of project impact assessment exercises at village level are women. (baseline 2019: 0)</li> <li>• At least 40% of participants of training/seminar/workshops on private sector involvement in RWSS are women (baseline, 2019: 0)</li> <li>• At least 40% of participants of training on climate change adaptation and disaster risk management are women (baseline 2019: 0)</li> </ul>	

Note: GAP = gender action plan, MHM = menstrual hygiene management, PCU = project coordinating unit, PPT = provincial project team, WSUG = water supply and sanitation user group,

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework

Impact the Sector Development Program is aligned with			
Universal access to safe water supply and sanitation services in Cambodia by 2025. <sup>a</sup>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p><b>Outcome</b> Universal access to safe and uninterrupted rural water supply and sanitation services in participating districts</p>	<p><b>By 2024:</b></p> <p>a. The cost of acquiring safe drinking water in at least 11 districts reduced by 50% (2019 baseline: \$15–\$20 per month per household).</p> <p>b. At least 90% of water quality tests conducted in at least 11 districts show that the quality of rural drinking water meets the standard (2019 baseline: not applicable).</p>	<p>a–b. District, commune council database; Ministry of Planning statistical book; and baseline and follow-up surveys in at least 11 districts.</p>	<p>Drought conditions beyond projected levels</p>
<p><b>Outputs</b> 1. Rural water supply infrastructure and services improved and expanded</p>	<p><b>Program</b> <b>By 2021:</b></p> <p>1a. At least 80% of PDRDs and district administrations implement water quality testing procedures issued by the MRD (2019 baseline: 0%).</p> <p><b>Project</b> <b>By 2023:</b></p> <p>1b. At least 2,500 water supply facilities either rehabilitated, upgraded, or constructed to provide safe rural water supply (2019 baseline: 0).</p> <p>1c. Water supply facilities for at least 100 primary schools and 100 health centers rehabilitated or constructed (2019 baseline: 0).</p> <p>1d. At least 40% women members in 2,500 WSUG boards (2019 baseline: 0%).</p>	<p>1a. Annual monitoring reports on rural drinking water quality.</p> <p>1b–1d. District and commune council database, quarterly progress reports.</p>	<p>Inadequate water availability because of prolonged drought</p>
<p>2. Rural sanitation infrastructure and services improved and expanded</p>	<p><b>Program</b> <b>By 2021:</b></p> <p>2a. Standard procedure for septage management in rural areas is issued (2019 baseline: no procedure).</p>	<p>2a. Standard procedure for septage management system in rural areas.</p>	<p>Prices of materials increase beyond projections</p>



Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p><b>Project By 2023:</b></p> <p>2b. At least 8,000 improved household latrines built (2019 baseline: none).</p> <p>2c. At least 100 primary schools and 100 health centers provided with separate toilets in adequate numbers for males and females (2019 baseline: 0).</p> <p>2d. At least 40,000 households residing in at least 11 districts have reported improved awareness and/or knowledge of sanitation and hygiene (2019 baseline: 0).</p>	<p>2b–2d. District and commune council database, quarterly progress reports.</p>	
<p>3. Institutional capacity improved</p>	<p><b>Program By 2021:</b></p> <p>3a. The transfer of personnel from MRD DRDOs and delegation of DRDO functions to the district administrations completed. (2019 baseline: not applicable).</p> <p>3b. MRD regulation on the principles of responsibility, accountability, and transparency for private sector involvement in RWSS services issued (2019 baseline: none).</p> <p><b>Project By 2023:</b></p> <p>3c. 250 national and subnational staff (at least 40% women) participated in technical, financial, management, and leadership training. (2019 baseline: not applicable).</p> <p>3d. All 10 target provinces produce an annual water quality monitoring report based on the rural drinking water quality standard (2019 baseline: not applicable).</p> <p>3e. RWSS safety plans incorporating CCA and DRM principles</p>	<p>3a. MRD report on the transfer of personnel from DRDOs and delegation of DRDO functions to district administrations.</p> <p>3b. MRD regulation on the principles of responsibility, accountability, and transparency for private sector involvement in RWSS services.</p> <p>3c–3e. District, commune council database, quarterly progress reports.</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	completed in at least 11 districts (2019 baseline: not applicable).		
<b>Key Activities with Milestones (Project)</b>			
<p><b>1. Rural water supply infrastructure and services improved and expanded</b></p> <p>1.1. Procure contractors or suppliers to implement civil works and/or equipment for batch 1 subprojects (Q4 2019)</p> <p>1.2. Construct and/or rehabilitate water supply facilities for batch 1 (Q1 2020)</p> <p>1.3. Review water supply service needs for the subsequent batches (Q2 2020, Q2 2021)</p> <p>1.4. Procure contractors or suppliers to implement civil works and/or equipment for the subsequent batches (Q2 2020, 2021, 2022, 2023)</p> <p>1.5. Construct or rehabilitate water supply facilities for the subsequent batches (Q3 2020, 2021, 2022, 2022, 2023)</p> <p><b>2. Rural sanitation infrastructure and services improved and expanded</b></p> <p>2.1 Construct public latrines at schools, health centers, and houses (starting Q1 2020)</p> <p>2.2 Develop new solutions for latrine emptying, treatment, and disposal (Q1 2020)</p> <p>2.3. Implement behavioral change training or workshops or campaigns with at least 40% women participants (starting Q1 2020)</p> <p>2.4 Train private sector on RWSS development (technical and management) with at least 40% women participants (starting Q2 2020)</p> <p><b>3. Institutional capacity improved.</b></p> <p>3.1 Establish WSUGs in villages (starting Q4 2019)</p> <p>3.2 Organize various training units for commune council, district, and provincial officials on RWSS investment planning, O&amp;M of RWSS assets, project management, with at least 40% women participants (starting Q2 2020)</p> <p>3.3. Conduct training on CCA and DRM and prepare CCA and DRM plans for RWSS at national, provincial, and local levels with at least 40% women participants (Q1 2021)</p> <p>3.4 Conduct training on the preparation of an open-defecation-free strategy with at least 40% women participants (starting Q2 2020)</p>			
<p><b>Inputs:</b></p> <p><b>Asian Development Bank:</b></p> <p>\$15,000,000 (policy-based loan)</p> <p>\$29,610,000 (project loan)</p> <p>\$4,390,000 (grant)</p> <p><b>Government:</b> \$2,590,000</p> <p><b>High-Level Technology Fund:</b> \$1,000,000</p>			
<p><b>Assumptions for Partner Financing</b></p> <p>Not Applicable</p>			

ADF = Asian Development Fund, CCA = climate change adaptation, DRDO = District Rural Development Office, DRM = disaster risk management, MRD = Ministry of Rural Development, PDRD = Provincial Department of Rural Development, Q = quarter, RWSS = rural water supply and sanitation, WSUG = water supply and sanitation user group.

