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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR68.1 MILLION
(US\$93 MILLION EQUIVALENT)

TO THE

KINGDOM OF CAMBODIA

FOR A

CAMBODIA LAND ALLOCATION FOR SOCIAL AND ECONOMIC DEVELOPMENT PROJECT III

June 5, 2020

Agriculture and Food Global Practice
East Asia And Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2020)

Currency Unit = Cambodia Riels (KHR)

KHR4,077.97 = US\$1

US\$1 = SDR0.73185

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

AWPB	Annual Workplan and Budget
AADT	Average Annual Daily Traffic
BCR	Benefit to Cost Ratio
CASDP	Cambodia Agricultural Sector Diversification Project
CDP	Commune Development Plan
CERC	Contingent Emergency Response Component
CFD	Community Fund for Development
CHPF	Cultural Heritage Protection Framework
CIP	Commune Investment Plan
CLUP	Commune Land Use Plan
CNP	Cambodia Nutrition Project
CPF	Country Partnership Framework
DA	Designated Account
DAs	Designate Accounts
DM	District and Municipal
EA	Executing Agency
EBA	Everything-but-Arms
ERM	Emergency Response Manual
ERR	Economic Rate of Return
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standard
EU	European Union
ENPV	Economic Net Present Value
EX-ACT	Ex-Ante Carbon-balance Tool
FA	Forest Administration
FDI	Foreign Direct Investment
FFS	Farmers' Field School
FRR	Financial Rate of Return
FM	Financial Management
FMM	Financial Management Manual
FNPV	Financial Net Present Value
FPIC	Free, Prior, and Informed Consent
GDA	General Department of Agriculture
GDH	General Department of Housing
GDP	Gross Domestic Product
GHG	Green House Gases
GIZ	German Agency for International Cooperation
GNI	Gross National Income

GPS	Global Positioning System
GRS	Grievance Redress Service
HDM	Highway Development and Management
IA	Implementing Agency
IC	Indigenous Community/ies
ICR	Implementation Completion and Results Report
ICLT	Indigenous Communal Land Titling
ICs	Indigenous Communities
IDA	International Development Association
IFR	Interim Unaudited Financial Report
INDC	Intended Nationally Determined Contribution
IP	Indigenous Peoples
IPF	Investment Project Financing
IPPF	Indigenous Peoples Planning Framework
JSDF	Japanese Social Development Fund
LASED	Land Allocation for Social and Economic Development Project
LUP	Land Use Planning
LWCP	Labor and Working Conditions Procedures
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MDG	Millennium Development Goal
MEF	Ministry of Economy and Finance
MIS	Management Information System
MLNUPC	Ministry of Land Management, Urban Planning and Construction
MoE	Ministry of Environment
MoEYS	Ministry of Education, Youth and Sport
MoH	Ministry of Health
Mol	Ministry of Interior
MoWRAM	Ministry of Water Resources and Meteorology
MRD	Ministry of Rural Development
NBC	National Bank of Cambodia
NCSLC	The National Committee for Social Land Concession
NGO	Non-Governmental Organization
NPV	Net Present Value
NRM	Natural Resources Management
NSDP	National Strategic Development Plan
OHCHR	High Commissioner for Human Rights
PCT	Project Coordination Team
PDAFF	Provincial Department of Agriculture, Forestry, and Fisheries
PDO	Project Development Objective
PFM	Public Financial Management
PIM	Project Implementation Manual
PLUAC	Provincial Land Use and Allocation Committee

PPSD	Project Procurement Strategy for Development
PSC	Project Steering Committee
QER	Quality Enhancement Review
RF&M	The Results Framework and Monitoring
RGC	Royal Government of Cambodia
RPF	Resettlement Policy Framework
RS4	Rectangular Strategy IV
SBCC	Social Behavior Communications Campaign
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goal
SEP	Stakeholder Engagement Plan
SLC	Social Land Concessions
SOP	Standard Operating Procedure
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
WHO	World Health Organization



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Cambodia	Land Allocation for Social and Economic Development Project III	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P171331	Investment Project Financing	High

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
26-Jun-2020	31-Dec-2026

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The project development objective is to provide access to land tenure security, agricultural and social services, and selected infrastructure to small farmers and communities in the project areas.

Components

Component Name	Cost (US\$, millions)
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Component 1: Selection and Development Planning of Social Land Concession and Indigenous Communal Land Titling	20.00
Component 2: Community Infrastructure Development	57.00
Component 3: Agriculture and Livelihood Development	20.00
Component 4: Project Management, Coordination and M&E	10.00
Component 5: Contingent Emergency Response	0.00

Organizations

Borrower:	Kingdom of Cambodia
Implementing Agency:	Ministry of Land Management Urban Planning and Construction (MLMUPC) Ministry of Agriculture, Forestry and Fisheries (MAFF)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	107.00
Total Financing	107.00
of which IBRD/IDA	93.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	93.00
IDA Credit	93.00

Non-World Bank Group Financing

Counterpart Funding	14.00
Borrower/Recipient	14.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount



Cambodia	93.00	0.00	0.00	0.00	93.00
National PBA	93.00	0.00	0.00	0.00	93.00
Total	93.00	0.00	0.00	0.00	93.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022	2023	2024	2025	2026
Annual	0.00	4.00	11.00	21.00	27.00	21.00	9.00
Cumulative	0.00	4.00	15.00	36.00	63.00	84.00	93.00

INSTITUTIONAL DATA**Practice Area (Lead)**

Agriculture and Food

Contributing Practice Areas

Health, Nutrition & Population, Water

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● High
8. Stakeholders	● Substantial
9. Other	● Low



10. Overall

● Substantial**COMPLIANCE****Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).



