

*Including WB NOL Comments: 29 April, 2008*

**KINGDOM OF CAMBODIA**

Nation Religion King

**National Committee to Manage Decentralization and Deconcentration Reforms**

**Rural Investment and Local Governance Project**

**Development Credit Agreement Number 3747 KH and**

**Grant Agreement Number H326-KH**

**Annual Work Plan and Budget**

**2008**

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## Abbreviations

CAR	Council for Administrative Reform
CAU	Contract Administration Unit (PRDC ExCom)
C/S	Commune Sangkat
DoLA	Department of Local Administration
DWVA	Department of Women's and Veteran's Affairs
ExCom	Executive Committee (of PRDC)
FU	Finance Unit (PRDC ExCom)
IO	International Organization
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance
MoI	Ministry of Interior
MOU	Memorandum of Understanding
NCSC	National Committee for Support to the Commune
NCDD	National Committee to Manage Decentralization and Deconcentration Reforms
NCDD/PST	NCDD/ Program Support Team
NGO	Non-Government Organization
NP-SNDD	National Program for Sub-national Democratic Development
PAD	Project Appraisal Document
PIM	Project Implementation Manual (for the C/S Fund)
PIP	Project Implementation Plan
PLG	Partnership for Local Governance
PRDC	Provincial Rural Development Committee
PRDC/ExCom	PRDC Executive Committee
PSDD	Project to Support Decentralization and Deconcentration
RGC	Royal Government of Cambodia
RILGP	Rural Investment and Local Governance Project
Seila	Program which provided technical assistance and capacity building for C/S Fund in 2002-2005. Replaced by PLG in 2005 and PSDD in 2007
STF	Seila Task Force
STFS	Seila Task Force Secretariat
TSS	Technical Support Staff
UNDP	United Nations Development Program
WB	World Bank

# **Rural Investment and Local Governance Project**

## **Annual Work Plan and Budget 2008**

### **1. Introduction**

The Rural Investment and Local Governance Project was originally financed by an International Development Association (IDA) Credit of 16,100,000 SDR (which at the time of approval by the IDA Board was equivalent to roughly US\$22 million) to the Kingdom of Cambodia. The Development Credit Agreement was signed on 18 June 2003 and the Credit became Effective on 16 September 2003. The principal activity of the project (Component 1) supports the RGC's Commune/Sangkat Fund (C/S Fund) by financing eligible sub-projects in up to 15 provinces. Component 2 supports related capital expenditures for provincial office buildings, office furnishing, equipment, vehicles and motorcycles, and finances workshops and consultant services for studies related to C/S Fund implementation and to the broader field of decentralization and deconcentration reforms. The project was originally planned for four years, 2003-2006, with a closing date of 30 June 2007.

From inception up to the end of 2006, RILGP was implemented under the Seila Program, with the Seila Task Force and its Secretariat taking responsibility for execution of the project. The mandate of Seila Task Force ended on 31 December 2006 and in January 2007 responsibilities for its residual activities including for the management of the C/S Fund and RILGP (the closing date of which was extended for six months to 31 December 2007) were transferred to the National Committee for Management of Decentralization and Deconcentration Reform (NCDD). NCDD also assumed the responsibilities for the RGCs policy development and implementation regarding decentralization and deconcentration reform which were transferred from the National Committee to Support Commune/Sangkat (NCSC) and from the Inter-Ministerial Committee to Draft the Organic Law to NCDD. The Department of General Administration of the Ministry of Interior serves as the Secretariat of the NCDD and an NCDD Program Support Team (NCDD/PST) was established to manage the operational implementation of the C/S Fund and RILGP, among others.

Building upon the successes of the original RILGP, in July 2007 the project was extended through an IDA Additional Financing Grant of 23,800,000 SDR (US \$ 36,250,000) to the Kingdom of Cambodia. The Grant Agreement was signed on 14 August 2007 and the Grant became Effective on 10 October 2007. The closing date of both the Credit and the Grant, was extended for three years to 31 December 2010. The additional Grant helps finance the scaled-up activities of Component 1 - Local Planning and Investment, which will be extended from the 14 provinces covered in 2007 to 23 provinces from 2008 to 2009. It also provides continuing financing of the Component 2 - Project Support and Project Management for 2007-2010. As part of the Additional Financing, no major changes were made to the RILGP design or implementation arrangements of the project although the outcome targets and indicators were adjusted to reflect the increased geographic scope and scale and enhanced governance outcomes of the additional support to the C/S Fund and the policy development support.

This document is the annual work plan and budget (AWPB) for 2008 for RILGP implementation, including both the Credit and the Additional Financing Grant. For ease of understanding the AWPB and to facilitate future reporting of progress versus the AWPB, those activities financed by the Credit are identified separately from those financed by the Grant in most of the supporting tables. The text presents background information on RILGP and describes the proposed implementation arrangements for 2008. Details of the expected disbursement of funds allocated to Component 1 are presented, followed by a plan for Component 2 activities.

## 2. Background information on RILGP

The development objective of the Rural Investment and Local Governance Project (RILGP) is: *“to contribute to rural development and poverty reduction through supporting provision of priority public goods and services at the commune level, as well as to promote good local governance through support of decentralized and deconcentrated participatory local governance systems at the commune and provincial levels”*.

The Project has the following two components:

**Component 1: Local Planning and Investment Component** supports, through partial reimbursement of qualifying expenditures of the Commune/Sangkat Fund (C/SF): (i) the decentralized planning process at the commune level, including development of five-year Commune Development Plans (CDP), commune investment programs (CIP) and annual commune budgets; and (ii) grants for commune-level investments in infrastructure and public goods identified and prioritized through the participatory local planning process.

**Component 2: Policy Support and Project Management Component** supports the capacity building, technical assistance, buildings and equipment, and operating costs at national, provincial and commune levels for implementing Component 1. More specifically, this component finances the provision to national and provincial institutions of works, goods (such as vehicles, and office, communications and other equipment) and consulting services necessary to implement their respective project responsibilities. At the provincial level, the IDA Credit and Grant are utilized primarily to procure goods and works for PRDC ExCom units and Provincial Treasury to strengthen their capacity to support C/S Councils in development planning and implementation of sub-projects. At the national level, the IDA Credit and Grant finance office equipment and vehicles, as well as funding workshops focused on reviews of the program systems and proposed updates. In addition, consulting services are financed for the purposes of conducting strategic studies related to decentralization and deconcentration reforms, socio-economic follow-up studies, mid-term and final project evaluations and annual independent audits.

The policy support and project management activities mentioned above are, for the most part, co-financed in parallel by the RGC and the UNDP/SIDA/DfID-financed Program to Support Decentralization and Deconcentration which is the main source of technical assistance and capacity building support for the NCDD.

Planned Expenditures financed from IDA Credit and Grant	RILGP Credit <sup>1</sup> 2003-2007 US \$ million	RILGP Grant 2007-2010 US \$ million
Component 1 - Local Planning and Investment	\$ 19.0	\$ 28.5
Component 2 - Policy Support and Policy Management	3.0	7.8
Total	\$22.0	\$ 36.3

<sup>1</sup> The credit was denominated in SDR and totalled SDR 16,100,000. By December 2007, the SDR had appreciated significantly versus the US \$ and the total credit amount has increased to \$25.3 million

### 3. Area coverage of RILGP

Over the four-year duration of the original RILGP from 2003 to 2006, proceeds from the IDA Credit were allocated to fund eligible activities in up to 1,110 communes in fifteen provinces which were to be phased in over the life of the project. This started in 2003 with 698 communes in the 7 provinces of Banteay Meanchey, Battambang, Kampong Cham, Prey Veng, Pursat, Siem Reap, Takeo and was expanded in 2004 to include a total of 980 communes by adding the 4 provinces of Kampong Chhnang, Kampong Speu, Kracheh and Svay Rieng. In 2005 and 2006, this was increased to 1,061 communes by adding the provinces of Otdar Meanchey, Pailin, Preah Vihear.

However, planned expansion to the final province of Ratanakiri was deferred due to concerns that adding RILGP on top of the already heavy NREM program component workload would overtax the PDRC Ex/Com and the Commune Councils.

Province	# Communes
1 Banteay Meanchey	64
2 Battambang	96
3 Kampong Cham	173
4 Kampong Chhnang	69
5 Kampong Speu	87
6 Kracheh	46
7 Preah Vihear	49
8 Prey Veng	116
9 Pursat	49
10 Siem Reap	100
11 Svay Rieng	80
12 Takeo	100
13 Otdar Meanchey	24
14 Krong Pailin	8
<b>Total RILGP Communes 2007</b>	<b>1061</b>
15 Kampong Thom	81
16 Kampot	92
17 Kandal	147
18 Kep	5
19 Koh Kong	33
20 Monduliri	21
21 Ratanakiri	49
22 Sihanoukville	22
23 Stung Treng	34
<b>Total RILGP Communes 2008-2010</b>	<b>1,545</b>

With the Additional Financing grant, the RILGP is extended to 9 additional Provinces as shown above from 2008. This brings the total to 1, 545 C/Ss in 23 Provinces being covered.

#### 4. RILGP Achievements 2003 – 2007 and Status at Year-End 2007

##### 4.1 Balance of Credit Resources at Year-End 2007

Since Effectiveness of the Credit in 2003, the SDR has appreciated relative to the US\$. The impact has been to increase the US \$ denominated value of the credit from US\$ 22.0 million to about US\$ 25.3 million. That increase and other revisions to reallocate funds from Category 3 (i) and Category 6 have allowed an increase of Category 5 Sub-projects from the initially planned US\$ 19.0 million to US\$ 23.3 million.

Balance of IDA Credit for RILGP at Year End 2007							
Category	Category Description	Original Credit Allocation	Credit Allocation as Revised in 2007	Undisbursed at Year End 2007 (per Client Connection)	Nov, Dec 2007 Actual Expenditures not recorded in Client Connection		Undisbursed at Year End 2007 (adjusted)
		SDR	SDR	SDR	USD	SDR	SDR
1	WORKS / PT.B2	150,000	194,305	57,105	0	0	57,105
2	GOODS / PT.B2	650,000	571,637	33,755	0	0	33,755
3 (I)	CONSULT / PT.B1	550,000	0	0	0	0	0
3 (II)	CONSULT / PT.B2	460,000	468,307	233,841	23,494	14,854	218,987
4	WORKSHOPS / PT.B2	30,000	42,798	24,516	15,000	9,484	15,032
5	SUB-PROJ / PT A2	13,850,000	14,754,110	392,842	0	0	392,842
6	OPER COSTS / PT.B1	410,000	0	0	0	0	0
<b>Totals</b>		<b>16,100,000</b>	<b>16,031,157</b>	<b>742,059</b>	<b>38,494</b>	<b>24,338</b>	<b>717,721</b>

At the end of 2007, 717,721 SDR (or approximately \$1.1 million) of the Credit remained unexpended. The vast majority of this balance will be utilized in 2008 for construction of ExCom buildings, procurement of 40 motorcycles, completion of consultant studies and final reimbursements of 2006 sub-projects. At the end of 2008, approximately SRD 23,000 are projected to be outstanding, the majority of which will be required for remaining payments for the ExCom buildings (after the 6-month maintenance period).