<sup>a</sup> Government of Cambodia, Ministry of Rural Development (MRD). 2014. *National Rural Water Supply, Sanitation and Hygiene Strategy, 2014-2025*. Phnom Penh.

Source: Asian Development Bank.

## B. Monitoring

83. Project performance monitoring will be based on the new targets for existing indicators, assumptions, and risks in the DMF. Disaggregated baseline data for output and outcome indicators will be gathered for all new subprojects prior to implementation and will be updated and

reported through the Project quarterly progress reports and after each ADB review mission.<sup>19</sup> These quarterly reports will provide information, including a summary of progress with implementation of environmental and social safeguards plans, frameworks and the GRM during the reporting period, necessary to update ADB's project performance reporting system.

84. **Compliance monitoring.** Compliance with the loan and grant covenants, including compliance with financial management covenants, will be monitored and reported in quarterly reports and during ADB review missions, continuing the existing monitoring activity.

85. **Safeguards monitoring.** The MRD will prepare an Integrated Safeguards Monitoring Report for the project semi-annually, covering environment, IR and IP reporting requirements. This will be submitted to ADB and disclosed on its website upon concurrence. The first report will be submitted to ADB by 15 January 2020 and will cover the period from the Project start up to December 2019. The next report which covers the period from January to June 2020 will be submitted on 15 July 2020

86. The project will provide water quality test kits and train the users in usage of the test kits both at the Department of Rural Water Supply (DRWS) at MRD and in the PRDs. Environmental management capacity development is proposed for the project in several ways, including training in environmental management and safeguards in general, in conducting environmental assessments and in preparing and updating EMP, as well as environmental monitoring and water quality monitoring. In addition, the PIC staff shall provide on-the-job training by providing specific environmental advice and demonstrations during the different stages of the project cycle

87. **Gender and social dimensions monitoring.** One national Gender and one National Social Safeguards Specialists will work closely with the PCU, provincial, district and commune level government to provide regular updates on the implementation and impact of the GAP through quarterly reports. The PCU will support and assist the project implementation units in implementing and internal monitoring of the GAP.

### C. Evaluation

88. ADB will review the project every six months. Each review will cover institutional, administrative, organizational, technical, environmental, social, poverty reduction, gender equity, resettlement, economic, financial, and other aspects affecting the performance of the project and its continuing viability. The Government of Cambodia and ADB will jointly undertake a midterm review of the project. The midterm review will focus on (i) project impact, (ii) implementation progress, (iii) the performance of consultants and contractors, (v) the status of compliance with covenants in the loan agreement, (vi) the need for any midcourse changes in project scope or schedule to ensure full achievement of the intended impact, and (vii) the implementation of FM action plan as means of monitoring and managing project financial management risk. Within six months of physical completion of the Project, PIA consultants and PCU will submit a project completion report to ADB.

### D. Reporting

89. The MRD will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) semi-annual integrated safeguards monitoring

---

<sup>19</sup> Draft Result Framework for the National Action Plan for Rural water supply, sanitation and hygiene for 2019-2025 (dated 11 Oct 2018)

reports; (iii) consolidated annual reports including: (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iv) a project completion report within six months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the EA audited financial statement together with the associated auditor's report, should be adequately reviewed.

## **E. Stakeholder Communication Strategy**

90. The preparation and adoption of a stakeholder communication strategy (SCS) is required by the ADB to ensure inclusiveness, transparency, timeliness and the meaningful participation of stakeholders in the project. The SCS promotes select messages targeted at key stakeholders consistent with established communication objectives as to what perspectives; actions and changes should be promoted to ensure the project's success. The SCS ensures that vulnerable groups, such as the poor, elderly, indigenous and ethnic groups, and women, who risk being marginalized, are provided with opportunities. (*See Supplementary Document 22 for the summary SCS*).

## **X. ANTICORRUPTION POLICY**

91. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>20</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.<sup>21</sup>

92. To support these efforts, relevant provisions are included in the loan and grant agreements/regulations, and the bidding documents for the project.

93. In all instances, the Loan and Grant Agreements shall be the overriding legal document. ADB's Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017) as amended from time to time and shall be applied pursuant to the Loan Agreement as they may be modified by the Loan Agreement. The Government's policies and procedures shall be applicable to the extent there is no discrepancy with the Loan Agreement or ADB's Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017) as amended from time to time. In the event there is a discrepancy, then the Loan Agreement, the ADB's Procurement Policy (2017) and the Procurement Regulations for ADB Borrowers (2017) as amended from time to time, shall apply.

## **XI. ACCOUNTABILITY MECHANISM**

94. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability

<sup>20</sup> Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>21</sup> ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>22</sup>

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

95. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement S-curves.

---

<sup>22</sup> Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

## Appendix 1: Procurement Plan

### Basic Data

<b>Project Name:</b> Third Rural Water Supply and Sanitation Sector Development Program	
<b>Project Number:</b> 50101-002	<b>Approval Number:</b> .....
<b>Country:</b> Cambodia	<b>Executing Agency:</b> Ministry of Rural Development (MRD)
<b>Project Financing Amount:</b> US\$52,870,000 <b>ADB Financing:</b> US\$49,000,000 <b>Cofinancing (ADB Administered):</b> US\$1,000,000 <b>Government:</b> US\$2,870,000	<b>Implementing Agency:</b> Department of Rural Water Supply, (DRWS, under MRD)
	<b>Project Closing Date:</b> 30 June 2024
<b>Date of First Procurement Plan:</b> 14 August 2019	<b>Date of this Procurement Plan:</b> 14 August 2019

#### A. Methods, Thresholds, Review and 18-Month Procurement Plan

Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, and consulting services.

Procurement of Goods and Works	
Method	Comments
Open Competitive Bidding (OCB) for Goods	National advertisement. No domestic preference in Cambodia.
Request for Quotation for Goods (with or without advertisement)	Direct requests for quotation for goods with low value packages, readily available goods, (office furniture and equipment, vehicles).
Open Competitive Bidding (OCB) for Works	National advertisement. No domestic preference in Cambodia.
Request for Quotation for Works	Direct requests for quotation for low value packages standard specifications.