Legal Covenants

Sections and Description

Institutional Arrangements

Financing Agreement: Schedule 2, Section I.A

One month after Effective Date, Recurrent, Continuous

The Recipient shall maintain a Project Steering Committee, Project Coordination Team, and Project Implementation Teams throughout the Project implementation period, all with functions, staffing and resources satisfactory to the Association.

Sections and Description

Project Implementation Manual

Financing Agreement: Schedule 2, Section I.B

Recurrent, Continuous

The Recipient shall carry out the Project in accordance with the Project Implementation Manual, and not amend, waive or abrogate any provisions of the manual unless the Association agrees otherwise in writing.

Sections and Description

Annual Work Plans and Budgets

Financing Agreement: Schedule 2, Section I.C

Recurrent, Annual

The Recipient shall prepare and furnish to the Association for its no-objection no later than November 30 of each fiscal year an annual work plan and budget during the implementation of the Project.

Sections and Description

Sub-projects

Financing Agreement: Schedule 2, Section I.D

Recurrent, Continuous

The Recipient shall select, appraisal, and implement the Sub-projects in accordance with the Project Implementation Manual.

Sections and Description

Revolving Funds

Financing Agreement: Schedule 2, Section I.E

Recurrent, Continuous

The Recipient shall make part of the Financing proceeds available to eligible Community Groups in accordance with the guidelines, procedures and criteria set forth in the Project Implementation Manual and the additional terms and conditions under the Revolving Fund Agreements acceptable to the Association.

Sections and Description

Environmental and Social Standards

Financing Agreement: Schedule 2, Section I.F

Recurrent, Continuous

The Recipient shall ensure that the Project is carried out in accordance with the relevant Environmental and Social Standards and the Environmental and Social Commitment Plan (including the management tools and instruments



referred to therein) in a manner acceptable to the Association.

Sections and Description**Contingent Emergency Response**

Financing Agreement: Schedule 2, Section I.G

In case of an Eligible Crisis or Emergency

The Recipient shall adopt a satisfactory Emergency Response Manual for Part 5 of the Project and, in the event of an eligible crisis or emergency, ensure that the activities under said part are carried out in accordance with such manual and all relevant safeguard requirements.

Sections and Description**Mid-term Review**

Grant Agreement: Schedule 2, Section II.B

Once, [36] months after the Effective Date of the Financing Agreement

The Recipient shall prepare and furnish to the Association a mid-term report in form and substance satisfactory to the Association.

Conditions

Type	Description
Disbursement	<p>Financing Agreement: Schedule 2, Section III.B</p> <p>(i) The Recipient may not withdraw the proceeds of the Financing as may be allocated to Part 5 unless an Eligible Crisis or Emergency has occurred, all related safeguards instruments and requirements have been completed, the emergency response implementing entities have adequate staff and resources, and the Recipient has adopted the Emergency Response Manual, acceptable to the Association.</p>



I. STRATEGIC CONTEXT

A. Country Context

1. **Over the past two decades, Cambodia has undergone a significant economic transition, reaching Lower Middle-Income status in 2015.** The economy is growing rapidly driven by agriculture, garment exports, tourism, and more recently construction. The annual average GDP growth rate of 7.7 percent over 1998-2018¹ ranked Cambodia among the top seven fastest growing economies in the world. As a result, Cambodia's per capita Gross National Income (GNI) in current US dollar increased more than fourfold, from \$320 in 1997 to US\$1390 in 2018. In 2015, Cambodia attained a Lower Middle-Income economy status. Cambodia's growth has been pro-poor, especially during the 2007-2014 period; the percentage of Cambodians living under the national poverty line fell from 47.8 percent in 2007 to 13.5 percent in 2014, and the Gini coefficient declined from 0.34 in 2009 to 0.30 in 2014. Cambodia had also made significant progress in attaining the Millennium Development Goals.
2. **Agriculture growth played a decisive role in poverty reduction but sustaining this performance has been challenging.** Agriculture played a key role on Cambodia's economic success during the post-civil war and notably during the 2007-09 period² when the last global financial crisis hit³. Thanks to a large expansion of cultivated areas and the rapid rise in agricultural commodity prices⁴, the agriculture sector grew at 5.6 percent (at constant prices) during the 2007-09 period, driven by the rice subsector. As a majority of the population depended on agriculture, rapid expansion of the sector boosted rural households' incomes and further generated multiplier effects leading to higher revenue from non-farm businesses and higher wage rates for rural workers. However, with the end of the *commodity price super-cycle* and the progressive exhaustion of potentials for further land expansion, the two key drivers of past agricultural growth, the sector performance has decelerated notably over the last few years.
3. **With an aspiration to become an upper-middle-income country by 2030, Cambodia needs to strengthen its growth drivers.** The economic outlook for Cambodia's main economic engines is clouded by uncertainty. The recent COVID-19 global outbreak is expected to significantly impact Cambodia and its main trading partners in the region in 2020, through weaker export growth, tourism flows, and construction activity. The outlook for commodity prices such as rice is not very positive, and Cambodia's labor-intensive, export-oriented garment industry is facing a demand shock in 2020 alongside rising wages and greater competition from abroad. Recent partial suspension of Cambodia's preferential access to the European Union (EU) market under the Everything-but-Arms (EBA)⁵ policy could add to the impact on the country's exports given its reliance on the EU market. A sharp slowdown of the world economy could also affect significantly the Foreign Direct Investment (FDI) inflows and tourist arrivals. As a result, the authorities are giving increasing attention to the agriculture sector. The National Strategic Development Plan 2019-2023 puts much emphasis on improving agricultural productivity and crop diversification to tap

¹ World Bank World Development Indicators. GNI based on Atlas Method in current US\$. Annual GDP growth (%) averaged between 1998 and 2018.

