



# Technical Assistance Report

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## Kingdom of Cambodia: Technical Support and Capacity Development in Urban Planning

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 2 September 2021)

Currency unit	–	riel (KR)
KR1.00	=	\$0.00024
\$1.00	=	KR4,086

## ABBREVIATIONS

COVID-19	–	coronavirus disease
O&M	–	operation and maintenance
RSIV	–	Rectangular Strategy for Growth, Employment, Equity and Efficiency: Building the Foundation toward Realizing the Cambodia Vision 2050 Phase IV
TA	–	technical assistance

## NOTE

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

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## I. THE PROPOSED PROJECT

1. The Livable Cities Investment Project will support the inclusive and sustainable development of the secondary cities of Bavet, Kampot, and Poipet by providing (i) access to improved wastewater services to 26,850 people, (ii) improved solid waste management services benefitting 91,130 people, (iii) reduced flooding through improved urban stormwater and drainage systems benefitting 23,960 people, and (iv) capacity development to strengthen the institutional capacity of the municipal administrations in the operation and maintenance (O&M) of public services.

2. **Urban development and planning constraints.** From 2008 to 2019, the population of Cambodia population grew at an average of 1.4% per year, from 13.4 million to 15.5 million in and, by 2030, is expected to reach 20 million. During the same time, the urban population has increased at a rate of 8.1% per year from 2.60 million to 6.14 million, representing an increase from 19.5% to 39.4%.<sup>1</sup> Currently, most of the urban population is concentrated around the capital city of Phnom Penh, but it is slowly spreading to secondary cities where limited access to urban infrastructure and services is resulting in increased environmental degradation and deteriorating livability. The provision of basic infrastructure services is critical to attracting private sector investments and promoting economic competitiveness.<sup>2</sup> However, the weak institutional capacity and limited availability of resources of the municipal administrations constrain effective planning and service delivery to meet the needs of the growing population.

3. **Access to urban infrastructure and services.** In 2019, about 46.7% of the urban population had access to piped water supply in dwellings, with 10.6% reliant on piped water in a compound, public taps or standpipes. About 44.8% of the urban population had access to a pour or flush toilet connected to sewerage, and 34.7% had access to a pour or flush toilet connected to a septic tank or pit.<sup>3</sup> Many cities across the country experience poor wastewater service caused by the absence of wastewater treatment plants and poor sanitation management. Untreated sewage is commonly discharged directly to the open environment through combined sewers and road drains or indirectly via open canals. Solid waste services are limited and often outsourced to private contractors, but inconsistent performance of the waste contractors and weak enforcement have resulted in a large proportion of solid wastes remaining uncollected, dumped in open canals or the open environment, or burned. There are no sanitary landfills operate in the country.

4. **Institutional arrangements.** As part of the decentralization reform, the government adopted a subdecree in December 2019 under which planning, delivery, and O&M of public services are delegated to the municipal administrations.<sup>4</sup> Continued technical support from the line ministries however will be required as the municipal administrations are unable to effectively deliver these services, primarily because of their limited financial independence, lack of technical capacity, and human resource constraints. Unlike for water supply provision and solid waste services in some cities, private sector investments in the delivery of urban services for wastewater and stormwater are limited because of low revenue potential.

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<sup>1</sup> Government of Cambodia. 2020. *General Population Census of the Kingdom of Cambodia 2019*. Phnom Penh.

<sup>2</sup> ADB. 2017. *Tourism Sector Assessment, Strategy, and Road Map for Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam (2016–2018)*. Manila.

<sup>3</sup> Government of Cambodia. 2020. *General Population Census of the Kingdom of Cambodia 2019: National Report on Final Census Results*. Phnom Penh.

<sup>4</sup> Government of Cambodia. 2019. No. 182 ANK.BK. *Sub-Decree on Functions and Structure of Municipal Administrations*. Phnom Penh. Under the subdecree, the municipal administrations, through the Public Works, Transportation, Hygiene, Environment, and Public Order Office, will provide public services including wastewater, stormwater drainage, and solid-waste management.