##### 4.2 Component One: Local Planning and Investment (Category 5: Sub-Projects)

The table below shows the total number and reimbursable value of sub-projects for which reimbursements have been claimed to year end 2007. In 2003, the first year of the project, the value of reimbursements (\$0.9 million) was less than 25% of the planned figure because of the time required for implementation of the projects (most often including a 6-months maintenance period), because of implementation delays often caused by the onset of the rainy season and because of the length of time required to compile, analyze and submit reimbursement requests. From 2004 to 2006, the annual level of reimbursements improved markedly but there is still a substantial lag between the allocation of funds to C/Ss through the C/S Fund and the ultimate reimbursement to the RGC of qualifying expenditures by RILGP. This is evidenced by the fact that completed 2006 sub-projects have not been reimbursed until quite late in 2007 (\$4.7 million) and need to continue to be reimbursed into early 2008 (\$0.1 million). No claims for reimbursement from the Grant were submitted in 2007 for 2007 sub-projects, largely due to the impact of elections in delaying the project implementation process as well as the previously mentioned systemic delays. At year end 2007, an SOE for approximately \$620,000 was being

processed for 2007 sub-projects, to be reimbursed from the Grant early in 2008. This poor performance in claiming reimbursements for current year projects must be improved upon in 2008.

Budget year	# Sub-projects	Total value	Reimbursable value	Total of SOE submitted by financial year					
				FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Total
2003 sub-projects	761	3,997,330	3,828,860	904,659	2,898,707	19,145	6,349	0	<b>3,828,860</b>
2004 sub-projects	1,092	5,965,165	5,427,115	0	1,938,871	3,150,734	314,560	1,793	<b>5,405,958</b>
2005 sub-projects	1,119	7,479,507	6,287,709	0	0	1,011,703	4,450,514	449,630	<b>5,911,847</b>
2006 sub-projects	1,042	8,754,365	7,114,881	0	0	0	1,670,116	4,730,489	<b>6,400,605</b>
2007 sub-project	907	6,628,343	6,396,351					0	<b>0</b>
<b>Total</b>	<b>4,921</b>	<b>32,824,710</b>	<b>29,054,916</b>	<b>904,659</b>	<b>4,837,577</b>	<b>4,181,583</b>	<b>6,441,538</b>	<b>5,181,912</b>	<b>21,547,270</b>

### 4.3 Contribution to development of systems

With the active support of the IDA, the STFS, PLG and PSDD have contributed to dialogue and development of improved systems for project implementation, financial recording and transparency of the C/S Fund. Key achievements in this field have included:

- Development, review and improvement of the C/S Fund Project Implementation Manual (PIM) including social and environmental safeguards and procurement rules. In 2008, the PIM will be further revised to incorporate better safeguard protections, more transparency in contracting and handling of local contributions, elaboration of additional instructions requested to assist more efficient implementation of C/S Fund projects and improvements to stimulate the implementation of service projects;
- Improvements to the C/S accounting system including recording of cash deposits in individual commune / sangkat accounts and use of contract registers to track payments and sources of funds; and
- Design and implementation of a system of C/S Fund Accountability Working Groups to receive and take action on allegations of abuse of the C/S Fund in each Province / Municipality.

### 4.4 Component Two – Policy Support and Project Management – Achievements in 2007

The Policy Support and Project Management Component finances the strengthening and backstopping of national, provincial and local institutions to implement their respective project responsibilities. More specifically, the component finances technical assistance and capacity building, logistical and operational expenses, workshops, goods including vehicles and office and other equipment, and construction or repair of office facilities required at national, provincial and commune levels.

#### Works

Construction or repair of the 6 ExCom buildings included in the original PIP of the RILGP Credit was completed by December 2006 except for a final payment on the Kracheh building

which was paid in 2007. As part of the agreed reallocation of the proceeds of the Credit in 2007, two additional ExCom buildings were added: for Siem Riep and Battambang. Construction of the ExCom building in Siem Riep was postponed indefinitely due to the Provinces' plan to relocate their existing office from the municipality center and move to the periphery of Siem Riep. Therefore, it was agreed with the IDA in November 2007 that Koh Kong Province would be substituted for Siem Riep Province. The design of the Koh Kong ExCom building was completed and submitted to IPA on 25 February 2008 for procurement. As the estimated cost is \$58,000, arrangements have been made for the Province to pay any amount over the \$50,000 allocated by RILGP. The IPA has now demanded that additional detail be added to the Koh Kong design and other designs that are now in progress. These additions to the design (including detailed drawings of the electrical system, plumbing system and ventilation plan which have previously not been required) are now being prepared.

In late 2007, the initial design of the ExCom building in Battambang was completed but the estimated cost exceeded the amount available by a substantial amount. NCDD/PSD instructed the Battambang ExCom to revise the design to fit the available budget but the Governor of Battambang decided that any smaller facility would not serve the needs and decided to cancel the project. The NCDD/PST then proposed that the \$50,000 be reallocated to expansion and repairs of the ExCom buildings in Kandal Province (\$25,000) and Ratanakiri Province (\$25,000). The initial designs of the Kandal and Ratanakiri office expansions and refurbishments have already been completed but both designs are now being revised to incorporate the additional information which IPA required to be added to the Koh Kong design.

### **Vehicles and Office Equipment**

Procurement of goods and office equipment under the RILGP Credit is largely complete, with the exception of procurement of 40 replacement motorcycles for TSU and PLAU staff in the 14 original RILGP Provinces. NCDD PST requested a waiver to procure these motorcycles through IAPSO, but later found that motorcycles available through IAPSO did not meet the required specifications. It was subsequently agreed with IDA that procurement of the 40 replacement motorcycles under the Credit would be combined with the ICB procurement of 333 motorcycles planned under the RILGP Grant to be done through the IPA. NCDD requested a letter of No Objection from the World Bank for the procurement of 4 four-wheel drive vehicles and 9 pickups under the Grant through IAPSO which was approved by the IDA and the order was placed with IAPSO in mid-February 2008. Procurement of office equipment planned under the Grant for 2007 was delayed until 2008 and is now being conducted through the IPA. Specifications have already been submitted to the IPA.

### **Support to Preparation of the National Program for Sub-national Democratic Development**

In order for the National Program for SNDD to be in place for initial implementation in 2009, it is crucial that the design begin as soon as possible. Therefore, the NCDD/PST, in cooperation with the Development Partners, drafted a TOR for the consultants to support the Formulation of the NP-SNDD which will be financed from the RILGP grant. The TOR was adopted by the NCDD/PST and the WB provided its No Objection in November, 2007. As consideration of the draft Organic Law was given the highest priority by the NCDD, approval of the TOR was delayed until approved by the Deputy Prime Minister and Chairman of the NCDD on 24 January 2008. The TOR was submitted to the IPA on 28 January 2008 and the Request for EOIs was advertised by IPA on 1 February. Although the EOIs were submitted on 22 February, the IPA was still evaluating the EOIs as of 18 March 2008.

## **Support to Formulation and Implementation of Fiscal Decentralization Reforms**

In order to speed up the recruitment of the Fiscal Decentralization Advisor, who must be in place as soon as possible to support the Ministry of Economic and Finance in the implementation of the fiscal aspects of the Organic Law and design of the NP-SNDD, it was decided to split the procurement of the FDA from the other studies under this activity. The NCDD, in cooperation with the MEF, prepared and adopted the TOR for the FDA which received No Objection from the WB in November 2007. The TOR was submitted to the IPA on 14 December 2007 for immediate procurement. However the IPA did not advertise the Request for EOIs until 17 January. Although EOIs were received on 5 February, the IPA was still evaluating the EOIs as of 18 March 2008.

In the meantime, the MEF, with assistance of advisors from UNCDF and PSDD, have made important progress in getting the D&D agenda appropriately incorporated into the update of the National Public Finance Management Reform Program (PFM). This RILGP grant-financed assistance is highly correlated with the PFM action plan.

## **Studies**

Consultant studies which were planned under the RILGP Credit financing for 2007 and were completed include:

- Study of C/S Fund Accountability Working Groups -- This study highlighted several issues to be resolved in order to improve the effectiveness of the AWGs. It also recommended that the Provincial AWGs be responsible for responding to complaints about all accountability problems associated with all programs under the responsibility of the ExCom, not just those related to the C/S Fund. This recommendation is expected to be adopted by the NCDD in mid-December 2007 and a Prakas to expand the mandate of the PAWGs is expected to be adopted.
- Assessment of Safeguards Mechanisms and Capacity Building for Environmental Impact Assessments; -- This study found implementation of the C/S Fund Safeguards to be generally effective. However, the study identified numerous problems in the application of the PIM instructions; especially in those C/Ss which contain threatened areas (forests, wetlands and designated protected areas). Based on the study findings, the NCDD has formulated an action plan to follow up the recommendations; especially related to improving the PIM instructions on EIA, strengthening of safeguard monitoring mechanisms for 2008 and implementing a public outreach program on land user rights.
- Joint Financial Audit for 2006.-- This is the second annual external audit conducted as a part of a joint audit with five projects participating, under agreement between seven donor agencies (UK-DfID, SIDA and UNDP for PLG project; UNICEF for Sith Komar; IFAD for RPRP and ADESS, Danida for CCB-NREM and IDA for RILGP). As such, it represents a continuing commitment to inter-donor cooperation and harmonisation of systems. The audit Financial Statements, which were scheduled to be completed by June 2007, were not completed and submitted to the WB until November, 2007 and the management letter was not submitted until early January 2008. To avoid such delays in the 2007 Audit, PSDD is moving ahead expeditiously with the procurement of this audit in order to avoid the scheduling problems experienced with the consultants selected to conduct the 2006 Audit.

In addition to the completed studies, the Study of Technical Assistance Arrangements for the C/S Fund was contracted in May, 2007 and the field work was completed by August. However, there has been substantial delay by the consultant in completing the final report which is now expected to be submitted in early 2008.

There was substantial delay in implementation of the following studies that were to be financed from the Credit in 2007 and are now planned for implementation in 2008:

- Socio-Economic Impact Evaluation of C/S Fund Roads – The contract was signed on 5 February 2008 and work started on 5 March.
- Revision of Technical Manual and Templates for C/S Fund – Technical Proposal were Evaluated and the Evaluation Report was sent to the World Bank on 16 January for NOL. The WB provided a letter of no objection on 24 January and the Financial Proposals were opened and evaluated on 1 February 2008. NCDD expects to sign a contract by late March, 2008 after final decisions are made on the programs to be used for programming the templates and linking the new system to digital maps.
- C/S Budget Execution Study – After serious difficulties in identifying a qualified consultant, necessitating three advertisements for EOIs, the NCDD finally contracted with a consultant on 14 February and work started immediately on 18 February. The study is making excellent progress and should be completed in early May, 2008.

The Process Audit on Planning, Citizen's Engagement in C/S Budget Cycle and M&E Baseline which were to have been initiated in 2007 with RILGP Grant financing will be initiated in 2008.

### **Technical Assistance**

The Safeguard Advisor (national) was recruited and started work in May 2007 and has participated fully in the Assessment of Safeguards Mechanisms and has conducted training in Environmental Impact Assessment as per the TOR. His contract has been extended for 2008 with financing from the RILGP grant.

The TOR for the Infrastructure Advisor (international) to be financed from the grant was prepared and adopted by the NCDD/PST and received No Objection from the WB in November, 2007. It was also referred to the IPA on 14 December for immediate recruitment. However, like the Fiscal Decentralization Advisor, as of 18 March the IPA was still evaluating EOIs which had been submitted on 5 February.

It was decided to defer the recruitment of the Irrigation Advisor (national) until the Infrastructure Advisor is on-board and can design the TOR in order to bridge the gap between the needs of the NCDD program and the strengths/weaknesses of the existing engineering team.