² Where Have All the Poor Gone? Cambodia Poverty Assessment 2013, the World Bank Group

³ Finance & Development, June 2012, Vol. 49, No. 2, International Monetary Fund

⁴ Finance & Development, June 2012, Vol. 49, No. 2, International Monetary Fund

⁵ The EBA is a trade policy by the European union that provides tax free for all exports but arms, from poor countries



into more remunerative value chains. In March 2019, the authorities introduced several measures to promote agro-industries by lowering logistics and business costs such as electricity.

4. An important feature of the government strategy is to promote improved governance of public revenues to foster service delivery, particularly at the local level. De-concentration of financial management and controls is underway to increase accountability for budget management and public service provision to the sub – national levels of government. Procedures have been created that allow District and Municipal (DM) councils to engage with citizens and civil society, and to promote local economic development. Funding is provided in the form of unconditional grants from the central government budget. In addition, a Social Accountability Framework has been adopted with support from the World Bank and other development partners and implemented in partnership with civil society. This provides for essential, easy-to-understand information about budgets, about performance against standards, and facilitates citizen's monitoring. During 2017, social accountability activities were implemented in 731 communes, 1,400 primary schools, and 570 health centers. This process which already involves more than 1 million citizens, bodes well for the sustainability of investments at the local level e.g. transport infrastructure, health and education facilities.

B. Sectoral and Institutional Context

5. With urbanization at less than 32 percent, agriculture in Cambodia has been an important contributor to national income and a major source of livelihood for the majority of the population but has remained highly vulnerable to shocks. The agriculture sector including fisheries and forestry, contributes about a quarter of GDP (28 percent in 2018), while over 46 percent of the rural population rely on agriculture for employment. However, over the last few years, there has been a sharp reduction in its contribution to employment and poverty reduction. Employment generation from agriculture grew at an annual rate of 2.8 percent during 2007 – 2011, and in 2009 in particular, the sector absorbed a large number of laid off factory workers as the garment and footwear sector faltered during the global financial crisis. From 2011 to 2015, employment creation by the agriculture sector shrank notably by 5.8 percent a year due to depressed agricultural commodity prices (notably rice) and drought.

6. Revitalization of agriculture is critical to sustain achievements in poverty reduction and to make further progress towards elimination of extreme poverty. Despite Cambodia's impressive record on poverty reduction, vulnerability is high and extreme poverty is entrenched. The majority of households that escaped poverty did so by only a small margin, thus were highly vulnerable to falling back into poverty; a small shock of US\$0.50 equivalent per day would cause the national poverty rate to increase to 40 percent, or approximately six million in 2014 (WB, 2019)⁶. Of these, rural dwellers accounted for much of the vulnerable population (93 percent). Over the last several years (2013-17), with agriculture growing at an average annual rate of 1.02 percent, continued national poverty reduction benefitted the urban population more than its rural counterparts⁷; thus, by 2017, the rural population still accounted for the large majority of the poor.

7. Sustainable and secure access to natural resources by rural communities and to land by small agricultural producers is an integral part of the government's strategy to sustain poverty reduction.

⁶ Country Partnership Framework for Kingdom of Cambodia for the Period FY 2019- 2023 (Report No. 136500) (May 1, 2019)

⁷ May 2019 Cambodia Economic Update, the World Bank Group



Rural communities rely heavily on land, forests, and other natural resources for their livelihoods. Inequitable access to productive assets including land, would contribute to inequality of production and income earning opportunities, particularly in the absence of dramatic expansion of off-farm and non-farm employments to absorb landless labor. Since the early 2000s, the government of Cambodia has established a legal framework to implement Social Land Concession (SLC) policies for rural communities and to expand land titling for the landless and rural poor. A Land Law was adopted in 2001 which discontinued the right to occupy additional land based on the “right of possession”, whereby one could clear unused private state land⁸ and use it as her/his own, and eventually obtain full ownership of it. The SLC was created in lieu of the “right of possession”. One of the premises of the SLC was that as Cambodia’s population was rapidly increasing, continuing to create new possessory rights was leading to disorderly settlements on unused state lands and was contributing to deforestation. By contrast, the SLC provides a more orderly process of land allocation to poor people along with infrastructure development, other social services, and technical assistance to enhance the production capacities of beneficiary populations and the sustainability of their livelihoods.

8. **The framework for the operationalization of the SLCs was established in 2003 through adoption of the Sub-decree 19 of the Land Law, which defines the criteria and procedures for granting SLCs.** Article 2(a) defined SLCs as “a legal mechanism to transfer private state land for social purposes to the poor who lack land for residential and/or family farming purposes.” Two types of SLCs were established by the sub-decree: articles 5 and 6 established “local” SLCs which are initiated and run by commune councils and are exclusively for residents of the commune, and a National Social Land Concession Program (article 7) was also established that casts a far wider net.