Consulting Services	
Method	Comments
Open competitive bidding with international advertising, using Quality- and Cost-Based Selection (QCBS) for consulting services for project implementation consultant (time based)	80:20, FTP
Competitive for Individual Consultant	

## B. List of Active Procurement Packages (Contracts)

The following table lists goods, works, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan duration.

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/yr)	Comments
CP1	Rehabilitation of community ponds in 8 provinces	950,000	OCB	Prior/Post (Sampling)	Standards Operating Procedures (SOPs)	Q3 / 2019	Advertising: National No. Of Contracts: 4 Prequalification of Bidders: No Domestic Preference Applicable: No Prior review for the first contract only. Comments: advance action (Batch 1)
E1G	Procurement of Computers, printers, copiers, Hand-held GPS	93,700	RFQ (with advertisement)	Post	Goods	Q3 / 2019	No. Of Contracts: 1 Comments: advance action
E2W	Procurement of water test kits for CPU and PPTs, and Broad Spectrum PCU Test Kits	27,000	RFQ	Post	Goods	Q3 / 2019	No. Of Contracts: 1 Comments: advance action (Batch 1)
E3F	Procurement of office furniture	3,000	RFQ	Post	Goods	Q3 / 2019	No. Of Contracts: 1 Comments: advance action.
EHLT1	Procurement of air to water generation units	360,000	OCB	Prior	Goods	Q2 / 2020	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No
HHLT	Construction of HH Latrines in 8 provinces	505,000	RFQ	Prior/post sampling	SOPs	Q3/2019	No. of contract: 8 Comments: advance contract, (Batch 1). Prior review for the first contract only.
Pipe1	Construction of pipe system	187,000	OCB	Prior	SOPs	Q3/2019	Advertising: national No. of contract: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Comments: advance contract, (Batch 1).
PL1	Construction of Public Latrines in 8 provinces	587,000	RFQ	Post (sampling)	SOPs	Q3/2019	No. of contract: 8

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/yr)	Comments
							Comments: advance contract
RWJ1	Procurement of rainwater jars for 8 provinces	2,465,000	RFQ	Prior/Post (Sampling)	SOPs	Q3 / 2019	No. Of Contracts: 14 Comments: advance action, (Batch 1). Prior review for the first contract only.
V1	Procurement of 24 units motorcycles	48,000	RFQ (with advertisement)	Prior	Goods	Q3 / 2019	No. Of Contracts: 1 Comments: advance action
V2	Procurement of 4WD pick-up vehicles (6 units)	234,000	RFQ (with advertisement)	Prior	Goods	Q3 / 2019	Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Comments: advance action
Well1	Construction of drilling wells in 8 provinces	3,050,000	OCB	Prior/post (sampling)	SOPs	Q3 / 2019	Advertising: International No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Prior review for the first contract only. Comments: advance action, (Batch 1).
WST	Workshop/training	610,000	RFQ	Post (Sampling)		Q2 / 2020	No. Of Contracts: multiple Comments: the first contract should be prior review
Batch 2 (works and goods)	Works and goods contracts under Batch 2 Subprojects.	5,000,000	OCB/RFQ with advertisement	Post (Sampling)	SOPs	Q3 / 2020	Advertising: National No. Of Contracts: multiple Prequalification of Bidders: No Domestic Preference Applicable: No



Consulting Services							
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
CS-1	Project Implementation Consultant	3,350,000	QCBS	Prior	FTP	Q3 / 2019	Type: Firm Assignment: International and National Quality-Cost Ratio: 80:20

### C. List of Indicative Packages (Contracts) Required Under the Project

The following table lists goods, works, and consulting services contracts for which procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan duration).

Goods and Works						
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Comments
Batch 3- 4 (Good and works).	Works, and goods for Batches 3 and 4	16,940,303	RFQ/OCB	Prior/post sampling	-	No. of Contracts: multiple

Consulting Services						
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Comments
CD	Trainers/ resource persons/other experts	590,000	ICS	Prior	N/A	No. of Contracts: multiple

## Appendix 2: Consultant's Terms of Reference

### SUMMARY TERMS OF REFERENCE CONSULTING SERVICES FOR PROJECT IMPLEMENTATION CONSULTANT Third Rural Water Supply and Sanitation Services Sector Development Program

#### A. Introduction

1. Cambodia has made considerable progress to increase access to improved rural water supply and sanitation services. However, despite promising progress and innovations in the sector during the recent years, nearly half of the rural population in Cambodia still live without access to improved water supply and 33% without access to safe, sanitary toilet.
2. Building on the results, experience, and learnings in the previous investments supported by ADB and other donors in the implementation of rural water supply and sanitation sector programs in Cambodia, the proposed Third Rural Water Supply and Sanitation Services Sector Development Program (TRWSSSDP) will support the development of rural infrastructure and basic services, institutions, and human capacities. The project will support inclusive growth by (i) reducing inequalities; (ii) improving health, gender, and living conditions; and (iii) reducing vulnerability and targeting solutions for the poorest and disadvantaged households.
3. The project is focused on ensuring sustainable and equitable access to safe and affordable water, sanitation, and hygiene for rural areas in the ten provinces of Banteay Meanchey, Kampong Chhnang, Kampong Thom, Pursat, Battambang, Siem Reap, Kampong Speu, Kampot, Oddar Mencheay and Preah Vihear. The expected impact of the TRWSSSDP aligns with the National Strategic Plan for Rural Water Supply, Sanitation and Hygiene for 2014-2025 and will significantly contribute to the achievement of the national target for having universal access to rural water supply and sanitation in Cambodia by 2025. The program has three outputs:
  - (i) Rural water supply infrastructure and services improved and expanded
  - (ii) Rural sanitation infrastructure and services improved and expanded
  - (iii) Rural water supply and sanitation sector institutions strengthened, and management capacity improved and developed.
4. The TRWSSSDP will build on the results and key learnings in the six provinces around Tonle Sap Lake, where the on-going RWSSP2 is currently being implemented, and will scale up the support to the four additional provinces of Kampong Speu, Kampot, Oddar Mencheay and Preah Vihear.
5. The 5-year sector development program aims to improve the health and quality of life for 400,000 people through improved access to safe water supply, elimination of open defecation and equitable and sustained access to improved sanitation and hygiene practices. The program will target 40 rural communes, including 400 villages and aims to achieve 100% access to safe and sustainable water supply and sanitation services in all the target villages. The project will be implemented in four batches of communes over a period of five years, with the Batch 1 communes already selected, designed, and procurement ready.