*It should be noted from the above detailed comments about the experience to-date with the IPA that NCDD/PST has serious concerns that IPA's performance threatens to delay the implementation of the RILGP.*

### **Workshops:**

NCDD conducted its second Annual Work Plan and Budget workshop in Phnom Penh in October 2007 but was funded from the PST budget rather than from RILGP, as had been planned.

Instead, the RILGP Credit financed \$15,000 of the total costs of the National Consultative Workshop on the Key Concepts of the Draft Organic Law. This was a milestone event for NCDD to present the main content of the draft Organic Law to concerned Ministries/Agencies, representatives of the Provincial/Municipal, District/Khan and Commune/Sangkat level, Development Partners, NGOs and IOs and receive their inputs and recommendations. The draft Organic Law, to be revised as appropriate to include recommendations from the Workshop, is scheduled to be submitted to the Council of Ministers by the end of January 2008. RILGP Credit also supported the presentation of the Safeguards Study in two half day workshops; first to NCDD/PST and DoLA staff and then to SPPA and concerned ExCom officials from throughout Cambodia.

## **5. RILGP Implementation Arrangements in 2008**

NCDD took over implementation responsibilities for C/S Fund and RILGP in January, 2007. The mandate of the NCDD is to continue until it is replaced by a National Council (previously referred to as the “Implementing Authority”) which is to be defined in the Organic Law. While the Organic Law is expected to be passed in early to mid- 2008, it is uncertain at what point the supporting regulations to establish an National Council will be developed and adopted and the National Council mobilized. At this stage, it is not known what exact form this National Council will take but the expectation is that the existing functions of NCDD will be absorbed much in the same manner as Seila functions were taken over by the NCDD; that is, in a well planned and executed transformation.

At sub-national level, implementation arrangements for 2008 are expected to be unchanged from 2007 although, with the proposed strengthening of the District Councils in the draft Organic Law and the proposed assignment of functions to the Districts to provide technical support the C/Ss, some realignment of ExCom functions may occur in 2008. C/S Fund procurement and sub-project implementation are the responsibility of the C/S Councils; while direct financial management is the responsibility of the Provincial Treasury.

Technical assistance to support the RILGP, which has heretofore been provided by PSDD advisors under agreement with the PSDD Development Partners (UNDP/SIDA/DfID) will continue to be provided by the PSDD project in 2008.

On 24 October, 2007, the RGC engaged an Independent Procurement Agent (IPA) to take over responsibility for all national level procurement for World Bank supported projects. This agency will be responsible for remaining procurement under RILGP Component 2 with the exception of those procurements which had already been initiated prior to 24 October 2007 (marked as such on the Procurement Plan). The introduction of the IPA will have no effect on Component 1 procurement.

NCDD/PST and PSDD staff have met with the IPA resident advisors on several occasions in order to prepare the detailed IPA/RILGP Procurement Plan. Procurement of the Fiscal Decentralization Advisor, the International Infrastructure Advisor, motorcycles, computers/printers, photocopiers and (most recently) the consultants for Formulation of the National Program for SNDD have now been initiated.

## 6. 2008 Annual Workplan by Component and Budget Categories

### 6.1 Component 1 – Local Planning and Investments (Budget Category 5 - Sub-Project Grants)

Prediction of Reimbursements from RILGP Credit and Grant in 2008					
	Year 2006 projects	Year 2007 Contracts			Totals
		Validated	Awaiting Validation	Bidding 2007 Q4	
# contracts	1042	907	79	121	2149
CSF value	7,372,933	6,628,343	648,871	886,860	15,537,007
Reimbursable (0.965 x CSF)	7,114,881	6,396,351	626,160	855,820	14,993,212
Reimbursed to end 2007	6,400,605				6,400,605
Reimbursement in 2008	714,276*	6,396,351	626,160	855,820	7,878,331

\* Of the \$714,276 of eligible Year 2006 projects, \$620,690 will be reimbursed from the credit and will exhaust the remaining balance available.

There are 1,042 Year 2006 contracts identified as eligible for RILGP reimbursements. The total amount of C/S Fund allocated to these contracts is equivalent to US\$7,372,933 (at the current exchange rate of \$1 = 4,050 riels). Tax is deducted from payments at 3% for “estimated regime” contractors and 10% for “real regime” contractors. Analysis of the data in the PID shows that the average tax deduction is about 3.65%. Therefore, the calculated total reimbursement against these contracts is US\$7,114,881, of which US\$6,400,605 has been reimbursed at the end of 2007, leaving an outstanding amount of US\$714,276 eligible for reimbursement from the IDA-Credit. However, as of year end only 392,842 SDR or \$620,690 remained undisbursed from the Credit. Therefore all funds allocated to Category 5 in the Credit will be exhausted in 2008.

For year 2007 projects, 907 contracts have already been identified as eligible for RILGP with a reimbursable amount calculated as US\$6,396,351. In addition, there are 79 contracts recorded in the PID which are expected to be validated as eligible once data errors are corrected with an estimated CSF commitment of US\$ 626,160. A second round of C/S Fund bidding was in progress in the final quarter of 2007, in communes where the bidding failed the first time, or where seasonal conditions are such that implementation in the second and third quarters is not possible. It is expected that this bidding round has yielded about 121 additional eligible projects with an estimated reimbursable value of around US\$855,820 (based on average contract values recorded already).

Taking the total of all these categories of contract, the estimated reimbursements for 2007 projects in 2008 from the grant is US\$7,878,331. It is estimated that approximately \$2.0 million of 2008 projects will be reimbursed in 2008 although this is a very aggressive target given possible impact of the national elections scheduled for July 2008.

## 6.2 Component 2

### Budget Category 1 – Works (Renovation of Office Buildings)

Six ExCom buildings are scheduled for construction in 2008. Three of these buildings are to be financed with \$100,000 from the Credit; \$50,000 for Koh Kong, \$25,000 for Kandal and \$25,000 for Ratanakiri. IDA agreed to the replacement of the previously planned Battambang ExCom building with the expansion and rehabilitation of the Kandal and Ratanakiri ExCom buildings. The other 3 ExCom buildings which will be financed with \$150,000 from the Grant are to be constructed in Mondulkiri, Kampong Thom and Pailin.

For five of the six ExCom Buildings, additional financing has been arranged as follows to allow construction of larger than originally planned facilities:

	<u>RILGP</u>	<u>JICA</u>	<u>Province</u>	<u>Total</u>
Koh Kong	\$50,000	-	8,631	58,631
Ratanakiri	\$25,000	14,999	-	39,999
Mondulkiri	\$50,000	10,000	20,000	80,000
Kampong Thom	\$50,000	-	49,468	99,468
Pailin	\$50,000	-	110,000	160,000

The World Bank provided no objection to these planned additional financing arrangements on 7 May 2008.

Kampong Thom and Koh Kong designs and bidding documents are completed after much delay to meet the design detail requirements insisted upon by IPA and to finalize the first civil works bidding documents prepared by IPA. Other ExCom building designs for Kandal and Pailin are completed and being sent to IPA. The other designs are in advanced stage except.

NCDD/PST will also start construction of an office building on the Ministry of Interior site in late 2008 with a total budget of \$150,000.

### Budget Category 2 -- Goods (Vehicles and Office Equipment)

The procurement of 40 motorcycles from the Credit planned in 2007 was delayed for reasons described above. Therefore, procurement of these motorcycles in 2008 has been combined with the ICB procurement of 333 motorcycles planned under the Grant and is now proceeding through the IPA. The total amount budgeted for the 373 motorcycles is \$450,000, including \$50,000 from the Credit and \$400,000 from the Grant.

Procurement of 4 four-wheel drive vehicles budgeted at \$125,000 and 9 pickups budgeted at \$200,000 was contracted by NCDD through IAPSO in February and delivery should be made in the 2<sup>nd</sup> quarter of 2008.

52 computers and printers budgeted at \$83,200 and 15 photocopiers budgeted at \$45,000 destined for ExComs in the new RILGP Provinces and the Department of Local Finance of MEF are now being procured by the IPA.

### **Budget Category 3 – Consultants Services**

The design of the RILGP Additional Financing incorporates the assumption that core long-term technical assistance for RILGP implementation will be provided by the PSDD Project through 2009. Therefore, in 2008 there are no expenditures for Consultant Services under Part B(1) of the Project: institutional strengthening. All RILGP expenditures in 2008 will be for Consultant Services under Part B(2) of the Project: Policy Reform and Project Management.

#### **Support to Preparation of the National Program for SNDD:**

The RGC will formulate and adopt, over a 9-month period, a National Program for Sub-national Democratic Development for 2009-2018 with the assistance of a Design Team composed of NCDD officials and an international consultant firm selected by NCDD.

The NP-SNDD will be a 10-year strategy and implementation program through which the RGC will achieve substantial progress toward its strategic vision of decentralization and deconcentration as elaborated in the Strategic Framework for D&D Reform. It will be an interactive implementation plan primarily for the benefit and use of the RGC and its national and sub-national components. It will also enable development partners to adopt common strategies and more harmonized approaches to support the RGC in D&D reform

The international consultants will be financed exclusively from \$810,000 provided for this purpose by the RILGP Grant. As mentioned above, the TOR has been approved by the NCDD/PST, the WB has issued No objection, the TOR was approved by the Deputy Prime Minister and has now been referred to the IPA for immediate procurement. The IPA asserts that the procurement will take a minimum of 5 months so the consultancy cannot start before July and will be implemented in the July 2008- March 2009 timeframe. Therefore, the RGC and Development Partners will be forced to develop a strategy for using selected components of the draft Third Draft Report in developing a plan for 2009 support of the National Program for SNDD.

#### **Support to Formulation and Implementation of Fiscal Decentralization Reforms**

This set of activities is designed to support the Ministry of Economics and Finance to implement the fiscal decentralization aspects of the Organic Law and to develop and implement a fiscal decentralization strategy consistent with the Strategic Framework for D&D Reform which will be incorporated as an integral part of the NP-SNDD.

The Fiscal Decentralization Advisor will be assigned to work in the MEF to accomplish these objectives. As a portion of this assignment, the FDA will design and manage implementation of the two pre-identified studies: (1) Field Monitoring and Evaluation of Revenue and Expenditures of the C/S Budget and (2) Study to Develop Options for Budgeting and Financial Management at the Provincial and District Levels.

The TOR for the FDA was approved by NCDD/PST and MEF and WB issued No Objection to the TOR. The TOR was submitted to IPA in mid-December 2007 for immediate procurement. Despite delay in the IPA procurement process, the advisor is scheduled to start work in 25 May.

## Studies

As mentioned above, the following studies, financed by the RILGP credit, are carried over from 2007 and will be undertaken in 2008:

- *Final wrap-up of the Study of Technical Assistance Arrangements for the C/S Fund:*

Under the NCDD program, technical assistance for design and implementation of C/S Fund projects is delivered through the Technical Support Units (TSU) of the PRDC/Excoms which are managed by the Director of the Provincial Department of Rural Development and receive capacity building support and assistance from MRD. An original study of the effectiveness of the TSUs was conducted in 2004 with RILGP funding. The services provided by TSU are essential to ensure the quality of C/S Fund project outputs, but weaknesses have been identified in the capacity of the Technical Support Officials and in their institutional responsibilities and accountability. Therefore, a consultant was engaged in May, 2007 to work with MoI-DoLA and MRD to undertake a study to identify continuing weaknesses in the system and make recommendations for improvement of the TSUs performance and to consider alternative sources of technical assistance which C/Ss might be able to engage to provide technical support for project design and implementation supervision. The long-overdue final report of the consultant is now expected in April 2008.