9. **During 2008-15, the Government established the Land Allocation for Social and Economic Development Project (LASED; P084787), with funding support from the World Bank and technical assistance from the German Agency for International Cooperation (GIZ), to pilot the implementation of the Sub-decree 19 on SLC.** The pilot projects were funded by both IDA and a Bank-administered Japanese Social Development Fund (JSDF). The IDA-funded part covered eight sites in seven communes located across three provinces; it provided 10,273 hectares of land to 3,148 households. The JSDF-funded part covered five sites across two additional provinces; it provided 3,847 hectares to 1,293 households, and implementation activities were led by one NGO on each site. A follow-on project, LASED II (P150631), started implementation from 2016 and is expected to close in 2021. LASED II includes the previous 13 SLC sites plus one new SLC site in Kampong Thom. It covers a total of 17,000 hectares and directly benefits some 5,010 households.

10. **LASED and LASED II have followed a transparent process of designation of beneficiaries in targeted land recipient communities many of whom are now successfully settled as farmers.** A ten-step process for the selection of land recipients has featured: (i) public awareness campaigns on the modalities and implementation of the selection process; (ii) completion of the application forms; (iii) public display

⁸ All government land in Cambodia is divided into “state public land” and “state private land.” Article 4 of Sub-decree 118 on State Land Management [2005] stipulates that “state public land” has a public interest use and therefore includes forests, natural lakes, government airports, etc. Article 5 says “private state land is all the land that is neither state public land, nor legally privately or collectively owned or possessed under the Land Law of 2001.” Article 58 of the 2001 Land Law states that all concessions of any kind can only be created on state private land. Some state public lands, e.g. irreversibly degraded forests, can also be transformed into private state land and subsequently allocated as SLC.



of the list of applicants⁹; (iv) evaluation/scoring of each applicant; (v) verification of the scores; (vi) public display of a list of potential land recipients, and a complaint resolution process; (vii) finalization of the list of potential land recipients; (viii) public display of the final list of land recipients; (ix) reception and resolution of complaints; and (x) land allocation.

Table 1: Achievements of LASED

PDO level indicators		Original Target values	Actual Value at project completion
1. At least 90% of land recipients selected matched the selection criteria agreed for those specific SLCs;	<i>Exceeded. All land recipients (100%) were selected based on the eligibility criteria and transparent mechanisms that involved the "ID Poor System¹⁰" of Cambodia</i>	90%	100%
2. At least 70% of challenges to land recipients' selection were reviewed and decision taken through the project's dispute resolution mechanism;	<i>Exceeded. All 678 complaints were reviewed and screened against the selection criteria and scoring system as per the Complaint Handling Mechanisms laid out in the Project Implementation Manual. About 44% (297) of complaints were found to be from non-eligible households or unrelated to the process. The remaining 56% (381) of complaints were re-assessed and scores adjusted accordingly.</i>	70%	100%
3. At least 60% of land recipients adopt improved soil management and agricultural production systems; and,	<i>Substantially Achieved. 57% (1,752) of those who received agricultural plots had engaged in inter/mixed cropping of cash and permanent crops, adopted improved water management techniques and observed crop rotation. Achievement was 95%.</i>	60%	57%
4. Core Sector Indicator added as requirement under IBRD/IDA operations – number of technologies demonstrated in the project areas-	<i>Exceeded. Seven technologies were promoted and demonstrated in the SLC sites (demonstration plots) on chicken raising, pig raising, composting, rice production/intensification, planting of fruit trees, home gardening, and vegetable production and marketing.</i>	1	7
Intermediate Outcome Indicators		Original Target values	Actual Value at project Completion
5. Target land area with use or ownership rights recorded as a result of the project.		10,000 ha	10,273 ha

⁹ All applicants must fall into the categories of "very poor" or "poor" as evidence by their possession of IDPoor cards

¹⁰ The IDpoor system – Poorest households are determined through a two-step process that is first guided by the perception of community representatives, followed by questionnaires for the individual households. It is implemented every 3 years in each village. IDpoor cards are subsequently provided to the poor (level 1 and level 2) which give them access to services such as health, education, other social programs



<i>Exceeded. This is a Core Sector Indicator added as a requirement under all IBRD/IDA operations. 10,273 ha of registered state private lands were allocated to land beneficiaries who had rights and responsibilities over the land, formalized in written agreements. Achievement was 103%.</i>		
6. At least 3,000 eligible families receive SLCs under LASED. <i>Exceeded. Given bigger SLC areas, 3,148 families who met the eligibility criteria were selected and provided with lands (i.e. 74 families with residential lands, 658 families with agricultural lands and 2,416 with residential and agricultural lands). These families were selected based on transparent mechanisms and participatory selection processes that included the "ID Poor" System. Achievement was 104%.</i>	3,000 families	3,148 families

11. **Implementation progress under LASED II is proceeding well.** LASED II is designed to (i) consolidate achievements under the previous LASED project. This includes the provision of legal and administrative support to eligible land recipients from the previous LASED project to acquire their land titles¹¹, technical support services, social and economic infrastructure to promote sustainability of agriculture-based livelihood activities; and, (ii) to expand the coverage of the LASED initiative to include one new SLC site benefiting about 650 families. The total number of beneficiary households under LASED II is projected to be about 5,010. Latest information on LASED II implementation progress, following results of the mid-term evaluation in September 2019, indicate that: (i) as of December 2019, of the 4,441 land recipients from the previous LASED initiatives, 3,362 families (75%) have met the eligibility conditions for land titles and have all received their land titles. Most of the remaining families that are yet to meet the eligibility criteria are from the last batches of land recipients in the Kratie province who were allocated land during the last two years of the LASED project when funding resources were being used up. Thus, short of adequate settling-in and infrastructure support, most of those families did not start occupying their land until after the effectiveness of the LASED II project which provided complementary support activities to these land recipients. Government is now engaging with the families to determine those still committed to meet eligibility criteria for land titles and those that have decided to opt out; and, (ii) land allocation activities have been completed in the new SLC site benefiting 650 families. First year land preparation assistance has been completed for new recipients, and provision of infrastructure including roads (earth and laterite), social facilities (education, health), and community markets is well underway with execution rates relative to the project targets ranging between 73% to 100%. Although some delays have been observed in the execution of the planned 8 small irrigation schemes, there is strong likelihood that delivery of all remaining project outputs will be completed by project closure.