## **B. Objectives of the assignment**

6. The TRWSSDP will support the Ministry of Rural Development (MRD), through its provincial departments (PDRDs), to expand access to rural water supply and sanitation services, accelerating progress towards the Government target of universal coverage by 2025.

7. The outcome of the project is universal access to sustainable rural water supply and sanitation services in target provinces by 2024. The outputs of the proposed project are: (1) rural water supply infrastructure and services improved and expanded; (2) rural sanitation infrastructure and services improved and expanded; and (3) rural water supply and sanitation sector institutions strengthened, and management capacity improved and developed.

8. The consultant team will support the executing agency and implementing agencies in ten program target provinces in implementation, management and monitoring of the project.

9. Through the capacity development and technical advisory services, the consultants will ensure that:

- Government officials at different levels have improved skills, competencies, and management capacity to achieve the expected outputs and targets included in the Design and Monitoring Framework (DMF) for the TRWSSDP and the national, provincial, district and commune level rural water supply, sanitation, and hygiene action plans for the period of 2019-2025; and
- Capacity of RWSS institutions is strengthened and effective procedures and systems are in place to achieve accelerated progress to reach universal access to rural water supply and sanitation in Cambodia and sustain the improved infrastructure, services and practices.

## **C. Scope of Work**

10. The consultant team will:

- i. support the MRD, PDRDs, and local government agencies to ensure that the program implementation will fully comply with the government's and ADB's policies, guidelines, and operational requirements in terms of detailed designs, procurement, construction supervision, disbursement, financial management, monitoring and evaluation, social and environmental safeguards policy, climate change adaptation, pro-poor support strategies, gender and social inclusion, and civil society participation;
- ii. provide capacity development and training for the executing agency (MRD), implementing agencies (PDRDs), and local government agencies to ensure that the program (including all the sub-projects) will be implemented in compliance with ADB and government's policies and procedures;
- iii. work in close cooperation with the Executing Agency to implement, monitor, and manage the capacity development and training program. The aim is to ensure that after a period of 3 years MRD has the skills, competencies and management capacity to continue the implementation of the capacity development program;
- iv. support the Provincial Project Teams (PPTs) and district RWSS teams in participatory design process for the sub-projects in communes under Batches 2 to 5 and the development of the feasibility study reports and detailed designs. Ensure that climate change adaptation and disaster risk management considerations are integrated into the design of the sub-projects;
- v. Support the Project Coordination Unit (PCU) and PPTs with detailed engineering designs, construction supervision, and contract management. The consultant will fulfil all related tasks

- and duties, covering technical, administrative, financial, contractual, and legal aspects, from the preparation of relevant tender documentation up to the handover of the works, goods, and operation in compliance with contractual guaranties;
- vi. support PCU and PPTs in the procurement of the civil works and goods packages as specified in the procurement plan, maintain all bidding records for inspections in particular for contracts awarded through the post review procedure;
  - vii. establish an efficient mechanism to manage all correspondence with the program stakeholders, technical documents as well as contractual, financial, administrative, and legal documents. Such a mechanism will be supported by appropriate software, relevant procedures, and clear manual;
  - viii. support the executing agency and implementing agencies to coordinate with the other development partners and NGOs that are implementing RWSS projects and interventions in the same target provinces/ districts. Support the provincial and district working groups for RWSS to organize multi-stakeholder coordination meetings on water, sanitation, and hygiene at provincial and district level;
  - ix. support the establishment of the RWSS teams at national, provincial, district, commune, and village level and provide orientation on the roles and responsibilities, job descriptions and performance management process at national and sub-national level;
  - x. establish a performance monitoring system for the TRWSSDSP and provide capacity development and training at national and sub-national levels on monitoring system, monitoring and evaluation (M&E) plan and tools. Organize annual performance review workshop with the PCU, PPTs, and the relevant project stakeholders;
  - xi. manage the baseline, mid-term, and final monitoring survey in all the program target communes, using mobile phone-based monitoring;
  - xii. prepare and submit an inception report within six weeks of mobilization detailing the work plan, personnel schedule, implementation arrangements, and risk management plan; and
  - xiii. support the PCU to develop quarterly progress reports, consolidated annual reports, and a project completion report.

#### **D. Requirements for the Consultant Team**

11. In accordance with ADB's Strategy 2030, ADB will continue to strengthen partnerships with civil society organizations and, where possible, CSOs will be more involved in the design and implementation of projects, and in the monitoring of project activities and outputs.

12. An experienced international consulting firm in partnership with an NGO/CSO (or consortium of firms and NGOs/CSOs) with extensive experience in managing large-scale sector development projects, technical advisory services, and capacity development in rural water supply, sanitation, and hygiene in Cambodia and/or other countries in Southeast Asia will be contracted following the quality- and cost-based selection method, with a quality–cost ratio of 90:10, using full technical proposal procedures.

13. The minimum qualifications and work experience of the international and national consultants and the local program implementation officers are summarized below.

<b>Position &amp; Task (Key Expertise)</b>	<b>Person- Months</b>	<b>Minimum Qualifications</b>	<b>Minimum Work Experience</b>
<b><i>International Consultants</i></b>			
Team Leader/ Rural Water Supply and Sanitation Specialist	31	Degree in civil engineering or other relevant discipline specializing in water supply and sanitation	15 years of experience on water supply and sanitation projects, including 10 years of experience in rural development, rural water supply and sanitation, and related fields. Previous experience as team leader on ADB TAs and/or loans and on similar projects financed by multilateral development agencies in Cambodia and/or Southeast Asia is preferred.
Capacity and Institutional Development Specialist	6	Master's degree in human resource management or other relevant discipline or an equivalent professional qualification.	15 years of working experience in institutional development and capacity building of public entities and water utilities, preferably involved in rural water supply and sanitation service delivery. Experience in designing and conducting training courses/assignments in rural water supply and sanitation is essential and previous work on projects in Cambodia and/or Southeast Asia financed by multilateral development agencies is preferred.
Behavior Change Communication Specialist	2	Master's degree in a relevant social sciences discipline	10 years of experience in communication with particular expertise in rural communities. Experience on projects financed by multilateral development agencies would be an advantage and previous working experience in Cambodia and/or Southeast Asia is preferred
Environmental & Climate Change Specialist	8	Master's degree in engineering, environmental sciences or other relevant discipline	10 years of experience in environmental and climate change management, including 5 years of experience in rural development, rural water, and related fields. Experience on projects financed by multilateral development agencies would be an advantage and previous working experience in Cambodia and/or Southeast Asia is preferred
Social Development and Safeguards Specialist	5	Master's degree in a relevant social sciences discipline	10 years of experience in poverty & social development preferably within rural communities. Experience on projects financed by multilateral development agencies would be an advantage and previous working experience in Cambodia and/or Southeast Asia is preferred
Monitoring & Evaluation Specialist	6	Degree in engineering or a related discipline	10 years of experience in monitoring and evaluation of development projects, preferably with experience in rural projects, including water supply and sanitation for at least 5 years. Previous work experience in Cambodia and/or Southeast Asia is preferred
<b>TOTAL</b>	<b>58</b>	<b>Person Months of Key International Consultants</b>	
<b><i>National Consultants</i></b>			