- *Socio-Economic Impact Evaluation of C/S Fund Roads - started on 5 March 2008*

This study will document the socio-economic impact of C/S Fund roads projects since the M&E Baseline Survey was conducted in 2003. As roads projects have constituted 60-70% of all C/S Fund projects since the baseline data was collected, this study will be a very important evaluation of the impact of these investments. The contract for this study has been signed and the work started on 5 March.

- *Revision of the Technical Manual and Templates Program for C/S Fund Projects - to start in late March 2008*

The Seila Technical Manual is a manual of standard design details and technical specifications which has been used in almost all C/S Fund infrastructure projects and many other projects financed from other sources and projects. The Seila Templates is an interactive software package with the same content as the manual plus automatic translation and cost estimation functions. Both the Seila Technical Manual and the Templates were adopted by the NCDD in January 2007 when NCDD absorbed the functions and responsibilities of the Seila Program.

There is a need now to review and update these materials, particularly to increase the coverage of irrigation-related project outputs. There is also a need to incorporate technical monitoring checklists which have designed and pilot tested by MRD and disseminated to the TSU through training courses. It is also necessary to incorporate technical feasibility study forms which, until now, have been included in the C/S Fund Project Implementation Manual. An engineering consulting company will be engaged to lead a review of the manual with participation of MRD and MoWRAM, and to deliver an updated manual and software to be disseminated under NCDD authority. The cost of this work is now estimated as US \$ 140,000 and procurement is now in progress under NCDD with an expected starting date of late March 2008.

- *C/S Budget Execution Study – started on 18 February 2008*

The objective of this study is to identify constraints to efficient preparation, approval and execution of C/S Budgets and to recommend a limited number of key actions that can be undertaken immediately and be incorporated in the upcoming revisions of the C/S Fund PIM and C/S Fund Financial Manual. The study will be coordinated under a task group, chaired by the Ministry of Economy and Finance (MEF), with representatives from Ministry of Economy and Finance (MEF), Ministry of Interior (MoI) and Ministry of Rural Development (MRD).

While this study was intended to be implemented in 2007 in order for the recommendations to be implemented in time to have an impact on 2008 budget preparation and implementation, the study was delayed due to difficulties in identifying qualified consultants. However, a contract was signed with a qualified consultant on 14 February and work started on 18 February. The study is making excellent progress and the final report is expected in early May.

The following studies are to be financed from the RILGP Grant and will be also be undertaken in 2008:

- *Financial Audit 2007*

An external audit is a condition of both the Credit and Grant agreements. As in the audit of 2006 financial results, this study will be conducted jointly with audit of the PSDD, Danida NRML, and IFAD RPRP funds managed by NCDD and with UNICEF-Seth Koma. Costs will be shared proportionately to the financial size of the projects and the contribution from RILGP is anticipated to be \$US 20,000. As there were no expenses on the RILGP-Additional Financing in 2007, the audit will only apply to projects financed by RILGP Credit.

Due to very disappointing response from auditing firms, both to the RFP and subsequent canvassing of potential firms, the WB approved procurement on a sole source selection basis. The audit should be conducted in August-September with the report being submitted to WB by October.

- *Technical Audit*

The objectives of this study are to make a statistically valid quantitative assessment of the technical quality of the C/S Fund local infrastructure projects with regard to a defined set of indicators and identify the most important reasons why certain projects fail to achieve their objectives.

This is a follow-up to the Technical Audit conducted in 2005 and will measure the effectiveness of improvements made in NCDD systems, procedures and processes in order to address problems identified in the 2005 report and make further recommendations for the future. This study will be undertaken in Q4 2008, and procurement will be initiated in mid-2008.

- *Process Audit on Planning*

The objectives of this study are to make a qualitative and, to the extent feasible, quantitative assessment of the quality of the process of planning of C/S Fund projects and identify the most important reasons related to the planning process why C/S Fund projects fail to achieve their objectives.

This is a follow-up to the Process Audit conducted in 2005 which covered both the planning and implementation processes. This study will measure the effectiveness of recent improvements made in NCDD planning systems, procedures and processes in order to address problems which were identified in the 2005 report and make further recommendations for the future. This study will be undertaken in Q3 2008, and procurement will be initiated in Q2 2008.

- *Process Audit on Implementation*

The objectives of this study are to make a statistically valid quantitative assessment of the quality of the process of implementing C/S Fund projects with regard to a defined set of indicators; and identify the most important reasons related to the implementation process why certain projects fail to achieve their objectives.

This is a follow-up to the Process Audit conducted in 2005 which covered both the planning and implementation processes. This study will measure the effectiveness of improvements made in NCDD implementation systems, procedures and processes in order to address problems identified in the 2005 report and make further recommendations for the future. This study will be undertaken in Q1 2009, and procurement will be finalized in Q4 2008.

- *Citizens' Engagement in C/S Fund Projects and C/S Budget Execution*

As agreed in the WB Supervisory Mission of 10-21 March 2008, the general objective of this "suite" of consultancies to be conducted in 2008-2010 is to stimulate local people's rate and quality of participation in C/S Fund project planning and implementation processes and the C/S Budget Execution processes. This is considerably broader than the previous focus which was exclusively on C/S Budgeting. It is anticipated that many of the specific tasks to be undertaken under this suite of activities will involve engaging NGOs to develop and deliver training to local people on how to become actively engaged and informed participants with more clear understanding of the C/S Fund and C/S budget execution processes and those areas where local people can have an impact.

#### Phase 1: Program to Strengthen Public Awareness of Land User Rights in Commune Sangkat Fund Projects

In 2008, activities will focus on raising citizens' awareness of their land user rights, of the land safeguards and of remedies available to the through the AWG. The activities will include (a) immediately developing and disseminating printed posters and handout materials which explain the rights of land users and land safeguards in land acquisitions related to implementation of C/S Fund projects; and (b) contracting an NGO or NGOs by October 2008 in order to start providing outreach on land user rights and land safeguards to people who are potentially effected by land acquisition for C/S Fund projects in 20% of the 1,621 C/Ss. These NGOs will also provide assistance to affected land users whose rights are not being adequately protected in order to submit complaints through the AWG processes.

DANIDA signed an MOU with NCDD Secretariat on 2 May to finance activity (a), the immediate design, printing and distribution of the public information materials. Activity (b) is budgeted to be financed by RILGP at \$120,000 for a 4-5 month contract(s) with NGO(s).

Additional activities to be included in the "suite" in 2009-2010 will be defined dynamically as priorities are identified.

- *Follow up Study on Accountability*

A follow-up study on Accountability was originally scheduled in the RILGP Additional Funding Project Paper to be conducted in 2008. However, the first Assessment of the C/S Fund Accountability Working Groups was only completed in July, 2007 and the recommendations have not yet been fully implemented. Therefore, this study has been deferred to 2009. Procurement will be finalized in Q4 2008 so that the study can be undertaken in Q1 2009.

- *M&E Baseline*

An original M&E Baseline Study was conducted in 2003. This study will be an update of the 2003 study, including the baseline for the newly covered provinces, and will identify and quantify the impact of the C/S Fund and other investments made in the C/Ss since 2003. The baseline data will provide essential data for future impact assessment of investments in C/S local infrastructure and will be closely coordinated with other M&E activities of NCDD/PSDD to ensure potential synergies are realized. Procurement will be initiated in mid-2008 and the study will be undertaken in Q4 2008.

- *Mid-Term Evaluation*

Procurement for the Mid-Term Evaluation will be finalized in Q4 2008 so the evaluation can be undertaken in early 2009.

## **Technical Assistance**

- *International Infrastructure Advisor*

The TOR for the Infrastructure Advisor (international) to be financed from the grant was prepared and adopted by the NCDD/PST and received No Objection from the WB in November, 2007. The TOR was submitted to the IPA in mid-December for immediate recruitment. After delay in the IPA procurement process, the advisor is now scheduled to start work in 2 June.

- Irrigation Advisor (national)

The Irrigation Advisor will be recruited after the Infrastructure Advisor has been mobilized and oriented and can prepare the TOR of the Irrigation Advisor based on competent analysis of the specific needs of the irrigation sector. It is anticipated that consultant selection for the Irrigation Advisor would be initiated by mid-2008.

- Safeguard Advisor (national) and Safeguard Monitoring System

The Assessment of Safeguards Mechanisms and Capacity Building for Environmental Impact Assessments completed in December 2007 noted serious deficiencies in the application of safeguard mechanisms in the implementation of C/S Fund projects. The study recommended that an independent safeguard monitoring team be established immediately in order to improve compliance with the safeguards.

In order to respond as quickly as possible to this recommendation and prevent environmentally inappropriate projects from being implemented, the NCDD/PST has proposed (in this AWPB) that funds from the IDA Grant be used for implementing a Safeguards Monitoring System. Under the day-to-day management of the existing National Safeguards Advisor, 3 Regional Safeguards Advisors will be employed as consultants and environmental NGO(s) will be contracted to perform on-site inspection of proposed C/S Fund projects that are located in sensitive areas: C/Ss with forests, wetlands, designated protected areas, etc. See the detailed Safeguards Monitoring Proposal in Attachment A. The monitoring team will also perform post review of land acquisitions and follow up complaints.

The existing National Safeguard Officer's contract has been extended by NCDD/PST for 2008. The Regional Safeguard Officers will be mobilized by August and the NGOs will be contracted by September so that the Safeguards Monitoring Team will be fully operational by October when the bulk of the on-site inspections of planned 2009 projects will start.

Note that these activities will be closely coordinated with activities listed above under Citizens' Engagement Phase 1 – Program to Strengthen Land User Rights in CS Fund Projects.

- *RILGP Coordination Advisor* (national) -

Due to the increasing complexity of the RILGP under the additional financing agreement, the a national consultant will be hired under the Grant for an initial contract period of 18 months (July 2008 thru December 2009) to assist the NCDD/PST CAU manage all aspects of RILGP planning and implementation. This is provisionally budgeted at \$27,000.

#### **Budget Category 4 -- Workshops**

Budget carried over from 2007 from the credit to 2008 is \$24,000 while budget allocated from the grant for workshops in 2008 is US\$20,000. Of this total of \$44,000 available in 2008, US\$15,000 is allocated to support the NCDD Annual Work Plan and Budget workshop to take place in September 2008. US\$5,000 is allocated to support workshops to support finalizing, adopting and disseminating the Second Revision of the C/S Fund Project Implementation Manual. A further US\$9,000 is allocated to support the proposed training in environmental impact awareness and training related to the Safeguards Monitoring System. \$5,000 is allocated to the conduct of 5 workshops to disseminate the results of 2008 consultant studies. The remaining US\$9,000 is allocated to events related to the Formulation and Adoption of the National Program for SNDD.

#### **Budget Category 5 – Sub-Project Grants (see above Component 1)**

#### **Budget Category 6 -- Operating Costs**

RILGP grant design incorporated the assumption that 2007-2009 operating costs would be funded by the UNDP/SIDA/DfID-financed PSDD Project and only provided operating costs starting in 2010 should funding for this purpose not be available through an extension of PSDD or from another source. Therefore, no expenditures from the IDA grant were originally anticipated in 2008.