Table 2: LASED II – Implementation progress

PDO – “The development Objective of LASED II is to help improve target beneficiaries’ access to agriculture resources and selected infrastructure and social services in project communities”.		
PDO level indicators	Original Target values (%)	Actual Value at project completion (%)
(i) Eligible families that have received support for land tenure security (%)	100	As of 31 December 2019, 100% of eligible families have received land titles. However, of the total land recipients, about 25% have not yet met the eligibility criteria. Discussions are underway between authorities and these land recipients to assess whether

¹¹ As per Sub-decree 19, Article 18, eligibility of land recipients to acquire land titles requires them to have lived on the land for 5 years, and cultivated at least 80% of the agricultural land.



		these are committed to fulfill the conditions and to obtain titles. In addition, about .8% of land recipients have opted out and have returned their lands to authorities.
(ii) Public infrastructure and other services provided as elaborated in AWPB (%)	80%	85% of the planned infrastructure and services activities had been implemented.
(iii) Targeted clients satisfied with agricultural services (%)	60%	84% of land recipients or 2117 land recipients and trainees in which 1064 females) expressed their satisfaction with the trained agriculture technique and have started applying the techniques. The achievement is over the target Y3 (60%).
(iv) Targeted clients satisfied with agricultural services - male (number)	1,638	590 male farmers expressed satisfaction with trained agriculture techniques
(v) Targeted clients satisfied with agricultural services - female (number)	546	1,604 female farmers expressed satisfaction with trained agriculture techniques

12. Prospects for the sustainability of agriculture-based livelihood of LASED beneficiaries are strong. Box 1 presents a feature story of beneficiary farmers from the LASED projects, provided by EXT-Cambodia.

Box 1: Poor Communities in Cambodia are earning more through agricultural cooperatives and organic farming

Story highlights by EXT – Cambodia: March 2020

- Through the Land Allocation for Social and Economic Development Project II (LASED II), 17,000 hectares of residential and agriculture farm land have been allocated to 5,141 landless and land-poor families across 14 different project sites.
- Six Agriculture Cooperatives have been established under the project with a membership of 452 families.
- The project establishes agricultural cooperatives and provides technical assistance and grants to beneficiaries to consolidate and improve agriculture production systems, increase their livelihoods, and boost their food security and nutrition status. The project also supports market integration that promotes sustained incomes.
- Currently, four cooperatives under the LASED II project have signed farm contracts with two private companies—CACC and Signature of Asia. Signature of Asia buys organic sesame and peanuts from two cooperatives in Kampong Chhnang and Kampong Speu provinces, while CACC buys organic cassava from cooperatives in Kampong Thom and Kratie provinces.

Thy Thea and Leng Phang are members of Agriculture Cooperative in Tipo Commune in Kampong Thom province.

Thy Thea, a 39-year-old farmer, expressed his appreciation to have a farming contract with a private company for his organic products. This year, he harvested 32 tons (worth about US\$3,000) of his organic cassava that he grows between his organic cashew nut trees on his two hectares of farm land. He also expects to gain more from his cashew trees, which will be harvested soon. “I have no worry about markets for my organic products,” Thea said, referring to a farming contract that his Agricultural Cooperative (AC) has signed with the Cambodian Agriculture Cooperative Corporation, Plc. (CACC). “When our product is ready to harvest, the company comes to our village and buys it.”

Leng Phang, a 40-year old farmer, earned more than US\$3,300 from her 34 tons of organic cassava this year. Because of better earnings this year, she has signed a new contract to grow organic cassava again next season. She observed that more families in her community want to join the scheme. “I encourage my neighbors to join the agriculture cooperative because we can earn more and our health is safe,” she said.

Khun Malis, 31-old, a villager in Da commune, a LASED II project site in Kratie province, harvested more than eight tons of her organic cassava from her nearly one hectare of farm land. Through the agricultural cooperative, she can sell her yield at double the price she used to get from middlemen buyers. She added that a guaranteed price and improved cassava



productivity have attracted more families to join the cooperative. This year, number of members has increased from 25 families to 72 families and many more families will soon join.

The production of organic cassava for this year has not reached the target, even though more and more families are joining the cooperatives. What's needed to boost output, according to Kann Kunthy, Managing Director of CCAC who signed the farm contracts with cooperatives under the LASED II project, is improved soil and seed and better coordination among cooperative members.

Dr. Dok Doma, Project Director of LASED II, is committed to supporting and strengthening the cooperatives in order to improve organic cassava productivity and encourage even more project beneficiaries to join the scheme. "Now we have put more efforts to help them increase their organic productivity by providing farming techniques including climate-smart agricultural practices, and providing revolving funds so they can use it to improve seed and soil," he said.