5. **Project area.** The country partnership strategy of the Asian Development Bank (ADB), for Cambodia, 2019–2023 identified the need to focus on the development of the cities of Bavet, Kampot, and Poipet because of their location along the Greater Mekong Subregion Southern Economic Corridor, their potential to service cross-border trade (for Bavet as the key border entry point to Cambodia from Viet Nam, and Poipet as the key border entry point from Thailand), and opportunities to promote tourism (Kampot).<sup>5</sup>

6. **Access to services in the project area.** Access to infrastructure in the project area is limited. There are currently no wastewater treatment plants in operation, with significant proportion of raw sewage discharged to the open environment through a series of combined sewers and road drains. Stormwater and solid waste services are also inadequate. Table 1 provides an overview of the state of urban infrastructure and services in the three project cities.

**Table 1: Status of Urban Infrastructure and Services**

City	Permanent Population (2020)	Projected Permanent Population (2040)	Piped water supply (% coverage, 24 hours)	Sanitation (% safely managed) <sup>b</sup>	Stormwater (% population experiencing flooding) <sup>c</sup>	Solid waste (% household collection coverage)
Bavet	44,570	73,500	57 <sup>a</sup>	26	6	14
Kampot	40,500	66,400	77	23	22	38
Poipet	110,500	203,500	50 <sup>a</sup>	9	15	16

<sup>a</sup> Operated by a private service operator under a license arrangement with the Ministry of Industry, Science, Technology and Innovation (previously Ministry of Industry and Handicraft).

<sup>b</sup> Fecal sludge is contained by onsite sanitation and not discharged to the open environment.

<sup>c</sup> Proportion of population experiencing flooding in their yard at least once a year based on a comprehensive city survey conducted in December 2019–January 2020.

Source: Asian Development Bank.

7. **Financial capacity and operation and maintenance.** The financial capacity of the municipal administrations of the three participating cities is weak because of limited access to financial resources and revenue streams. The municipal administrations rely heavily on transfers from the central government to subsidize their operations and to maintain a break-even cash situation.<sup>6</sup> Revenue from operating public utility services is limited, and the O&M of the combined wastewater and drainage network has been funded by the municipal budget and central transfers.

8. **Policy framework.** The government is guided by the Rectangular Strategy Phase IV (RSIV) which aims to promote economic development, strengthen the capacity and governance of public institutions, improve service delivery, and foster inclusive and sustainable development.<sup>7</sup> The RSIV is supported by the National Strategic Development Plan 2019–2023, which details an action plan to develop cities with improved services.<sup>8</sup> It outlines a national target to achieve 100% service coverage for both water supply and sanitation by 2025 and to strengthen the management of solid waste.

9. **Project design.** The project will have the following impact: livability of secondary cities improved. It will have the following outcome: access to urban infrastructure and services in

<sup>5</sup> ADB. 2019. *Country Partnership Strategy: Cambodia, 2019–2023—Inclusive Pathways to a Competitive Economy*. Manila.

<sup>6</sup> Between 2016 and 2018, transfers from the central government averaged 94% (Bavet), 93% (Kampot), and 76% (Poipet) of the city's income.

<sup>7</sup> Government of Cambodia. 2018. *Rectangular Strategy for Growth, Employment, Equity and Efficiency: Building the Foundation Toward Realizing the Cambodia Vision 2050 Phase IV*. Phnom Penh.

<sup>8</sup> Government of Cambodia. 2019. *National Strategic Development Plan 2019–2023*. Phnom Penh.

participating cities improved. The outputs are: (i) policy and regulatory environment improved, (ii) urban infrastructure improved, and (iii) institutional effectiveness and governance improved. The project is estimated to cost \$194.1 million. The government has requested a concessional loan of \$180.0 million from ADB's ordinary capital resources to help finance the project.

10. **ADB value addition.** ADB's decade-long involvement in the water and sanitation sector has supported the government to improve the livability of cities by increasing access to basic infrastructure.<sup>9</sup> Under the proposed project, ADB assistance will broaden its focus to also undertake long-term planning by supporting the government in adopting good practices in urban and infrastructure planning and providing tools for effective enforcement, to ensure that cities are developed sustainably. The project will support the government to identify the infrastructure need and land and resources required to promote growth, target capacity development of the municipal administrations and governance arrangement to ensure the long-term sustainability of public services, and provide continued support to strengthen women's engagement in the sector.