<b>Position &amp; Task (Key Expertise)</b>	<b>Person- Months</b>	<b>Minimum Qualifications</b>	<b>Minimum Work Experience</b>
Deputy Team Leader/ Monitoring and Evaluation Specialist	45	Master's degree in relevant social sciences discipline	10 years of experience in community development in rural areas, and at least five years of experience in rural water supply and sanitation. Experience and knowledge in poverty, ethnicity and gender issues are highly desirable. Experience on projects financed by multilateral development agencies and ability to communicate and report in the English language is essential.
Rural Water Supply Engineer	34	Degree in civil engineering or a relevant discipline specializing in water supply and sanitation.	10 years technical experience in rural water supply. Experience on projects financed by multilateral development agencies and ability to communicate and report in the English language is essential.
Rural Sanitation and Hygiene Specialist	32	Degree in civil engineering or a relevant discipline specializing in water supply and sanitation.	10 years technical experience in rural sanitation. Experience on projects financed by multilateral development agencies and ability to communicate and report in the English language is essential.
Capacity Development Specialist	32	Degree in Public Management or other relevant discipline	5 years of experience in capacity building at national, provincial and community level, and at least five years of experience in rural water supply and sanitation. Experience and knowledge on projects financed by multilateral development agencies and ability to communicate and report in the English language is essential.
Behavior Change Communication Specialist	25	Master's degree in a relevant social sciences discipline	5 years of experience in communication with particular expertise in rural communities. Experience and knowledge on projects financed by multilateral development agencies and ability to communicate and report in the English language is essential.
Procurement Specialists	20	Degree in civil engineering, or other relevant professional qualification	5 years of experience in the preparation and administration of contracts for general civil works and procurement of equipment and materials. Proficiency in spoken and written English language sufficient to prepare bidding documents and reports in English is essential. Experience on ADB projects and familiarity with ADB procurement systems is essential.
Financial Management Specialist	45	Degree in finance, accounting, business management or other relevant discipline.	5 years of experience of financial management & accounting of projects financed by multilateral development funding agencies, Proficiency in spoken and written English language sufficient to prepare documents and reports in English is essential. Experience on ADB projects and familiarity with ADB procurement systems is preferred.

<b>Position &amp; Task (Key Expertise)</b>	<b>Person- Months</b>	<b>Minimum Qualifications</b>	<b>Minimum Work Experience</b>
Environmental & Climate Change Specialist	14	Master's degree in engineering, environmental sciences or other relevant discipline	5 years of experience in environmental and climate change management, including experience in rural development, rural water and sanitation, and related fields. Proficiency in spoken and written English language sufficient to prepare documents and reports in English is essential. Experience on ADB projects and familiarity with ADB procurement systems is preferred.
Social Safeguards & Community Development Specialist	10	Master's degree in a relevant social sciences discipline	5 years of experience in poverty & social development with particular expertise in areas of social risk mitigation and gender & development, preferably within rural communities. Proficiency in spoken and written English language sufficient to prepare documents and reports in English is essential. Experience on ADB projects and familiarity with ADB procurement systems is preferred.
Gender Specialist	14	Master's degree in a relevant social sciences discipline	5 years of experience in poverty & social development with particular expertise in areas of gender & development, preferably within rural communities. Proficiency in spoken and written English language sufficient to prepare documents and reports in English is essential. Experience on ADB projects and familiarity with ADB procurement systems is preferred.
RWW Policy and Monitoring Specialist	19	Master's degree in engineering, environmental sciences or other relevant discipline.	At least 5 years in monitoring and evaluation of policy-based projects, particularly in RWSS sector.
<b>TOTAL</b>	<b>290</b>	<b>Person Months of Key National Consultants</b>	
<b><i>Local Program Implementation Support Officers (based in each PDRD office in ten provinces)</i></b>			
Rural water supply and sanitation specialist (10 positions)	370	Degree in civil engineering or a related discipline specializing in water supply and sanitation	5 years of experience on water supply and sanitation projects, including 3 years of experience in rural water supply and sanitation and related work. Previous experience on TA/loan projects with multilateral development agencies is preferred and fluency in written and spoken English is required.
Community Development Specialist (10 positions)	370	Degree in engineering or a related discipline	5 years of experience in the monitoring and evaluation of rural development projects, including water supply and sanitation for at least 2 years. Previous experience on TA/loan projects with multilateral development agencies is preferred and fluency in written and spoken English is required.
<b>TOTAL</b>	<b>740</b>	<b>Person months of national non-key experts</b>	

## **E. Implementation Arrangements**

14. The consultant team will be based at the Department of Rural Water Supply (DRWS) at MRD in Phnom Penh and the local program implementation support officers will be based in the offices of the PDRD in ten target provinces.

**F. Client's Input and Counterpart Personnel**

15. As the Executing Agency for the sector development program, MRD will provide office space to the consultants, both at the national level and at the provincial level.



**Appendix 3: Guidelines on Establishment of Water and Sanitation User Group (WSUG)*****Proposition of Amendment 20 May 2005*****I. INTRODUCTION**

Cambodia is richly endowed in freshwater resources, both surface water such as rivers, streams and lakes and underground water.

The Ministry of Rural Development is an institution plays an important role in implementing facilitating and collaborating with National and International NGOs and private sector in the field of the provision of rural water supply and sanitation.

The MRD, on the basis of the past experiences is aiming at reviewing and revising the Water and Sanitation User Group (WSUG) guidelines, which role and responsibility has been set up in line with the national policy on water supply and sanitation sector adopted by Government on 7<sup>th</sup> February 2003.

MRD has set up a working team for the modification of the guideline on the establishment of water and sanitation user group. The present document presents the new guidelines and replace the document signed on 21 August 2004.