However, in 2008, the RILGP Grant will now finance operating expenses of \$75,621 out of a total of \$108,030 to offset unplanned incremental costs to the PDRC ExComs for building up the capacity of the Provincial Accountability Working Groups. The Assessment of the C/S Fund Accountability Working Groups found that there is an urgent need to expand the mandate of the PAWGs, provide staff to the PAWGs (add one staff in small provinces, two staff in medium provinces and 3 staff in large provinces), provide these staff travel and office expenses and provide adequate funding for dissemination activities. Details of this proposal are contained in Attachment B. No expenditures will be incurred until the NCDD approves the expansion of the AWG mandate and TORs are prepared and approved for the PAWG staff.

Other, previously-unplanned, operating costs included in the 2008 AWPB include:

- \$9,000 of Operating Costs to cover the DSA and travel expenses of MEF staff participating in the activities coordinated by the Fiscal Decentralization Advisor.
- \$19,420 is requested to be included for the Storage (\$1,560), Transport (\$2,600) and Licensing (\$15,320) of the 373 motorcycles, 4 4x4 vehicles and 9 pickups to be procured in early 2008.

# ANNEXES

**Annex I 2008 RILGP Work Plan Schedule**















**Annex II 2008 Commune/Sangkat Fund Allocations**

**Commune/Sangkat Fund Allocation 2008**

Summary by Province											
No.	Province	Commune	# Councilors	# Villages	Fund Allocation			Fund Disbursed by Target Dates			
					Admin	Develop	Total	End May: 50%	End August: 80%	End October: 100%	
1	Banteay Meanchey	64	504	623	R 1,467,288,000	R 2,670,383,400	R 4,137,671,400	R 2,068,835,700	R 3,310,137,120	R 4,137,671,400	
2	Battambang	96	760	750	R 1,984,940,200	R 3,898,898,600	R 5,883,838,800	R 2,941,919,400	R 4,707,071,040	R 5,883,838,800	
3	Kampong Cham	173	1353	1758	R 4,042,358,200	R 7,007,424,000	R 11,049,782,200	R 5,524,891,100	R 8,839,825,760	R 11,049,782,200	
4	Kampong Chhnang	69	419	553	R 1,271,400,700	R 2,416,020,000	R 3,687,420,700	R 1,843,710,350	R 2,949,936,560	R 3,687,420,700	
5	Kampong Speu	87	609	1308	R 2,445,037,900	R 3,236,902,000	R 5,681,939,900	R 2,840,969,950	R 4,545,551,920	R 5,681,939,900	
6	Kampong Thom	81	577	732	R 1,706,983,200	R 3,020,506,000	R 4,727,489,200	R 2,363,744,600	R 3,781,991,360	R 4,727,489,200	
7	Kampot	92	548	482	R 1,374,382,200	R 3,186,723,000	R 4,561,105,200	R 2,280,552,600	R 3,648,884,160	R 4,561,105,200	
8	Kandal	147	1061	1083	R 2,822,047,700	R 5,468,552,000	R 8,290,599,700	R 4,145,299,850	R 6,632,479,760	R 8,290,599,700	
9	Koh Kong	33	187	131	R 429,785,900	R 1,017,342,000	R 1,447,127,900	R 723,563,950	R 1,157,702,320	R 1,447,127,900	
10	Kratie	46	282	250	R 708,805,000	R 1,593,504,000	R 2,302,309,000	R 1,151,154,500	R 1,841,847,200	R 2,302,309,000	
11	Mondolkiri	21	107	90	R 265,242,500	R 597,698,000	R 862,940,500	R 431,470,250	R 690,352,400	R 862,940,500	
12	Phnom Penh	76	664	689	R 1,769,986,200	R 3,366,542,000	R 5,136,528,200	R 2,568,264,100	R 4,109,222,560	R 5,136,528,200	
13	Preah Vihear	49	317	208	R 707,517,000	R 1,434,499,000	R 2,142,016,000	R 1,071,008,000	R 1,713,612,800	R 2,142,016,000	
14	Prey Veng	116	892	1137	R 2,639,793,000	R 4,535,468,000	R 7,175,261,000	R 3,587,630,500	R 5,740,208,800	R 7,175,261,000	
15	Pursat	49	343	501	R 1,094,263,700	R 1,851,358,000	R 2,945,621,700	R 1,472,810,850	R 2,356,497,360	R 2,945,621,700	
16	Ratanakiri	49	253	240	R 659,405,200	R 1,438,069,000	R 2,097,474,200	R 1,048,737,100	R 1,677,979,360	R 2,097,474,200	
17	Siem Reap	100	668	875	R 2,012,995,000	R 3,732,918,000	R 5,745,913,000	R 2,872,956,500	R 4,596,730,400	R 5,745,913,000	
18	Sihanuk Ville	22	144	94	R 320,658,100	R 796,255,000	R 1,116,913,100	R 558,456,550	R 893,530,480	R 1,116,913,100	
19	Stung Treng	34	176	128	R 411,916,700	R 993,231,000	R 1,405,147,700	R 702,573,850	R 1,124,118,160	R 1,405,147,700	
20	Svay Rieng	80	518	690	R 1,576,227,900	R 2,776,494,000	R 4,352,721,900	R 2,176,360,950	R 3,482,177,520	R 4,352,721,900	
21	Takeo	100	736	1116	R 2,394,114,800	R 3,844,764,000	R 6,238,878,800	R 3,119,439,400	R 4,991,103,040	R 6,238,878,800	
22	Odor Meanchey	24	152	231	R 497,072,400	R 843,215,000	R 1,340,287,400	R 670,143,700	R 1,072,229,920	R 1,340,287,400	
23	Kep	5	31	16	R 64,105,500	R 174,689,000	R 238,794,500	R 119,397,250	R 191,035,600	R 238,794,500	
24	Pailin	8	52	79	R 169,893,000	R 287,325,000	R 457,218,000	R 228,609,000	R 365,774,400	R 457,218,000	
	<b>TOTAL</b>	<b>1,621</b>	<b>11,353</b>	<b>13,764</b>	<b>R 32,836,220,000</b>	<b>R 60,188,780,000</b>	<b>R 93,025,000,000</b>	<b>R 46,512,500,000</b>	<b>R 74,420,000,000</b>	<b>R 93,025,000,000</b>	
<b>TOTAL IN US\$ ( exchange rate 1/4050)</b>					<b>\$ 8,107,708.64</b>	<b>\$ 14,861,427.16</b>	<b>\$ 22,969,135.80</b>	<b>\$ 11,484,567.90</b>	<b>\$ 18,375,308.64</b>	<b>\$ 22,969,135.80</b>	
<b>TOTAL IN US\$ ( exchange rate 1/4000)</b>					<b>\$ 8,209,055.00</b>	<b>\$ 15,047,195.00</b>	<b>\$ 23,256,250.00</b>	<b>\$ 11,628,125.00</b>	<b>\$ 18,605,000.00</b>	<b>\$ 23,256,250.00</b>	

**Annex III 2008 RILGP Procurement Plan**

## RILGP AWPB 2008 - PROCUREMENT PLAN (Coordinated with IPA)

Ref No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Prequalification (Yes/No)	Domestic Preference	Review by Bank (Prior/Post)	Expected Bid Opening Date	Comments
<b>Category One: Works</b>								
1	Construction of ExCom building Kandal (Credit)	\$25,000	Shopping	No	No	Post	Jul-08	Procurement process by IPA
2	Construction of ExCom building Ratanakiri (Credit) [see Note 1]	\$25,000	Shopping	No	No	Post	Jul-08	Procurement process by IPA
3	Construction of ExCom building Koh Kong (Credit) [see Note 2]	\$50,000	NCB	No	No	Post	Jul-08	Procurement process by IPA
4	Construction of NCDD/PST building (Grant)	\$150,000	NCB	No	No	Post	Dec-08	Procurement process by IPA
5	Construction of ExCom building Mondulhiri (Grant) [see Note 3]	\$50,000	NCB	No	No	Post	Jul-08	Procurement process by IPA
6	Construction of ExCom Building Kampong Thom (Grant) [ see Note 4]	\$50,000	NCB	No	No	Prior	Jun-08	Procurement process by IPA
7	Construction of ExCom Building Pailin (Grant) [ see Note 5]	\$50,000	NCB	No	No	Post	Aug-08	Procurement process by IPA
<b>Category Two: Goods</b>								
8	Procurement of 373 motorcycles [see Note 6]	\$450,000	ICB	No	No	Prior	May-08	Procurement process by IPA
9	Procurement of 4 four wheel vehicles (Grant)	\$125,000	UN Agencies (IAPSO)	No	No	Prior	Feb-08	
10	Procurement of 9 pickups (Grant)	\$200,000	UN Agencies (IAPSO)	No	No	Prior	Feb-08	
11	Procurement of 52 computers and printers (Grant)	\$83,200	NCB	No	No	Prior	May-08	Procurement process by IPA
12	Procurement of 15 photocopiers (Grant)	\$45,000	NCB	No	No	Post	May-08	Procurement process by IPA
<b>Category Three: Consultant Services</b>								
13	<i>Support of Formulation of National Program for SNDD</i>	\$810,000	QBS	Yes	No	Prior	May-08	Procurement process by IPA
	<i>Support of Formulation &amp; Implementation of Fiscal Decentralization Reforms (Grant)</i>							
14	Fiscal Decentralization Advisor (Grant)	\$480,000	Selection of Individual Consultants	No	No	Prior	Apr-08	Procurement process by IPA
15	Field M&E of Revenue and Expenditure of C/S Budget (Grant)	\$80,000	QBS	Yes	No	Prior	Oct-08	Procurement process by IPA
16	Develop Options for Budgeting and FM at Province & District (Grant)	\$80,000	QBS	Yes	No	Prior	Oct-08	Procurement process by IPA
<b>Studies</b>								
17	Socio-Economic Impact Evaluation of C/S Fund Roads (Credit)	\$75,000	QCBS	Yes	No	Prior	done Nov 2007	Procurement by NCDD
18	Revision of Technical Manual and Templates for C/S Fund (Credit)	\$140,000	QCBS	Yes	No	Prior	done Nov 2007	Procurement by NCDD
19	C/S Budget Execution Study (Credit)	\$50,000	Selection of Individual Consultants	No	No	Post	done Jan 08	Procurement by NCDD
20	Financial Audit of 2007 Accounts- joint with other projects (Credit)	\$20,000	SSS (approved by WB 16 May 08)	Yes	No	Prior	Jul-08	Joint audit - Procurement by NCDD
21	Technical Audit (Grant)	\$60,000	Selection of Individual Consultants	No	No	Prior	Dec-08	Procurement process by IPA
22	Process Audit on Planning (Grant)	\$50,000	Selection of Individual Consultants	No	No	Post	Aug-08	Procurement process by IPA

