



## Initial Poverty and Social Analysis

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Project Number: 52145-001  
October 2019

### Proposed Programmatic Approach, Policy-Based Loan for Subprogram 1, and Project Loan Kingdom of Cambodia: Second Decentralized Public Service and Financial Management Program

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## **CURRENCY EQUIVALENTS**

(as of 21 October 2019)

Currency unit	–	riel (KR)
KR 1.00	=	\$ 0.0002457
\$1.00	=	KR4,070.00

## **ABBREVIATIONS**

NASLA	–	National School of Local Administration
TA	–	technical assistance

## **NOTE**

In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Cambodia	Project Title:	Second Decentralized Public Service and Financial Management Program
Lending/Financing Modality:	Sector development program	Department/Division:	Southeast Asia Department/Public Management, Financial Sector and Trade Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### A. Links to the National Poverty Reduction Strategy and Country Operations Business Plan

The Second Decentralized Public Service and Financial Management Sector Development Program is consistent with the government's National Strategic Development Plan (2014–2018) and Rectangular Strategy Phase 4. It responds to pillar 1 in NSDP “targeted human and social development” and to the crosscutting pillar of “enhanced public sector management”. It specifically addresses the key elements of targeting poverty reduction and human resource development, improving national and subnational institutional capacity and governance, and promoting efficient delivery of public services. Cambodia's poverty incidence has declined significantly thanks to robust growth, falling from 47.8% in 2007 to 13.5% in 2014; however, more than 70% of Cambodians still live on less than \$3 a day.<sup>a</sup> The program is also linked to the government's National Program for Subnational Democratic Development (2010–2019), specifically the third 3-year implementation plan (2018–2020). The plan's key objectives are to improve governance quality and accountability, strengthen the autonomy and quality of human resource management, and build capacity.

#### B. Poverty Targeting

☒ General intervention ☐ Individual or household (TI-H) ☐ Geographic (TI-G) ☐ Non-income MDGs (TI-M1, M2, etc.)

The implementation of the proposed outputs will indirectly benefit poor and vulnerable groups who rely on receiving the services provided by the government. Capacity development and public administration reforms strengthen the voice and accountability of the poor and vulnerable. Providing subnational officials with mandate-specific training on participatory development planning, public financial management, and disaster preparedness also improves the quality and responsiveness of service delivery.

#### C. Poverty and Social Analysis

**1. Key issues and potential beneficiaries.** While Cambodia has successfully begun to reduce absolute poverty, significant disparities in income and access to services remain. Only 37% of the rural population has access to improved sanitation and 44% has access to clean water sources, compared with more than 70% in urban areas. These disparities arise from the low skills base of subnational administrations (SNAs), poorly defined institutions and fragmented planning processes, and inefficient management of public resources, all of which result in weak local governance outcomes. Cambodia's decentralization progress has been slow, but a push toward greater clarity in central–local relations is now noticeable. The government has begun to articulate its vision for decentralized service delivery in the districts more clearly and defined some 28 functions to be devolved to SNAs in key areas such as health, public works, transportation, social affairs, and rural development. Since SNAs and particularly districts will have to undergo significant changes to fulfill their mandate of planning and delivering better services and investing more funds to do so, mechanisms to build their capacity and strengthen accountability are urgently needed. The proposed program supports the efforts to achieve this. The direct beneficiaries will be more than 10,000 local employees of SNAs, but indirect benefits will accrue to citizens across the country in the form of more efficient, effective, and accountable service delivery.

**2. Impact channels and expected systemic changes.** In helping improve SNA staff management and core capacities, make institutional arrangements and planning processes more effective, and bolster subnational management of public resources, the program aims to strengthen local service delivery and promote sustainable local growth. The project component—building and operationalizing the National School for Local Administration (NASLA)—will be integral to ensuring that SNA staff receive structured and systematic training to boost their service delivery skills. Specific project interventions will also establish better channels of interaction between excluded and disadvantaged groups, elected representatives, and government officials.

**3. Focus of (and resources allocated in) program preparatory technical assistance or due diligence.** The program preparatory technical assistance (TA) focused on supporting several key areas. First, the TA team conducted a feasibility study for the proposed NASLA, with a view to managing environmental and social impacts. Building design and layout were proposed with a focus on accessibility and comfort for disabled people and in line with gender considerations. Second, the TA supported the development of an interim NASLA training plan to meet immediate capacity development needs, with a focus on inclusive and participatory approaches to development planning, and incorporating views and voices from disadvantaged or minority groups. The TA also supported implementation plans for the transfer of functional assignments to SNAs, aiming to improve service delivery quality

and responsiveness especially in rural districts. Finally, the TA will support a full environmental impact assessment for the proposed NASLA site to ensure that environmental and involuntary resettlement risks are considered and appropriately mitigated.

**4. Specific analysis for policy-based lending.** The program impact is likely to be high because improved decentralized service delivery outcomes in SNAs are linked to the targeted reforms in capacity building, personnel management, and public resource management. This program builds on the momentum from the first Decentralized Public Service and Financial Management Sector Development Program, which piloted SNA service delivery, helped design transfers to district and municipal administrations, and strengthened public financial management systems. By improving the quality and responsiveness of service delivery to meet local needs, the proposed program will help reduce inequalities and promote more inclusive and equitable growth, especially in rural areas.