**II. ESTABLISHMENT OF WATER AND SANITATION USER GROUPS****II.1 Objectives**

- To ensure that rural people have sustained access to safe water supply and sanitation facilities, have sustained operation and maintenance procedures and hygiene education for the benefit of all users in the area;
- To contribute to reducing the water and sanitation related diseases through the promotion of safe water use and hygiene education, the provision of safe drinking water, the construction of sanitation latrines and the cleanliness of households by involving the whole community.

**II.2 Composition of WSUG**

- **Users** are all the people that have access to a water and sanitation facilities,
- **WSUG members** are the head of each users' household who wish to have access and to contribute to the capital cost and the maintenance costs of one Water Supply and Sanitation community infrastructures (well, tube wells, pond, piped water system or other) without any discrimination of any sort;
- **The WSUG** is composed of all WSUG members;
- One WSUG has the responsibility for one WSS infrastructure. In case of many wells within a village, there shall be one WSUG for each community WSS system;
- Households may be member of more than one WSUG if they are willing to contribute to each WSUG of which they are members;
- In case a piped water system covers several villages, there is only one WSUG for all the users of the piped water system.

### **II.3 Role of WSUG**

- WSUG members identify and select in common the type and the location of WSS systems;
- WSUG members participate in the selection of option of systems they are willing to pay for;
- WSUG members contribute in cash, labor or materials and land before the construction of the WSS system;
- WSUG members contribute for the operation and maintenance of WSS systems;
- WSUG members adhere to common statutes;
- WSUG members are deeply involved in water resources protection.

### **II.4 The very poor**

- The very poor WSUG members may be exempted of cash contribution;
- The number of very poor WSUG members exempted shall not exceed 20% of the WSUG members;
- The selection of the very poor shall be done in a participatory and transparent way;
- The keys informants of the village shall gather and prepare criteria to identify the very poor;
- They shall then prepare a list of the very poor, visit the concerned household and agree on a final list;
- They shall then announce in public the list, during a workshop with the population, and check if the other users agree that the selected very poor can be exempted of local contribution.

### **II.5 Statutes**

- All WSUG members of a community water system shall prepare, agree and sign the statutes of the WSUG;
- The statutes shall express the rights and duties of users, aspects related to the conditions of access and special conditions for certain users (the poorest)
- The statutes of the WSUG shall include the aspects regarding the conditions of access, management and contribution to the WSS infrastructure;
- The acceptance of the statutes is a condition to access to the water system;
- The statutes specify the procedures to select the very poor and the rule concerning their reduced contribution;
- Statutes shall specify the type of maintenance collection systems (regular monthly or yearly maintenance collection or collection on ad-hoc basis (when the systems needs repair or maintenance)
- Statutes shall indicate clearly the level of contribution and the rules for modifying these contributions,
- Set the conditions of access to the wells, in case the system is put on private land,
- Set the conditions of cash management or bank account management,
- The statutes shall include the composition of the Board of the WSUG elected by all users,
- The statutes shall be endorsed and signed by all the users and validate the commune chief and PDRD.

### **III. THE BOARD OF THE WATER AND SANITATION USERS GROUP (WSUG BOARD)**

#### **III.1 Election of the Board**

The WSUG members shall elect, during a public process, the WSUG Board. The Board shall be elected with a majority of WSUG members.

The WSUG Board is in charge of the management of the community Water Supply and Sanitation (WSS) systems, the promotion of sanitation (latrines), good water use and hygiene.

#### **III.2 Election of a Board for a system covering several villages.**

In case of water system, such as a piped water system, covering several villages, or even several communes, the Board shall be elected indirectly by the users:

- First the WSUG members of each village will elect two villages representatives (one man, one woman)
- Then all the representatives of every concerned village will gather and elect and compose the main management Board, which will be in charge of managing the systems on behalf of the WSUG members.

#### **III.3 Composition of the Board.**

The WSUG Board consists of 5 persons and at least 40% (2 persons) are women. The composition of the Board is as following:

- |   |                                  |
|---|----------------------------------|
| • Chairman  | 1 person                         |
| • Vice-chairman   | 1 person                         |
| • Member in charge of finance and cash                    | 1 person                         |
| • Members in charge of technical and hygienic maintenance | 2 persons (one male, one female) |

In case of small WSUG (less than 20 families), the restricted Board could be composed of only 3 members, with at least 1 woman, composed of the chairman (also in charge of finance and cash) and the members in charge of technical and hygienic maintenance

#### **III.4 Criteria of eligibility of the Board.**

A member of the Board shall be a WSUG member

- Who lives very near to water point;
- With good reputation and trusted by other villagers;
- Who knows how to read and write Cambodian language;
- At least 20 years old up;
- Permanently living in the village;

The Board shall have proportional representation of the ethnic minorities in WSUG.

### **III.5 General Roles and Responsibilities of the Board**

- Has the overall responsibility for operation and maintenance of the water system;
- Require the WSUG members to partly contribute in cash and in kind such as labor and materials for operation and maintenance of water and sanitation sources;
- Participate in determining how much community has to contribute for operation and maintenance of water and sanitation sources;
- Manage and maintain the water supply and sanitation sources in a sustainable way
- Regularly monitor the water supply and sanitation services before and after construction;
- Promote, implement and disseminate the water use and hygiene education to users within community;
- Encourage and support the population to build and use household latrines;
- Communicate and collaborate with relevant institutions who are working for the sector;
- Make a urgent report to the PDRD in the case of the water supply and sanitation sources being seriously damaged when the communities themselves can not repair;
- Ensure that the provision of water supply and sanitation services is transparent and equitable;
- Cooperate with the technical officers for analyzing the chemical substances and viruses containing in the drinking water sources;
- Participate in the preparation of village development plans relevant to the water supply and sanitation services;
- Participate in the training courses relevant to water supply and sanitation sector;
- Participate in solving water supply and sanitation related issues;
- Meet with villagers in order to disseminate the result of water supply and sanitation situation every 6 months at least and as requested by a majority of WSUG members.
- Select private entrepreneurs to help in the management of a water system, if the need shall be. The contract with the private sector shall be endorsed and signed by the commune council.

### **III.6 Role of women.**

- Women shall be in priority elected to be members of the Board of the WSUG.
- At least 40% of the Board of the WSUG are female
- At least one lady of the Board should be trained in technical maintenance of the WSS system.

### **III.7 Role of the Land Owners.**

- When possible, the land-owner, if the WSS is built on or near by a private land, shall be a member of the Board.

### **III.8 Roles and Responsibilities of the members of the Board**

After the voting results are declared and through discussion among elected members about their roles, the WSUG Board shall decide the role of every member; chairman, vice-chairman, member in charge of finance, member in charge of water supply and member in charge of sanitation.