13. Government plans to scale up the scope of the land allocation program to also include Indigenous Peoples (IP). The rationale for covering indigenous communities is two-fold. First, the RGC has recognized the IPs' right to their lands and has established a regulatory framework enabling them to register collective ownership over this resource through the Indigenous Communal Land Titling (ICLT). Second, the LASED initiative has proven to be an effective means to provide security of land tenure to landless populations, and is therefore well placed to promote ICLTs and help sustain them through development assistance. The proposed project, LASED III, is designed to support this initiative.

14. There are about 24 groups¹² of IPs in Cambodia, totaling approximately 200,216 people¹³ or about 1.2 percent of the country's total population. The 2001 Land Law defines Indigenous Communities (IC) as "groups of people who reside in the territory of the Kingdom of Cambodia whose members manifest ethnic, social, cultural and economic unity and who practice a traditional lifestyle, and who cultivate the lands in their possession according to customary rules of collective use". IPs are concentrated in upland areas mostly in the provinces of Ratanakiri (RTK), Mondulkiri (MDK) and Kratie (KT), which are home to over 76 percent of the IP population. Small numbers of IPs are also spread across another 12 provinces. In 2009, the Ministry of Interior (MoI) compiled a list of 455 villages in Cambodia that had anywhere from 6 percent to 100 percent indigenous. New research by the Cambodian Indigenous People Organization (CIPO) shows that there are at least 573 indigenous villages in Cambodia¹⁴.

15. Registering collective ownership of land is generally appealing to Indigenous Communities (ICs). Registration is designed to give ICs secure tenure over much of their traditional land and therefore, to enable them to manage the land in the communal manner that they have long followed. The 2001 Land Law recognizes the right of ICs to an ICLT over their customary lands where they carry out traditional agriculture including shifting cultivation (Article 25)¹⁵. The Land Law and a 2009 sub decree define the types of traditional lands to which ICs may obtain titles. These are their spirit forests, their burial forests, the land which contain their homes at the time of titling, land which they are farming at the time of titling, and land that is part of their shifting cultivation system that is under fallow at the time of titling. The sub decree also says "As for other state land which indigenous communities have traditionally used such as forest land for harvesting forest sub-products, the community could continue to use and enjoy benefits according to its tradition; however, it shall enter into agreement with relevant trustee institutions of state

¹² See details in Annex 2

¹³ See attachment in Annex 2 entitled "Statistics of Various Groups of Indigenous Peoples in Cambodia."

¹⁴ Phnom Penh Post - 27 Oct 2016

¹⁵ In practice, CLT has been granted to villagers having at least 60 percent indigenous populations



land” e.g. entering into community forestry agreements with the Forestry Administration. However, in practice, there have been numerous cases where some community members have expressed preference for individual titles and such preferences should be respected and supported. In fact, the Land law provides for possibilities of land transfer among community members whereby the community is required to allocate an “adequate share of land” to a community member who wishes to leave the community “for the purposes of facilitating the cultural, economic, and social evolution of members” (Article 27).

16. Communal land owners have “all the rights and protections of ownership as are enjoyed by private owners” (Article 26 of the Land law), but they may need institutional and technical support to enforce these rights. While ICLT provides legal protection of community lands, in practice, protection against encroachers may not always be effective owing to weak leadership and legal awareness among leaders of the communities, and ineffective capacities of NGOs to assist communities to deal with land pressures. The general conclusion of community leaders is that “titles signifying ownership can be used by IC to defend their rights, even if their land is being encroached on. This is better than not having anything”¹⁶. Under the project, community awareness raising and consultation would be undertaken to ensure community members better understand both ICLT and individual titles. While information available supports the overall view that collective ownership is more appealing to IC members, empirical data would be acquired as part of implementation monitoring.

17. The process for IPs to obtain collective land titles consists of three main phases. This starts with the Ministry of Rural Development (MRD) recognizing a particular group of people as an IC. Next, the Ministry of Interior (MOI) determines whether or not to register the IC as a legal entity. The last phase is land registration. It starts with a registration application by the IC; with assistance by NGOs, the IC prepares internal rules on land management, establishes a “temporary map” that shows the lands the IC claims, and attaches these materials to an application to the provincial department of the Ministry of Land Management, Urban Planning and Construction (MLMUPC) to register the land communally. Finally, collective land titles are issued to the IC (Annex 2 provides the detailed description of the ICLT process).

18. Opportunities for the sustainable expansion of ICLTs. Demands for ICLT have increased notably over the last few years. Between 2016 and 2019, the number of ICs that have reached each of the three successive phases of the ICLT process increased by 26 percent, 37 percent, and 114 percent, respectively. By end 2019, 150 IPs have been recognized as ICs by MRD, 140 IPs have been granted legal recognition by MOI, and 30 ICs have obtained registration of their lands from MLMUPC. More land registration for other ICs is underway. It is notable that these developments unfolded in a context of limited technical and administrative capacities to support the titling process, suggesting that demand for titling is likely higher. Constrained budget resources appear to have been a major problem for officials at MDR, MOI and MLMUPC to carry out necessary technical and administrative activities, while actions of many NGOs were also handicapped owing to unavailability of proper funding.