## II. THE TECHNICAL ASSISTANCE

### A. Justification

11. The government recognizes that sustainable urban development must address (i) unplanned urbanization, (ii) existing and potential inequalities regarding access to services; (iii) socioeconomic development opportunities, and (iv) the local institutional capacity of the subnational and municipal administrations to plan and create livable cities. It has made progress in addressing this through the RSIV, which promotes developing land use master plans and sector master plans.<sup>10</sup>

12. However, many cities are still without an approved land use master plan, and only two provincial spatial plans have been approved so far.<sup>11</sup> Progress has been hindered because preparing these plans requires significant resources from the subnational and municipal administrations, where capacity is already stretched and limited. Where land use master plans are available, a disconnect exists between what has been proposed and what is being implemented largely because of a lack of capacity and a weak regulatory and enforcement regime. Developing comprehensive sector master plans that detail how infrastructure should be delivered to service the current and projected demands of each city has not been institutionalized. As a result, urban development across many cities remains unregulated and fragmented, with limited coordination between urban growth and national and provincial land use strategies.

13. The technical assistance (TA) aligns with the government's strategy to develop land use plans to facilitate urban planning, strengthen the capacity and governance of public institutions, improve service delivery, and promote inclusive and sustainable development. The TA will complement the ensuing project, which will focus on improving access to urban infrastructure and strengthening the capacity of the municipal administrations of the participating cities to deliver sustainable and efficient urban services. The TA will support the subnational and municipal

<sup>9</sup> ADB. 2012. [Greater Mekong Subregion Southern Economic Corridor Towns Development Project](#). Manila; ADB. 2015. [Second Greater Mekong Subregion Corridor Towns Development Project](#). Manila; ADB. 2018. [Fourth Greater Mekong Subregion Corridor Towns Development Project](#). Manila; ADB. 2015. [Integrated Urban Environmental Management in the Tonle Sap Basin Project](#). Manila; ADB. 2018. [Second Urban Environmental Management in the Tonle Sap Basin Project](#). Manila; and ADB. 2017. [Provincial Water Supply and Sanitation Project](#). Manila.

<sup>10</sup> The National Policy on Spatial Planning, adopted April 2011, guides the development of spatial plans and land use master plans.

<sup>11</sup> Provincial spatial plans have been developed for Battambang and Preah Sihanouk.

administrations in developing capacity in urban and infrastructure planning, ensuring cities are developed sustainably, with due consideration to projected growth and long-term demands, green and inclusive infrastructure, resilience to climatic changes, and financial and economic viability. It will also facilitate the development of a land management and enforcement framework to monitor the implementation of the planning documents.

## **B. Outputs and Activities**

**14. Output 1: Spatial and land use planning improved.** This output will facilitate (i) creating provincial spatial plans for Svay Rieng and Kampot;<sup>12</sup> (ii) reviewing and updating the municipal land use master plans for all participating cities;<sup>13</sup> (iii) drafting municipal land use plans that consider future growth and development, including changes in land use and climate change; (iv) developing detailed plans (urban designs) for specific priority areas and appropriate development control rules (special conservation areas, border zone areas, coastal, riverfront) in the participating cities; and (v) designing a coordination and enforcement framework to monitor adherence to the plans and to improve urban management and development in these cities. Developing spatial and land use plans will involve extensive consultations and participation from government and line ministries, community representatives, and other stakeholders, including the private sector. Workshops will be conducted in the cities and provinces to provide information on the planning process and objectives, to obtain public inputs on the development and vision of the cities and provinces, and to present and obtain feedback on the key strategies and plans. A detailed consultation strategy that defines the engagement methods and considers involving a broad range of stakeholders will be developed.<sup>14</sup>

**15. Output 2: Institutional capacity and governance strengthened.** This output aims to improve the technical capacity of the subnational and municipal administrations in spatial and urban planning. A capacity building needs assessment will be conducted to inform the development of a comprehensive training framework and tools to address the skills gap,<sup>15</sup> and a detailed capacity development and training program will be developed and implemented. The program's objective is to increase knowledge and understanding of the processes involved in (i) planning and developing cities, (ii) preparing spatial and land use plans, (iii) conducting spatial mapping, and (iv) holding consultations and stakeholder engagement.<sup>16</sup> To ensure continuous and long-term capacity development, the program will include training materials and specialist training of key nominated focal points involved in urban development from the central and subnational administrations, to continue the capacity building activities in the long term.<sup>17</sup> The Ministry of Land Management, Urban Planning and Construction is revising the Law on Land

<sup>12</sup> The provincial spatial plan for Banteay Meanchey is being developed through an ongoing ADB project (ADB. [Cambodia: Second Urban Environmental Management in the Tonle Sap Basin Project](#)).