Chairman

- On behalf of WSUG the chairman has to consult with the local authority, VDC, health center and external support agencies as well as keeping good relationship with representatives of those agencies;
- Leads regular meetings among the Board members every three months and any other extra WSUG meetings if necessary;
- Ensure that resources provided by the external support agencies are seriously managed and monitored;
- Evaluate the activities of water supply and sanitation services;
- Report on water supply and sanitation services to the commune council, the village chief and the VDC;
- Facilitate and solve the water supply and sanitation problems within the WSUG members;
- Keep informed the village chief, VDC and commune council about the water supply and sanitation sector related issues, especially when it is broken;
- Participate in determining the cost how much community has to contribute for operation and maintenance of water and sanitation sources.
- Reports to the deputy commune chief in charge of social affairs, and when it exists to the commune water committee.

Vice-Chairman

- Assist Chairman and do all duties when the Chairman is absent;
- Be responsible for technical issues when the services are slightly broken;
- Monitor the result of fee collection which is the contribution of community;
- Perform other duties and responsibilities requested by the Chairman of WSUG;
- Participate in any meeting requested by the chairman of WSUG.

Member in Charge of Finance

- Raise and mobilize contributions before and after construction;
- Collect and keep budget for operation and maintenance;
- Review and report the result of the mobilization of contributions of each water and sanitation points to the WSUG chairman and vice-chairman;
- Make paper lists and records the income and expenditure which has used the budget contributed by community;
- Make the income and expenditure reports which have used the budget contributed by community for service operation and maintenance to the WSUG chairman, vice-chairman, other members and all users;
- Participate in any meeting requested by the WSUG chairman.

Members in Charge of Technical and Hygienic Maintenance

- There shall be two members in charge of THM, one man and one women who should be equally trained on technical and hygiene aspect.
- Participate, cooperate and coordinate with the technical officers in terms of the construction of water supply system, sanitation services such as sanitation latrine, sewage, mud elimination and dumping...etc;
- Maintain and repair the water supply system if the need shall be;
- Coordinate the activities of cleaning of the water supply system,

- Promote good water and household sanitation such as making fence, and encouraging villagers to build the bathroom;
- Participate in the training on the importance of the use of water supply and sanitation and disseminate this kind of knowledge to villagers;
- Participate in training courses on O&M and take responsibility for maintenance and repairs;
- Report back to the chairman or vice-chairman on the technical and hygienic status of water supply system, in case of actions may impact public health within the community;
- Participate in any meeting requested by the chairman.
- Participate, cooperate and coordinate with the technical officers in terms of

#### **IV. INSTITUTIONAL ASPECTS, ROLE OF EACH AGENCY**

For well-functioning of the WSUGs, MRD, PDRD and other agencies such as commune council, NGOs will facilitate the establishment of a WSUG for any new or rehabilitated community WSS system.

##### **IV.1 MRD, Central Level**

MRD coordinates all NGOs, agencies who are working for the sector, PDRD and water supply and sanitation providers to promote the creation of WSUG for any new and rehabilitated WSS system. MRD coordinate between sector stakeholders in order to make the best use of resources, to avoid the overlapping of responsibilities and to provide support and information where needed. MRD will disseminate the guidelines to all concerned with WSS.

##### **IV.2 PDRD (Provincial Department of Rural Development)**

PDRD is responsible for the implementation of all MRD activities at provincial level, coordination of people, contractors, NGOs within its own area. PDRD is assisted in these tasks at the district level by DORD (District Office of Rural Development).

##### **IV.3 Commune Council**

Following the recent legislations and guidance relevant to the management of commune, commune councils are now the focal point for the development and construction of water infrastructure in rural areas. Communes have the ownership of systems created within their territories, to the extend possible allowed by Cambodian law.

In the frame of the creation of WSS systems, commune councils shall:

- Attract investment for the development of rural water supply and sanitation,
- Identify, plan, formulate if necessary, implement the setting-up of WSS.
- Transfer the management of WSS infrastructure to WSUGs
- Endorse the statutes of the WSUGs
- Analyze and validate the contract passed between WSUGs and private entrepreneurs, when the need shall be.
- Allow when necessary, and when the regulations allow it, the WSUG to open and maintain a bank account.

#### **IV.4 Commune Water Committee**

The deputy chief of commune in charge of social aspects is the focal point of the WSUGs. The chairmen of the WSUGs shall report to them. In case it is necessary, the commune shall create a commune water committee comprising all the chairmen of the WSUGs and commune councilors. This committee shall be in charge of coordinating the water and sanitation activities at commune level.

#### **IV.5 Villagers**

Villagers include all people living in the village, not only the users of the concerned WSS infrastructure. The villagers shall:

- Participate in the water needs assessment, project identification and selection, in the frame of the planning process set by the Royal Government of Cambodia;
- Participate in the participatory process of poor identification;
- Participate in the implementation and construction of rural water supply and sanitation facilities, especially in contributing to the project cost including labor, materials or other means. No, why should the villagers contribute to a system they do not have right to access?

#### **IV.6 Village Chief**

The village chief is involved in the whole process of the identification and implementation of WSS as well as in the process of formation of WSUG. He or she shall:

- Encourage people to attend meeting related to WSS identification, planning and implementation,
- Bring and express the people needs at commune level
- Facilitate the establishment of WSUGs,
- Follow up the implementation of WSS systems at village level,
- Report to commune about the possible problems occurring in the identification planning and implementation of WSS systems.

#### **IV.7 Planning and Budgeting Committee (PBC)**

The planning and budgeting committee is in charge of planning and budgeting project at commune level. It is composed of two persons of each village, one male one female, including the chief of village, 3 commune council members and is chaired by the chief of commune. The PBC shall:

- Facilitate the establishment of meeting in which people can express their needs related to water and sanitation,
- Report villagers need to the commune council and in return inform the villagers about the decisions of the commune council.

#### **IV.8 Village Development Committee (VDC)**

Village Development Committee are elected bodies to support the establishment of development activities at villages level. There are presently several thousands of VDC in Cambodia. In the WSS identification and implementation, the role of VDC shall be:

- Facilitate the expression of the needs of the population related to WSS
- Relates these needs to the commune level according to the planning process,

- Advise the village chief and PBC about the identification and implementation of WSS systems.