19. Early assessment of risks and identification of mitigation measures should be essential components of support to ICLT processes. Two recent studies¹⁷⁻¹⁸ suggested the need to be cognizant of

¹⁶ Mekong Region Land Governance - The Recognition of Customary Tenure in Cambodia. October 2017

¹⁷ Land conflicts between Economic Land Concessions and smallholder farmers in Bousra commune: Policy Implications – Mekong Region Land Governance. January 2020

¹⁸ Assessment of the economic opportunities of indigenous communities in possession of a collective land title in Cambodia – in



important risk factors that could unduly prolong or even derail the ICLT implementation process including: (i) land conflicts between neighboring Economic Land Concession (ELC) and the IC - Since conclusion of the ICLT requires that a formal agreement is arrived at by the two parties, the scope of the land conflict needs careful assessment prior to embarking into the ICLT process; (ii) access to forest resources when they constitute an important source of income for the IC – prior to the conclusion of the ICLT process. A credible action plan should be in place, leading to community forestry agreements between the IC and the Forestry Administration that would allow the community's continuous use of forest resources according to its tradition; (iii) the interests or incentives of individual community members to seek individual titles rather than be under ICLT should not be overlooked – individual land titles offer the advantage of being used as collateral for loans from formal lending institutions, but the holder of such individual title will no longer have access to the reserve or fallow land. Still, preference for individual title should be accounted for and addressed as early as possible including through mechanisms provided for by existing regulatory framework; and (iv) encroachments into the community lands by outsiders following completion of the ICLT – frequent and/or unresolved encroachments can negatively influence the perception of community members about their tenure security. This could also lead to some community members preferring individual titles over ICLT. Adequate legal and other technical support to the community leadership to address such encroachments are important for “managing perceptions” of community members. Community awareness raising and consultation would support the better management of perceptions of community members and ensure their better understanding of both ICLT and individual titles.

20. Systematic application of Free, Prior and Informed Consent (FPIC) in the ICLT process (Annex 2, Figure 1.A2), along with adequate compliance with all relevant Environmental and Social Standards (ESSs) are paramount for the effectiveness of the risk mitigation measures. For the ICLT to sustain, all members of the communities must understand its rationale and its expected outcomes, as well as issues to be addressed during the entire process. Thus, transparent, consultative approaches must be used to ensure all relevant stakeholders freely adhere to the processes that are in compliance with legal regulations and are in line with World Bank’s Environmental and Social Framework (ESF) requirements, including ESS7 on Indigenous Peoples.¹⁹ This will require that FPIC is obtained from ICs at the start of the ICLT process and at critical points, including at the start of the development support work after the ICLT is completed. Critical points for the ICLT process would include in particular, step 3 in phase 2.5 where the IC files a land registration application, but also step 3 of phase 3 when the Government reports to the IC on the result of the public display, subsequent to which it proposes to title. FPIC should also be provided at any point when requested by the IC. Furthermore, proper implementation of all social assessment work, including both social assessment as a whole and specific site assessment would have to precede any planned support activities.

C. Relevance to Higher Level Objectives

21. The proposed project is part of the WBG Program described in the World Bank Group’s Country Partnership Framework (CPF) for Cambodia 2019-2023 (Report No. 136500). One of three pathways identified in Cambodia’s Systematic Country Diagnostics (SCD; Report No. 115189) is to ensure a

the provinces of Ratanakiri, Mondulkiri, and Kratie: Study by Iris Ritcher, commissioned by the OHCHR – August 2017

¹⁹ Environmental and Social Standard (ESS) 7 on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.



sustainable growth pattern by investing in natural capital and climate resilience. This has been identified as a key contributor to the CPF's "Focus Area 3 – Objective 8": Improve agricultural productivity and diversification. By promoting sustainable access to productive assets such as land and improved technologies to hitherto landless and vulnerable agricultural producers, the LASED initiative enhances their supply response capacities, thereby contributing to an inclusive economic growth in the agricultural sector. The contribution to this agenda of the ongoing LASED II project has been acknowledged in the CPF which calls for expansion of the project activities through additional financing. However, as the government has requested inclusion of IP under the expansion of the LASED II activities, new social risk and impacts were identified. Thus, a stand-alone, new LASED III project, is now proposed in lieu of Additional Financing. The proposed project also supports the government's objectives, as set forth in its Rectangular Strategy IV (RS4)²⁰, to meet SDG 1 and SDG 2, on Eradicating Extreme Poverty and Preventing Hunger and Improving Nutrition, respectively. Furthermore, by focusing on promoting income earning opportunities and building resilience of vulnerable rural populations, it is a timely mitigation and adaptation tool against shocks brought about by COVID-19.

22. The proposed LASED III project is well positioned to contribute to the climate change policies and measures of Cambodia, as outlined in its Intended Nationally Determined Contribution (INDC). Cambodia's INDC identifies agriculture as one of the sectors most affected by and vulnerable to climate change. The INDC's priority actions include developing climate-proof agriculture systems for adapting to changes in water variability to enhance crop yields; scaling up climate-smart farming systems; and repairing and rehabilitating the existing road infrastructure to ensure effective operation and maintenance, considering climate change impacts. The project provides a framework to achieve some of the INDC commitments by promoting investments that will decrease the vulnerability to climate variability.