Ref No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Prequalification (Yes/No)	Domestic Preference	Review by Bank (Prior/Post)	Expected Bid Opening Date	Comments
23	Process Audit on Implementation (Grant)	\$50,000	Selection of Individual Consultants	No	No	Post	Dec-08	Procurement process by IPA
24	Citizens Engagement (Phase 1 - Program to Strengthen Public Awareness of Land Users Rights in CS Fund Projects) (Grant)	\$120,000	QBS	Yes	No	Prior	Aug-08	Procurement process by IPA
25	Follow Up Study on C/S Fund Accountability (Grant)	\$20,000	Selection of Individual Consultants	No	No	Post	Dec-08	Procurement process by IPA
26	M&E Baselineing (Grant)	\$100,000	QCBS	Yes	No	Prior	Dec-08	Procurement process by IPA
27	Mid-Term Review (Grant)	\$100,000	QBS	Yes	No	Prior	Nov-08	Procurement process by IPA
	<b>Technical Assistance</b>							
28	National Safeguard Advisor - national (Grant) (12 month contract extension)	\$21,400	Selection of Individual Consultants	No	No	Post	done Dec 2007	extension of contract by NCDD
29	Regional Safeguard Advisors (3) - national (Grant) (12 months contract)	\$44,800	Selection of Individual Consultants	No	No	Post	Jul-08	Procurement process by IPA
30	Safeguard Monitoring Support contracted from NGOs (Grant) (12 month services contract)	\$35,500	QBS	No	No	Post	Aug-08	Procurement process by IPA
31	Infrastructure Advisor - international (Grant) (24 months contract)	\$320,000	Selection of Individual Consultants	No	No	Prior	Apr-08	Procurement process by IPA
32	Irrigation Advisor - national (Grant) (15 month contract from Oct 2007)	\$22,500	Selection of Individual Consultants	No	No	Post	Sep-08	Procurement process by IPA
33	RILGP Coordination Consultant - national (Grant) (18 month initial contract from July 2008)	\$27,000	Selection of Individual Consultants	No	No	Post	Aug-08	Procurement process by IPA

Note 1: Total estimated cost is \$39,999 including \$25,000 from RILGP Credit and \$14,999 from JICA

Note 2: Total estimated cost is \$58,631 including \$50,000 from RILGP Credit and \$ 8,631 from Kok Kong Provincial AWPB

Note 3: Total estimated cost is \$80,000 including \$50,000 from RILGP Grant, \$ 10,000 from JICA and \$ 20,000 from Mondulkiri Provincial AWPB

Note 4: Total estimated cost is \$99,468 including \$50,000 from RILGP Grant and \$ 9,468 from Kampong Thom Provincial AWPB

Note 5: Total estimated cost is \$160,000 including \$50,000 from RILGP Grant and \$ 110,000 from Pailin Municipality AWPB

Note 6: This consists of 40 motorcycles to be financed by the Credit (\$50,000) and 333 motorcycles to be financed from the Grant (\$400,000) to be procured in one package.

**Annex 1V 2008 Budget Status**

**2008 RILGP Credit Allocation and Forecast**

**Table 1: IDA Credit Funds**

Description	Currently Allocated (Revised 2007)	Actual Expenditure at Year end 2007 (Adjusted for Actuals not recorded by WB)	Balance Available for 2008	Expected 2008 Expenditure (@SDR = \$ 1.58)	Expected Balance Avaiالبة at Year End 2008
	SDR	SDR	SDR	SDR	SDR
1. Works under Part B(2)	194,305	137,200	57,105	45,522	11,583
2. Goods under Part B(2)	571,637	537,882	33,755	31,612	2,143
3. Consultant service					
<i>(i) under part B(1)</i>	-	-	-		
<i>(ii) under Part B(2)</i>	468,307	249,320	218,987	209,985	9,002
4. Workshops under Part B(2)	42,798	27,766	15,032	14,542	490
5. Sub-project Grants under Part A(2)	14,754,110	14,361,268	392,842	392,842	-
6. Operating Costs under part B(1)	-	-	-		
<b>Total</b>	<b>16,031,157</b>	<b>15,313,436</b>	<b>717,721</b>	<b>694,503</b>	<b>23,218</b>

**Table 2: RGC Counterpart to Credit**

Description	Actual Expenditure to Year End 2007	Estimated 2008 Expenditure	Expected Total Expenditure at Year End 2008
	USD	USD	USD
1. Works under Part B(2)	\$23,679	\$8,000	\$31,679
2. Goods under Part B(2)	\$52,908	\$0	\$52,908
3. Consultant service			\$0
<i>(i) under part B(1)</i>	\$0	\$0	\$0
<i>(ii) under Part B(2)</i>	\$25,518	\$14,856	\$40,374
4. Workshops under Part B(2)	\$0	\$0	\$0
5. Sub-project Grants under Part A(2)	\$0	\$0	\$0
6. Operating Costs under part B(1)	\$942	\$0	\$942
<b>Total</b>	<b>\$103,047</b>	<b>\$22,856</b>	<b>\$125,903</b>

**2008 RILGP Grant Allocation and Forecast**

**Table 1: IDA Grant Funds**

Description	Allocated (Revised 2007)	Actual Expenditure at Year end 2007	Balance Available for 2008	Expected 2008 Expenditure (@SDR = \$ 1.58)	Expected Balance Available at Year End 2008
	<b>SDR</b>	<b>SDR</b>	<b>SDR</b>	<b>SDR</b>	<b>SDR</b>
1. Works under Part B(2)	180,000	-	180,000	22,785	157,215
2. Goods under Part B(2)	560,000	-	560,000	540,000	20,000
3. Consultant service					
<i>(i) under part B(1)</i>	450,000	-	450,000	-	450,000
<i>(ii) under Part B(2)</i>	3,120,000	-	3,120,000	759,133	2,360,867
4. Workshops under Part B(2)	40,000	-	40,000	13,291	26,709
5. Sub-project Grants under Part A(2)	18,660,000	-	18,660,000	6,252,108	12,407,892
6. Operating Costs under part B(1)	790,000	-	790,000	72,534	717,466
<b>Total</b>	<b>23,800,000</b>	<b>-</b>	<b>23,800,000</b>	<b>7,097,066</b>	<b>16,140,149</b>

**Table 3: RGC Counterpart Funds to Grant**

Description	Actual Expenditure to Year End 2007	Estimated 2008 Expenditure	Expected Total Expenditure at Year End 2008
	<b>USD</b>	<b>USD</b>	<b>USD</b>
1. Works under Part B(2)	\$0	\$4,000	\$4,000
2. Goods under Part B(2)	\$0	\$0	\$0
3. Consultant service	\$0	\$0	\$0
<i>(i) under part B(1)</i>	\$0	\$0	\$0
<i>(ii) under Part B(2)</i>	\$0	\$0	\$0
4. Workshops under Part B(2)	\$0	\$0	\$0
5. Sub-project Grants under Part A(2)	\$0	\$0	\$0
6. Operating Costs under part B(1)	\$0	\$49,116	\$49,116
<b>Total</b>	<b>\$0</b>	<b>\$53,116</b>	<b>\$53,116</b>

## **Annex V 2008 Monthly Budget Forecast by Category**



Item No	Description	Unit	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Technical Assistance</b>															
	Safeguard Advisor - national (Credit - Dec salary paid in Jan 2008)	1	1,700	0	0	0	0	0	0	0	0	0	0	0	\$1,700
	Safeguard Advisor - national (Grant)	1	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	\$20,400
	Regional Safeguards Advisors - national (Grant)	3	0	0	0	0	0	0	0	3,700	3,700	3,700	3,700	3,700	\$18,500
	Safeguards Monitoring System support contracted from NGOs (Grant)	1									3,000	5,000	5,000	5,000	\$18,000
	Infrastructure Advisor - International (Grant)	1	0	0			13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	\$106,664
	Irrigation Advisor - National (Grant)	1	0	0	0	0	0	0	0	0	0	1,500	1,500	1,500	\$4,500
	RILGP Coordination Advisor (Grant)	1	0	0	0	0	0	0	1,500	1,500	1,500	1,500	1,500	1,500	\$9,000
	Op. Costs TA Comp. B-2 (not included in consultant contracts) (Grant)		500	500	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	\$27,000
	Sub-Total Category 3		<b>18,300</b>	<b>6,013</b>	<b>19,300</b>	<b>71,300</b>	<b>70,133</b>	<b>86,158</b>	<b>124,133</b>	<b>295,833</b>	<b>103,833</b>	<b>327,333</b>	<b>162,333</b>	<b>309,333</b>	<b>\$1,594,002</b>
	<b>Sub-Total IDA Credit Account at 95%</b>		<b>15,295</b>	<b>3,622</b>	<b>14,250</b>	<b>63,650</b>	<b>30,875</b>	<b>46,099</b>	<b>80,750</b>	<b>9,500</b>	<b>36,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$300,141</b>
	<b>Sub-Total IDA Grant Account at 100%</b>		<b>2,200</b>	<b>2,200</b>	<b>4,300</b>	<b>4,300</b>	<b>37,633</b>	<b>37,633</b>	<b>39,133</b>	<b>285,833</b>	<b>65,833</b>	<b>327,333</b>	<b>162,333</b>	<b>309,333</b>	<b>\$1,278,064</b>
	<b>Sub-Total RGC Counterpart Account at 5% for Credit</b>		<b>805</b>	<b>191</b>	<b>750</b>	<b>3,350</b>	<b>1,625</b>	<b>2,426</b>	<b>4,250</b>	<b>500</b>	<b>1,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$15,797</b>
	<b>RGC Account - VAT @10% of Credit company contracts</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,200</b>	<b>2,250</b>	<b>3,750</b>	<b>8,500</b>	<b>1,000</b>	<b>3,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$23,500</b>
<b>Category 4: Workshops</b>															
	NCDD AWPB Workshop (Credit)	1									15,000				\$15,000
	Review of Inputs for Project Implementation Manual (Credit)	1				1,000									\$1,000
	Training Workshops for New PIM Manual (Credit)	1					4,000								\$4,000
	Workshops related to consultant studies (Credit)	2				1,000	1,000								\$2,000
	Workshops/Training related to Safeguards (Grant)	3				2,000		5,000			2,000				\$9,000
	Workshops related to NP-SNDD formulation and adoption (Grant)	1											9,000		\$9,000
	Workshops related to consultant studies (Grant)	3							1,000		1,000		1,000	1,000	\$4,000
	Sub-Total Category 4		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>5,000</b>	<b>5,000</b>	<b>1,000</b>	<b>0</b>	<b>18,000</b>	<b>0</b>	<b>10,000</b>	<b>1,000</b>	<b>\$44,000</b>
	<b>Sub-Total IDA Credit Account 100%</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$22,000</b>
	<b>Sub-Total IDA Grant Account at 100%</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>0</b>	<b>5,000</b>	<b>1,000</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>10,000</b>	<b>1,000</b>	<b>\$22,000</b>
<b>Category 5: Sub-Projects (Reimbursement Schedule)</b>															
	2005 Subprojects (Credit)		10,135												\$10,135
	2006 Subprojects (Credit)		107,088			113,602		100,000		100,000		100,000		100,000	\$620,690
	2007 Subprojects (Grant)		618,424		694,631	1,313,055		1,313,055		1,313,055		1,313,055		1,313,055	\$7,878,331
	2008 Subprojects (Grant)											800,000		1,200,000	\$2,000,000
	Sub-Total Category 5		<b>735,647</b>	<b>0</b>	<b>694,631</b>	<b>1,426,657</b>	<b>0</b>	<b>1,413,055</b>	<b>0</b>	<b>1,413,055</b>	<b>0</b>	<b>2,213,055</b>	<b>0</b>	<b>2,613,055</b>	<b>\$10,509,156</b>
	<b>Sub-Total IDA Credit Account 100%</b>		<b>117,223</b>	<b>0</b>	<b>0</b>	<b>113,602</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>\$630,825</b>
	<b>Sub-Total IDA Grant Account at 100%</b>		<b>618,424</b>	<b>0</b>	<b>694,631</b>	<b>1,313,055</b>	<b>0</b>	<b>1,313,055</b>	<b>0</b>	<b>1,313,055</b>	<b>0</b>	<b>2,113,055</b>	<b>0</b>	<b>2,513,055</b>	<b>\$9,878,331</b>
<b>Category 6: Operating Costs</b>															
	Op. costs for MEF staff participation in RILGP Activities (Grant)		500	500	800	800	800	800	800	800	800	800	800	800	\$9,000
	Incremental PDRC/ExCom Op. Costs (to offset AWG Expansion)*(Grant)		0	0	0		36,930	37,290	4,830	4,830	4,830	4,830	4,830	4,830	\$103,200
	Op. Costs for Storage, Transport and Licensing of Vehicles/Motorcycles						3,000	16,420							\$19,420
	Sub-Total Category 6		<b>500</b>	<b>500</b>	<b>800</b>	<b>800</b>	<b>40,730</b>	<b>54,510</b>	<b>5,630</b>	<b>5,630</b>	<b>5,630</b>	<b>5,630</b>	<b>5,630</b>	<b>5,630</b>	<b>\$131,620</b>
	<b>Sub-Total IDA Grant Account at 70%</b>		<b>350</b>	<b>350</b>	<b>560</b>	<b>560</b>	<b>28,511</b>	<b>38,157</b>	<b>3,941</b>	<b>3,941</b>	<b>3,941</b>	<b>3,941</b>	<b>3,941</b>	<b>3,941</b>	<b>\$92,134</b>
	<b>Sub-Total RGC Counterpart Account at 30%</b>		<b>150</b>	<b>150</b>	<b>240</b>	<b>240</b>	<b>12,219</b>	<b>16,353</b>	<b>1,689</b>	<b>1,689</b>	<b>1,689</b>	<b>1,689</b>	<b>1,689</b>	<b>1,689</b>	<b>\$39,486</b>
<b>Total</b>															
	<b>Total for IDA Credit Account</b>		<b>132,518</b>	<b>3,622</b>	<b>14,250</b>	<b>179,252</b>	<b>85,875</b>	<b>146,099</b>	<b>80,750</b>	<b>109,500</b>	<b>51,100</b>	<b>136,000</b>	<b>0</b>	<b>136,000</b>	<b>\$1,074,966</b>
	<b>Total for IDA Grant Account</b>		<b>620,974</b>	<b>2,550</b>	<b>1,024,491</b>	<b>1,319,915</b>	<b>594,344</b>	<b>1,393,845</b>	<b>44,074</b>	<b>1,602,829</b>	<b>72,774</b>	<b>2,480,329</b>	<b>176,274</b>	<b>2,863,329</b>	<b>\$12,195,729</b>
	<b>Total for RGC Counterpart Account</b>		<b>955</b>	<b>341</b>	<b>990</b>	<b>3,590</b>	<b>13,844</b>	<b>18,779</b>	<b>5,939</b>	<b>2,189</b>	<b>3,589</b>	<b>9,689</b>	<b>1,689</b>	<b>9,689</b>	<b>\$71,283</b>
	<b>Grand Total</b>		<b>754,447</b>	<b>6,513</b>	<b>1,039,731</b>	<b>1,502,757</b>	<b>694,063</b>	<b>1,558,723</b>	<b>130,763</b>	<b>1,714,518</b>	<b>127,463</b>	<b>2,626,018</b>	<b>177,963</b>	<b>3,009,018</b>	<b>\$13,341,978</b>
	<b>RGC Account - VAT @10% of Credit company contracts (not included above)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,200</b>	<b>2,250</b>	<b>3,750</b>	<b>8,500</b>	<b>1,000</b>	<b>3,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$23,500</b>