## II. GENDER AND DEVELOPMENT

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

Gender aspects are critical to public sector management. The government is committed to mainstreaming gender awareness and balance into the civil service, and into the delivery of public services. For this program, measures to give female SNA staff and managers access to capacity development, formulate gender-sensitive curricula, and train women in leadership roles are all key to ensuring a gender-balanced approach to decentralized service delivery. The physical design of NASLA—targeted to be gender sensitive and meeting the needs of women, disabled people, and disadvantaged groups—will complement these efforts. The training institution itself will also provide women with a safe environment in which to access high-quality and intensive training opportunities away from home.

2. Does the proposed program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? ☒ Yes ☐ No

It will do so by strengthening women's role in local administration, whether it be in a service delivery or leadership capacity. A gender action plan will be prepared during project preparation to ensure that these aspects are properly covered and strategized.

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

☐ Yes ☒ No

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☒ EGM (effective gender mainstreaming)

☐ SGE (some gender elements) ☐ NGE (no gender elements)

## III. PARTICIPATION AND EMPOWERMENT

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

The main stakeholders are local civil servants at all subnational levels, the local population at large, and national government agencies. Broad consultations have taken place with both central and subnational administrations on the design of the reforms and of the NASLA component. The views of women and marginalized populations were sought proactively, particularly through the participation of the Ministry of Women's Affairs. No group is expected to be disadvantaged.

2. How can the program contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly the poor, vulnerable, and excluded groups? What issues in the program design require participation of the poor and excluded?

The newly created subnational ombudsperson units provide dispute resolution mechanisms, including a platform for the poor and vulnerable to voice their experiences with access to key services. Ombudspersons will be specially trained on outreach to the vulnerable and on gender-sensitive mediation. Inclusive and gender-responsive planning and budgeting skills will be developed through the interim training strategy, which encompasses a specific curriculum to promote these skills.

3. What are the key, active, and relevant civil society organizations (CSOs) in the program area? What is the level of CSO participation in the program design?

CSOs are envisaged to play an important role in capacity development efforts, especially when it comes to monitoring and evaluating the quality and effectiveness of service delivery.

☒ (H) Information generation and sharing ☒ (H) Consultation ☒ (M) Collaboration (L) ☐ Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? ☒ Yes ☐ No

Planning for the NASLA site will involve outreach to rural populations in the surrounding area. The curriculum for developing the capacities of the ombudspersons will draw on information and experiences from the poor and excluded to ensure that these persons can access social accountability mechanisms.

IV. SOCIAL SAFEGUARDS	
<b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Does the program have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. What action plan is required to address involuntary resettlement as part of the TA or due diligence process? <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Resettlement plan  <input type="checkbox"/> Environmental and social management system arrangement             </div> <div> <input type="checkbox"/> Resettlement framework  <input type="checkbox"/> None             </div> <div> <input checked="" type="checkbox"/> Social impact matrix             </div> </div>	
<b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project will make sure that no territories of indigenous people are considered for civil works for NASLA.	
3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project will have no negative impact on indigenous communities by design.	
4. What action plan is required to address risks to indigenous peoples as part of the TA or due diligence process? <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Indigenous peoples plan  <input type="checkbox"/> Environmental and social management system arrangement             </div> <div> <input type="checkbox"/> Indigenous peoples planning framework  <input checked="" type="checkbox"/> None             </div> <div> <input type="checkbox"/> Social impact matrix             </div> </div>	
V. OTHER SOCIAL ISSUES AND RISKS	
1. What other social issues and risks should be considered in the program design? <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Creating decent jobs and employment  <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS  <input type="checkbox"/> Increase in unplanned migration  <input type="checkbox"/> Creating internal social conflicts             </div> <div> <input checked="" type="checkbox"/> Adhering to core labor standards  <input type="checkbox"/> Increase in human trafficking  <input type="checkbox"/> Increase in vulnerability to natural disasters  <input type="checkbox"/> Others, please specify _____             </div> <div> <input type="checkbox"/> Labor retrenchment  <input type="checkbox"/> Affordability  <input type="checkbox"/> Creating political instability             </div> </div> No other social issues and risks are foreseen under the program.	
2. How are these additional social issues and risks going to be addressed in the program design? Bidding documents for the construction of NASLA will ensure alignment with core labor standards. For instance, invitations to bid will include a specific reference to international labour standards/core labour standards, if needed, as well as language indicating that the executing agency should ensure that all work done under the program (for example, by contractors or others providing goods or services) complies with applicable labor laws, ensuring in particular that no child labor or forced labor is used, that freedom of association and collective bargaining are available, and that equal remuneration for work of equal value and other forms of nondiscrimination are applied. The bidding document should also indicate that compliance with such provisions would be monitored during the program's implementation.	
VI. TECHNICAL ASSISTANCE OR DUE DILIGENCE RESOURCE REQUIREMENT	
1. Do the terms of reference for the transaction TA (or other due diligence) contain key information that is needed to be gathered during TA or due diligence to better analyze (i) poverty and social impacts, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks? Are the relevant specialists identified? <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Yes            The TA includes resources for analyzing gender and participation as well as the social impact of policy reforms.             </div> <div> <input type="checkbox"/> No             </div> </div>	
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and a participation plan during TA or due diligence? All consultants are requested as part of their terms of reference to address the gender and social aspects relative to their tasks. Specific budget was allocated for the hiring of national and international experts to ensure that environmental risks are mitigated, and that gender sensitivity is appropriately built into program design.	

<sup>a</sup> Asian Development Bank. 2018. *Country Operations Business Plan: Cambodia, 2019–2021*. Manila. Source: Asian Development Bank