<sup>13</sup> Municipal land use master plans were endorsed by the government in 2018 for Kampot and 2019 for Bavet and Poipet. These will require updates to reflect changes to the city development.

<sup>14</sup> Modalities for workshops, training, and consultations will depend on the coronavirus disease (COVID-19) pandemic situation. These will be conducted virtually if limited in-country, face-to face sessions are not feasible.

<sup>15</sup> The TA will build on the lessons from the TA for Capacity Development for Urban Management (TA 8121) financed by the Japan Fund for Poverty Reduction, which aimed to build capacity in urban management and local development planning. The TA established a training program for urban management but noted that long-term support was required to strengthen technical capacity, particularly at the subnational level.

<sup>16</sup> A consultancy service engaged under the TA will develop the training program. The terms of reference for the TA will incorporate opportunities to engage with qualified training partners. Development partners, including Agence Française de Développement, the Japan International Cooperation Agency, and the World Bank, will be invited to participate in workshops, seminars, and training sessions to share information and knowledge on urban and infrastructure planning, based on project experiences.

<sup>17</sup> The training program is envisaged to benefit at least 100 government officials. However, the modality for the training will depend on the COVID-19 situation (footnote 14).



Management, Urban Planning and Constructions, and the TA will provide guidance on developing supporting technical standards, guidelines, and regulations to facilitate the implementation of the revised law once enacted.

### C. Cost and Financing

16. The TA is estimated to cost \$2 million, of which \$2 million will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff, access to reports and information, and other in-kind contributions. The government was informed that TA approval does not commit ADB to finance any ensuing project.

### D. Implementation Arrangements

17. The executing agency will be the Ministry of Land Management, Urban Planning and Construction, the key central agency managing national, regional, provincial, and municipal master planning. ADB will administer the TA through the Southeast Asia Department and will select, supervise, and evaluate consultants. The implementation arrangements are summarized in Table 2.

**Table 2: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	December 2021– November 2024		
Executing agency	MLMUPC		
Implementing agencies	PDLMUPC in Banteay Meanchey, Kampot, and Svay Rieng		
Consultants	To be selected and engaged by ADB		
	Quality-based selection	1 contract 187 person-months	\$1.82 million
Advance contracting	Advance recruitment of the consulting firm will start by October 2021.		
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	All equipment purchased under the TA will be turned over to the executing agency.		

ADB = Asian Development Bank; MLMUPC = Ministry of Land Management, Urban Planning and Construction; PDLMUPC = Provincial Department of Land Management, Urban Planning and Construction; TA = technical assistance. Source: Asian Development Bank.

18. **Consulting services.** ADB will engage consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.<sup>18</sup>

<sup>18</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

<b>Item</b>	<b>Amount</b>
<b>Japan Fund for Poverty Reduction<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	946.3
ii. National consultants	555.7
b. Out-of-pocket expenditures	
i. International and local travel	64.0
ii. Goods or equipment <sup>b</sup>	10.0
iii. Training, seminars, and conferences <sup>c</sup>	207.0
iv. Reports and communications	25.0
v. Miscellaneous administration and support costs <sup>d</sup>	10.0
2. Contingencies	182.0
<b>Total</b>	<b>2,000.0</b>

Note: The technical assistance (TA) is estimated to cost \$2 million, of which contributions from the Japan Fund for Poverty Reduction are presented in the table. The government will provide counterpart support in the form of counterpart staff, access to reports and information, and other in-kind contributions. The value of government contribution is estimated to account for 10% of the total TA cost.

<sup>a</sup> Administered by the Asian Development Bank.

<sup>b</sup> Refers to office equipment (notebooks, laptops, storage devices) to be procured under the TA. At project close, the procured items will be turned over to the executing agency, and a certificate of turnover will be provided.

<sup>c</sup> Training, seminars, and conferences refer to costs associated with preparing workshop materials, printouts, and venue rental for community consultation survey events, capacity building workshops, and training sessions.

<sup>d</sup> Miscellaneous administration and support costs refer to office space rental and translation services.

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=53199-001-TARreport>

1. Terms of Reference for Consultants
2. Indicative Design and Monitoring Framework for the Ensuing Project