**Annex VI Draft 2008 Training Plan** (being coordinated with NCDD / PSDD / DoLA)

<b>Training Subject</b>	<b>Target / Strategy</b>	<b>Tentative Schedule</b>
C/S Fund Project Implementation Manual Training	<ul style="list-style-type: none"><li>• Provincial TOT</li><li>• Commune/Sangkat Training</li></ul>	May – June
Environmental Impact Awareness Training	<ul style="list-style-type: none"><li>• Provincial TOT</li></ul>	May – June
Training of Regional Safeguard Advisors and Supporting NGO(s)	<ul style="list-style-type: none"><li>• RSAs and NGO staff training on procedures</li></ul>	September
Additional Training for New RILGP Provinces on Prior Review and Reimbursement Processes	<ul style="list-style-type: none"><li>• TBD, as required</li></ul>	
Accountability Working Group Training	<ul style="list-style-type: none"><li>• New AWG staff orientation, dissemination strategy planning</li></ul>	

## Attachment A

### C/S FUND SAFEGUARDS PROPOSAL FOR RILGP AWPB 2008

#### Safeguards Problems Identified:

An “Assessment and Strengthening of the Effectiveness of the Safeguards Mechanisms for Land Users and the Environment in the C/S Fund Project Implementation Process” was conducted in 2007. This study found implementation of the C/S Fund Safeguards to be generally effective. However, the study identified:

- Numerous problems in the application of the PIM instructions on the conduct of Environmental Assessments; especially in addressing potentially serious environmental impacts in those C/Ss which contain threatened areas (forests, wetlands and designated protected areas).
- Numerous occasions where the land safeguards were not appropriately applied including:
  - instances where the C/S Chief did not advise the land users of their right to not contribute land to the project primarily because they did not want to have to complete the Land Acquisition Report and pay the required compensation.
  - instances where the C/S Chief apparently coerced people to contribute more than the maximum 5% of land allowed under the safeguards
  - instances where land users were required to provide thumbprints on Voluntary Land Contribution Reports which were not yet completed.
- Lack of clarity of existing procedures for using CS Fund development expenditures for required land compensation which was partly the reason for the land acquisition abuses identified above.

In addition, the World Bank RILGP Supervisory Mission of 10-22 March 2008 focused on three additional deficiencies that must be immediately addressed:

- Lack of functioning sanctions against PFT/DFTs and Commune/Sangkats who are complicit in the abuse of land user rights;
- Lack of mechanisms to pay restitution to land users whose rights have been violated; and
- Given some C/S Chiefs’ negligence in advising land users of their rights, there is an urgent need for an independently delivered public outreach program to advise land users of their rights, the safeguard mechanisms in place and means of addressing grievances; especially through the Accountability Working Groups.

#### NCDD Response:

In order to immediately address these serious problems, the NCDD will in 2008 undertake the following actions:

1) With support of RILGP, NCDD will establish a temporary *Safeguard Monitoring System* which is independent of the Provincial level which will:

- ensure that all C/Ss in pre-determined threatened areas (about 400 of 1,621 C/S) which are implementing new roads, irrigation, water supply or any other project with potential major environmental risks (probably about 200 / year) perform an adequate Environmental Analysis (using more detailed screening process to be included in the PIM). These EAs must be checked and approved by an NCDD/PST National or Regional Safeguards Advisor **prior** to Technical Clearance.

- perform on-site **post** inspection of EAs prepared in at least 10% of the other C/Ss which have implemented new roads, irrigation, water supply or any other project with potential major environmental risks. As required, perform on-site inspections of suspect projects.

- perform **post** review at the PDRC ExCom offices of all Voluntary Land Contribution Reports (approximately 450 per year) and Land Acquisition Reports (currently 0-1 per year) and identify potential instances of abuse for on-site inspection. Perform on-site inspection of those identified cases (perhaps 20 per year).

- conduct **surveys** in 10 randomly selected C/S with high proportions (> 10%) of highland people and which have implemented new roads, irrigation, water supply or any other project with potential major risks to the livelihoods of highland people. The object of the survey is to find out if the highland people were adequately informed of and involved in the project selection, planning and implementation processes.

2) NCDD will reinforce and apply the existing *sanctions against PRDC ExCom* staff found to have been complicit in not appropriately applying the PIM instructions related to safeguards.

3) NCDD will design and implement a system of appropriate *sanctions against C/Ss* which have violated the environmental, land and/or highland peoples safeguards. This system will include a system for payment of *restitution to land users* whose rights have been violated, as established by determinations of the relevant Accountability Working Groups. The design and implementation of the C/S sanctions and mechanism for restitution will necessarily require the cooperation of the MEF and National Treasury.

4) With support of RILGP and DANIDA, NCDD will pilot a *Program to Strengthen Public Awareness of Land User Rights in C/S Fund Projects* which will focus on raising citizens' awareness of their land user rights, of the RGC's land safeguards and of remedies available to citizens through the AWG. The activities will include (a) immediately developing and disseminating printed posters and handout materials which explain the rights of land users and land safeguards in land acquisitions related to implementation of C/S Fund projects (to be financed by DANIDA); and (b) contracting an NGO or NGOs in order to start providing outreach on land user rights and land safeguards to people who are potentially effected by land acquisition for C/S Fund projects on a pilot basis in 20% of the 1,621 C/Ss (to be financed by RILGP). These NGOs will also provide assistance to affected land users whose rights are not being adequately protected in order to submit complaints through the AWG processes.

5) NCDD will work with MEF and Treasury to elaborate the procedures for financing land compensation from C/S Fund Development Expenditures. If this cannot be finalized in time for inclusion in the PIM Revision, it will be issued as a separate instruction of NCDD.

6) To address the problems on a medium to long-term basis, NCDD (in cooperation with The Ministry of Environment and interested Development Partners) will propose medium to long-term solutions to develop and engage the capacity of the Provincial Departments of Environment to participate meaningfully in the application of the RGC's Safeguards Mechanisms.

## **SAFEGUARDS MONITORING SYSTEM<sup>2</sup> FOR 2008-2010 PROPOSAL FOR RILGP GRANT FINANCING**

### **Priority Tasks of the Safeguard Monitoring System:**

- Perform **on-site prior** review of all Project Information Form / Environmental Assessments for new roads, irrigation and water and other projects with potential environmental risks in the 400 C/S with threatened areas (perhaps 200 projects/year) to ensure potential major impacts are properly identified and studied/evaluated.
- In C/Ss where the Project Information Form / EAs have been rejected by the Regional Safeguard Advisor or his/her representative, the Regional Safeguards Advisor will reinspect and approve the EA after it is revised appropriately prior to Technical Clearance being issued.
- perform **on-site post** inspection of EAs prepared in at least 10% of the other C/Ss which have implemented new roads, irrigation, water supply or any other project with potential major environmental risks. As required, perform on-site inspections of suspect projects. (perhaps 50 projects / year)
- perform **post** review at the PDRC ExCom offices of all Voluntary Land Contribution Reports (approximately 450 per year) and Land Acquisition Reports (currently 0-1 per year) and identify potential instances of abuse for on-site inspection. In addition to the suspected cases of abuse, select other projects with land acquisition for on-site inspection on a random basis until the total of on-site inspections is 10% of all land acquisitions. Perform on-site inspection of those identified cases (45 projects per year)
- conduct **surveys** in 10 randomly selected C/S with high proportions (> 10%) of highland people and which have implemented new roads, irrigation or any other project with potential major risks to the livelihoods of highland people. The object of the survey is to find out if the highland people were adequately informed of and involved in the project selection, planning and implementation processes.

### **Recommended Institutional Set-up:**

#### Staffing:

- National Safeguard Advisor
- 3 Regional Safeguard Advisors (25% work from office in PNP, 75% time in field)
- NGO(s) on contract to do field inspections on demand of RSA.

#### Reporting:

- NGOs report to RSAs, RSAs reports to NSA, NSA reports to NCDD/PST.