#### **IV.9 Local and International NGOs**

Several NGOs, local and international are presently involved in WSS in rural Cambodia. In the frame of their activities, they shall develop the formation of WSUGs for all new or rehabilitated WSS infrastructure. They shall, among other:

- Provide financial and technical assistance for the formation of WSUG within its own working areas;
- Provide vocational training on water point operation, maintenance and repairs to WSUG and other skills training based on community demands.

#### **IV.10 Private Sector**

Private entrepreneurs can provide 4 type of services for the WSUG:

- Manufacture of equipment (making jars, rings)
- Supply of equipment (spares parts)
- Civil works: Drilling and construction of WSS systems
- Assistance to the management of WSS systems (especially piped water systems)

In case the WSUG boards want to contract private sector for one of these tasks, they shall contact the commune council to enter in agreement with private sector. They shall obtain the the support of PDRD on technical aspects.

### **V. TRAINING TASKS**

MRD, especially the Department of Rural Water Supply, Department of Rural Health Care and Department of Training are in charge of coordinating the training operations for WSUGs. The contents of the training shall include:

#### **V.1 Technical Training**

- How to repair hand-pump wells, hand dug wells, combined well and water supply connection;
- Where to find adequate spare-parts and the related cost.

#### **V.2 WUHE: Water Use and Health Education.**

- How to maintain and clean the campus of water source and storing equipment;
- Explain importance of the use of safe water supply;
- Show benefits of use of sanitary latrine;

#### **V.3 Management training to WSUG Boards**

- Roles and responsibilities,
- Leadership and organizational management
- Budget management,
- Monitoring and evaluation to WSUG and OMT.



## VI. MONITORING AND EVALUATION

It is important that all government institutions and NGOs which are working within the rural water supply and sanitation sector monitor and evaluate WSS implementation, especially the performance of WSUG and utility of the water supply system and sanitary latrines, under the following conditions:

- Evaluation should apply during and after the construction with regular check up every 6 months.
- The WSUG board and the commune council are in charge of supervising the construction or rehabilitation, with the support of PDRD.
- The WSUG Board and the commune council are in charge of regularly checking the functioning of the WSS systems (provision of water supply, hygiene around the WSS system) and report to PDRD in case of problem.
- The PDRD is in charge of conducting regular water testing (every 6 months) of all water points.

## VII. RECOGNITION

- WSUG shall be recognized by the commune councils and the PDRD;
- PDRD will maintain and display the list of WSUG and the level of operation of each related WSS system, as well as the level of sanitation (number of households having latrines)
- The level of sanitation
- Good WSUG (and OMT) may receive encouragement, such as study tours, public recognition;
- Good WSUG and OMT may receive 'Good Performance Certificate' from PDRD;

## VIII. ESTABLISHMENT STEPS OF WSUG AND WSUG BOARD.

1. A community WSS system is about to be built or rehabilitated

2. PDRD, NGOs consult with villagers in order to set up the WSUG and inform them about the objectives and rules of WSUG establishment

3. All users gather in a meeting and agree to form water-users group.  
Discuss the statutes.

4. Local authority such as village, commune and VDC to organize the election process of WSUG Board

5. Selection process of WSUG Board, official recognition among village chief, VDC and villagers

6. Preparation of the WSUG statutes, signature of all members, validation by the commune council

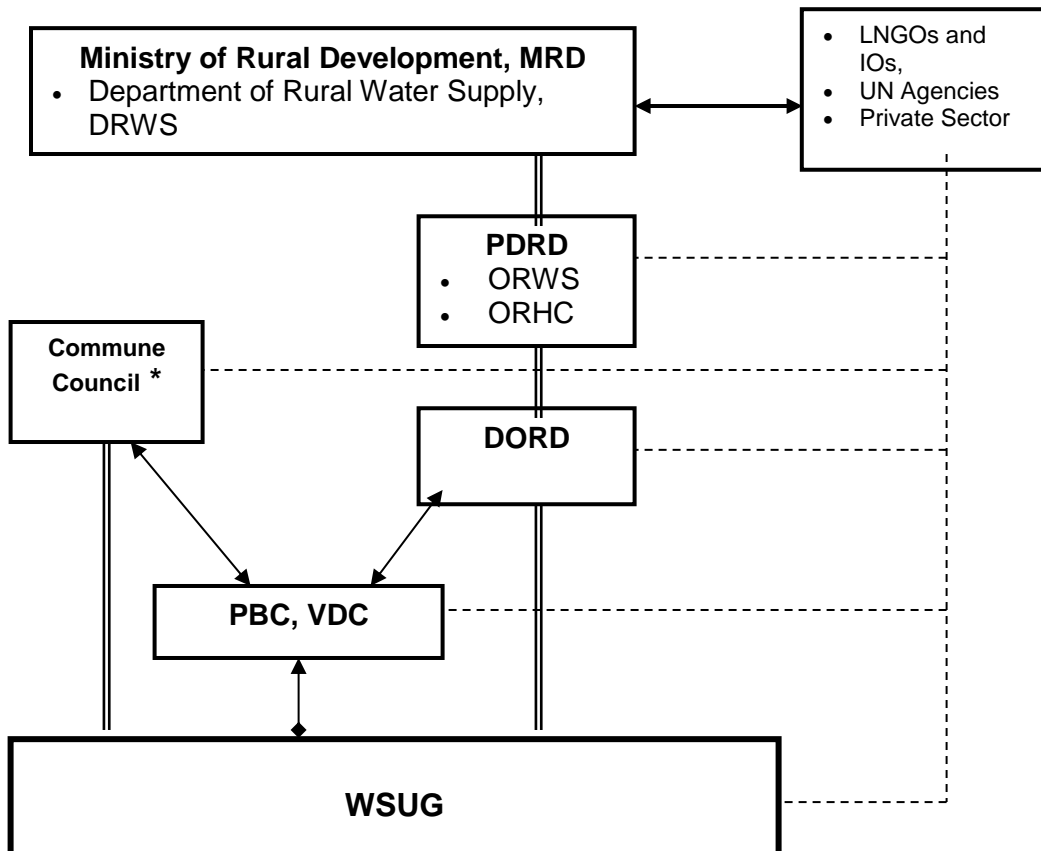
7. The Board of the WSUG receives technical, management and WUHE training

8. The Water supply system is owned by the CC. The operation responsibilities of the WSS infrastructure is transferred to the WSUG, by the commune.

9. The WSUG may contract private sector for O/M assistance, if the case shall be

10. WSS System in operation with good service and maintenance

**IX.1 WSUG Structure**



**Notes:**

- ==== Official links
- Facilitation, support and cooperation
- ↔ Information

(\*): Refer to the Commune Water Committee, in case it exists.