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<sup>2</sup> This proposal focuses exclusively on increased monitoring of Safeguard compliance until such safeguard compliance is adequately ingrained in the RGC's normal systems and procedures. To the extent possible, this temporary Safeguard monitoring system should not replace the functions of the PDRC Ex/Com and should not encroach on or duplicate the PDRC Ex/Com responsibilities for training and providing technical assistance to the C/Ss in environmental protection. During 2008, NCDD/PST will work with other development partners to develop concepts for the long-term development and engagement of capacity of the Provincial Departments of Environment.

### **Working Method for Compulsory Prior Review of EA's in C/S with threatened areas:**

- After C/Ss in pre-identified threatened areas with new road, irrigation and water supply or other projects with potential for environmental risks completes the EA (which will be made compulsory in the PIM Revision), the C/Ss must request a Regional Safeguard Advisor to conduct timely prior review.
- Regional Safeguard Advisor does inspection or assigns pre-contracted NGO to inspect for Safeguard compliance regarding the identification and evaluation of major environmental impacts. (200 projects / year x 2 days each)
- NGOs sign off on satisfactory EA screenings and report projects with problems to Regional Safeguard Advisor
- Regional Safeguard Advisor reports identified problems to the Provincial Environmental Focal Point and to the National Safeguard Advisor who reports to NCDD/PST. NCDD/PST communicates problem to Governor who puts a temporary hold on project Technical Clearance until the project is revised appropriately or a satisfactory Environmental Management Plan has been prepared and approved by the RSA.

### **Working Method for Post Review of Land Rights Safeguards:**

- PDRC Ex/Coms provides list of projects with land acquisition to the Regional Safeguards Advisors (450 per year)
- Regional Safeguards Advisors conduct post review of all Voluntary Land Contribution Reports and Land Acquisition Reports and identify potential instances of abuse for on-site inspection. In addition to the suspected cases of abuse, select other projects with land acquisition for on-site inspection on a random basis until the total of on-site inspections is 10% of all land acquisitions.
- RSA and/or NGOs perform on-site inspections (45 projects per year).
- NGOs report results to Regional Safeguard Advisors
- Regional Safeguards Advisors report results and identified problems to the PLAU and National Safeguard Advisor who reports to NCDD/PST. NCDD/PST communicates problem to Governor and PRDC Ex/com to follow up with additional training and/or disciplinary actions for PFTs/DFTs involved. C/Ss which have violated the land safeguards will be subject to sanctions being defined in 2008 by NCDD.

### **Working Method for Highland People Safeguard Monitoring:**

- NSA will randomly select 10 C/Ss with high proportions (> 10%) of highland people and which have implemented new roads, irrigation or any other project with potential major risks to the livelihoods of highland people.
- In each selected C/S, 20 households of highland people will be surveyed by the RSA or supporting NGO to find out if they were adequately informed of and involved in the project selection, planning and implementation processes.
- NGO reports results of survey to the RSA
- Regional Safeguards Advisors report results and identified problems to the PLAU and National Safeguard Advisor who reports to NCDD/PST. NCDD/PST communicates any problems to the Governor. PRDC Ex/com to follow up with additional training and/or disciplinary actions for PFTs/DFTs involved.

**Estimated Annual Incremental Costs:**

3 Regional Safeguard Advisors @ \$ 800 / month	\$28,800
RSA DSA: 3 x 150 days/year x \$20/day	9,000
RSA travel: 3 x 150 days/year x \$10/day	4,500
NGO: (400 + 200 days) x \$35 / day (including NGO Mgmt Overheads)	21,000
NGO DSA 300 nights x \$20	6,000
NGO travel: 600 days x \$10 /day	6,000
Communications and Reporting	5,000
National Workshop / Training for RSAs and NGOs	<u>5,000</u>
	\$ 85,300

## Attachment B

### Proposal for RILGP Financing of Expanded Provincial Accountability Working Groups

The Assessment of Commune/Sangkat Funds Accountability Working Groups completed in July 2007 found that a major constraint leading to the low performance of the PAWGs was that operating costs of the PAWG are not covered adequately in the current budget allocations. The lack of dedicated staff and lack of budget for travel and DSA made both the outreach activities and the research of reported instances of impropriety difficult to implement.

Therefore, the NCDD proposes to assign three provincial staff to PAWGs of large provinces, 2 staff to PWAGs of medium size provinces and 1 staff to small provinces for a total of 42 additional staff being paid salary supplement at \$80 per month. Below is the estimated incremental costs of running the expanded PAWG for a full year.

Activity	Budget		
	# Unit	Unit Cost	US \$
<b>Supporting Staff to be hired at provincial level *</b>			
Hire 42 supporting staff (1 to 3ps in each province)	504	\$ 80.0	\$ 40,320.0
<b>Staff Operating Costs</b>			
Primarily travel and office expenses	504	\$ 35.0	\$ 17,640.0
<b>Poster Design and Printing</b>			
Design & lay-out for 2 kinds of posters (53cmx74cm)	1	\$ 500.0	\$ 500.0
Printing 2 posters	27,474	\$ 0.7	\$ 19,231.8
<b>Preparing Leaflet and Printing</b>			
Design and layout	1	\$ 200.0	\$ 200.0
Printing leaflet	169,745	\$ 0.25	\$ 42,436.3
<b>PAWG Box</b>			
Producing a model of PAWG box	25	\$ 12.0	\$ 300.0
<b>Natinal Disssmination Workshop (1day)</b>			
venue fee	1	\$1,000.0	\$ 1,000.0
refreshment (morning &afternoon)	170	\$ 1.0	\$ 170.0
materials	170	\$ 2.0	\$ 340.0
lunch	170	\$ 5.0	\$ 850.0
<b>NAWG Meeting</b>			
Hold NAWG meeting at national level	1	\$ 100.0	\$ 100.0
<b>Total</b>			<b>\$122,588.1</b>

Given that the Expanded PAWG cannot be mobilized until April, the estimated incremental costs for 2008 would be \$108,030 as shown below. No expenditures can be incurred before the NCDD adopts the expanded AWG mandate and the TORs of the AWG staff are prepared and adopted.l:

### Estimated 2008 Incremental Costs of Expanded AWG

Description	Unit	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
- ExCom Fuel Expenses (offset to AWG salary supplements)		0	0	0	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	30,240
- AWG staff operating costs		0	0	0	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470	13,230
- Poster Design and Printing		0	0	0	0	9,200	10,000	0	0	0	0	0	0	19,200
- Leaflet and Printing		0	0	0	0	22,600	20,000	0	0	0	0	0	0	42,600
- PAWG Box		0	0	0	0	300	0	0	0	0	0	0	0	300
- National Dissemination Workshop		0	0	0	0	0	2,360	0	0	0	0	0	0	2,360
- NAWG Meeting		0	0	0	0	0	100	0	0	0	0	0	0	100
Total		0	0	0	4,830	36,930	37,290	4,830	4,830	4,830	4,830	4,830	4,830	108,030

It is proposed that the incremental costs of the PAWG be paid for from the RILGP Grant Category 6 Operating Costs. As the RILGP cannot pay salary supplements, it is proposed that RILGP funds equivalent to the salary supplement portion be used to pay for ExCom fuel expenses to offset incremental salary supplement expenses of the Provincial ExComs to support the AWG as shown above in the line “ExCom Fuel Expenses (offset to AWG salary supplements)”.

The accounting will be handled as follows:

- The PSDD will provide monthly advances to the PRDC ExComs based on the estimated monthly AWG Staff Operating Costs of each ExCom to support the AWGs. The ExComs will then submit documentation for actual AWG staff operating costs monthly to clear the advances.
- PSDD will also issue a schedule of monthly allowable ExCom Fuel Expenses (offset to AWG salary supplements) to be financed from RILGP Additional Financing and ExComs will submit documentation for such fuel expenses.
- Other expenses (printing, boxes, workshop and meeting expenses) will be paid directly by the NCDD/PST Finance Unit.





**Distribution Table for Poster, Leaflet, Box and PAWG Study**  
DoLA, 2007

No.	Province	#Dist	#Com	#Vill	Staff	Box	Poster						Leaflet									
							Vill	CC	Dist	ExCom	Other	Total	CC	Dist	ExCom	Other	Total					
1	Banteay Meanchey	8	64	623	2	1	1246	64	24	3	5	1,342	6400	40	250	30	6720					
2	Battambang	13	96	741	2	1	1482	96	39	3	10	1,630	9600	65	250	30	9945					
3	Kampong Cham	16	173	1758	3	2	3516	173	48	3	15	3,755	17300	80	250	30	17660					
4	Kampong Chhnang	8	69	553	2	1	1106	69	24	3	5	1,207	6900	40	250	30	7220					
5	Kampong Speu	8	87	130	2	1	260	87	24	3	6	380	8700	40	250	30	9020					
6	Kampong Thom	8	81	732	2	1	1464	81	24	3	6	1,578	8100	40	250	30	8420					
7	Kampot	8	92	482	2	1	964	92	24	3	8	1,091	9200	40	250	30	9520					
8	Kandal	11	147	1087	3	1	2174	147	33	3	12	2,369	14700	55	250	30	15035					
9	Koh Kong	8	33	131	1	1	262	33	24	3	5	327	3300	40	250	30	3620					
10	Kratie	5	46	250	1	1	500	46	15	3	5	569	4600	25	250	30	4905					
11	Mondolkiri	5	21	90	1	1	180	21	15	3	5	224	2100	25	250	30	2405					
12	Phnom Pneh	7	76	637	2	1	1274	76	21	3	7	1,381	7600	35	250	30	7915					
13	Preah Vihear	7	49	208	1	1	416	49	21	3	5	494	4900	35	250	30	5215					
14	Prey Veng	12	116	1137	3	1	2274	116	36	3	12	2,441	11600	60	250	30	11940					
15	Pursat	6	49	501	1	1	1002	49	18	3	5	1,077	4900	30	250	30	5210					
16	Ratanakiri	9	49	240	1	1	480	49	27	3	5	564	4900	45	250	30	5225					
17	Siem Reap	12	100	875	3	1	1750	100	36	3	11	1,900	10000	60	250	30	10340					
18	Sihanoukville	3	22	94	1	1	188	22	9	3	5	227	2200	15	250	30	2495					
19	Stung Treng	5	34	128	1	1	256	34	15	3	5	313	3400	25	250	30	3705					
20	Svay Rieng	7	80	690	2	1	1380	80	21	3	5	1,489	8000	35	250	30	8315					
21	Takeo	10	100	1116	3	1	2232	100	30	3	11	2,376	10000	50	250	30	10330					
22	Otdar Meanchey	2	24	16	1	1	32	24	6	3	5	70	2400	10	250	30	2690					
23	Kep	2	5	79	1	1	158	5	6	3	5	177	500	10	250	30	790					
24	Pailin	5	8	231	1	1	462	8	15	3	5	493	800	25	250	30	1105					
	<b>TOTAL</b>	<b>185</b>	<b>1,621</b>	<b>12,529</b>	<b>42</b>	<b>25</b>	<b>25058</b>	<b>1,621</b>	<b>555</b>	<b>72</b>	<b>168</b>	<b>27,474</b>	<b>162,100</b>	<b>925</b>	<b>6,000</b>	<b>720</b>	<b>169,745</b>					

Note:	
<b>1-Poster</b>	
1 Village:	2
1 Commune:	1
1 District:	2
<b>2-Leaflet:</b>	
1 Commune:	100
1 District:	5

2725  
1621  
1104