23. Climate change challenges. The 2016 World Risk Index ranks Cambodia as the ninth most disaster-prone country in the world. A financial risk assessment²¹ estimated annual economic losses for Cambodia due to natural disasters equivalent of up to 0.9 percent of GDP. Floods, storms, and droughts are the most prevalent hazards in the country and are expected to become more pronounced and severe under the influence of climate change. Typhoon Ketsana in 2009 and the floods in 2011 and 2014 caused damages and losses of US\$132 million, US\$625 million, and US\$357 million, respectively. The El Niño climatic pattern also affects Cambodia, bringing severe drought to the country in 2015–16 and affecting sectors dependent on water resources. Cambodia's agricultural sector is particularly vulnerable to climate impacts with temperature increases, changing rainfall patterns and variability, salinity intrusion, and flooding; Cambodia's mean annual temperature has risen 0.8°C since 1960 and is projected to increase by 0.7°C to 2.7°C by 2060s.²² Studies have shown that for every 1°C increase in temperature, rice yields can be expected to decrease by 10 percent.²³ With a 2°C increase in temperature by 2050, it is estimated that

²⁰ The Rectangular Strategy IV is the new government development plan which features 4 focus blocks including Human Resource Development, Economic Development, Private Sector and Job Development and Inclusive and Sustainable Development.

²¹ Disaster Risk Finance Country Diagnostic Note: Cambodia, The World Bank/GFDRR, June 2017

²² World Bank Climate Knowledge Portal.

²³ Peng, S.B., J.L. Huang, J.E. Sheehy, R.C. Laza, R.M. Visperas, X.H. Zhong, G.S. Centeno, G.S. Khush, and K.G. Cassman. 2004. "Rice Yields Decline with Higher Night Temperature from Global Warming". *Proceedings of the National Academy of Sciences* 101:9,971–75; Kala, N., B. Ny, and P. Kurukulasuriya. 2011. "Ricardian Analysis of the Impact of Climate Change on Agriculture in Cambodia." Unpublished technical working paper prepared for UNDP Cambodia Human Development Report 2011. UNDP, Cambodia, Phnom Penh.



without adaptation measures, climate change could reduce Cambodia's projected annual GDP growth rate by about 1.5 percentage points by 2030 and 3.5 percentage points by 2050.²⁴ In addition, changes in rainfall patterns and variability will affect crops, especially those that are predominantly rainfed like rice. Climate change will exacerbate disaster impacts, increasing the magnitude, volume and duration of floods and shortening transition seasons and requiring significant actions to increase climate resilience. The proposed project will strengthen the resilience of communities by mainstreaming climate-related risks assessments in the community development planning and the design of small-scale infrastructures supported by the use of appropriate geospatial information technologies (including satellite and aerial imagery). It will also promote adoption of climate smart agriculture technologies.

24. **Gender.** The project will contribute to achieving the goals of the World Bank's global and regional strategies for gender equality. The strategies identify land and asset ownership as an area where there are significant gaps between men and women, and call for the strengthening of women's rights as owners or co-owners of land. The Bank's *East Asia and Pacific Gender Action Plan (2017-2023)* aims at closing the male-female gap in landholdings, particularly for the lowest quintile of households. By improving land tenure, the Project would directly contribute to removing barriers to productivity for women entrepreneurs and farmers, one of the regional strategy's priorities. The Project will also contribute to the goals of the RGC's new "Five Year Strategic Plan to Promote Gender Equality and Women's Empowerment 2019-2023" (NEARY RATTANAK V), which aims to address women's limited access to assets and services.

25. **The project will contribute to addressing women's vulnerability to loss of assets and reduced voice during land use negotiations and conflict in indigenous communities^{25,26}.** According to FAO, community land committees in Cambodia are often men-only decision-making structures, which increasingly assume power to determine community land use and ownership. Qualitative data from the FAO showed that only 31% of members in one Land Committee were female, and that women's roles tend to be passive, with men holding management roles. Including women in project committees is important to improve targeting effectiveness in community driven development projects (*World Bank Gender Innovation Lab*). Evidence suggests that when women have improved voice and leadership in village forums, more village subprojects meet women's preferences and thus increase women's access to resources for development (Duflo and Chattopadhyay, 2004).

26. For the project, first, a careful assessment of the current gender composition of established Land Committees, along with a breakdown of executive members, will be carried out. A perception survey will be used to establish a baseline, midterm, and end-line of women's perceptions of land security. Second, women will be sought out to become members of the community land committees through targeted information campaigns and capacity training, with the view to achieve a membership rate of at least 35 percent women's representation in land committees and where the context allows, an increased membership rate in executive positions.

27. To assess these improvements, a specific indicator is included in the results framework regarding increased participation of women in Land Committees. Their membership in executive positions and their

²⁴ RGC. 2014. *Analysis and Recommendations for a Cambodia Climate Change Financing Framework. Cambodia*

²⁵ FAO, 2019. *Women's land rights and agrarian change: evidence from indigenous communities in Cambodia. Phnom Penh.*

²⁶ Cambodian Center of Human Rights, 2016, *Cambodia's Women in Land Conflict*



decreased perception of land insecurity will be assessed as part of regular M&E activities. The project will also provide male committee members, targeted training on the concepts of gender equality, women's empowerment, and community participation; selection of female members to be executive officers; strengthened terms of reference on their roles to support women and other marginalized groups in meetings, and improved guidance/manuals on meeting protocols. The Project will also support the implementation of government policies that will ensure the equal registration of land rights as called for under the Land Law.

28. **The project will continue the focused targeting of women under LASED and LASED II.** The target group of LASED II has had a significant share of female-headed households and the analysis done by the East Asia and Pacific Gender Innovation Lab²⁷ confirmed that the commune-led selection process has been very poverty-oriented. During LASED II's implementation, a larger than expected share of female participation in trainings and in capacity building events has led to an even stronger orientation of measures towards women's needs and activities in agriculture and livelihood development. LASED III will continue LASED II's inherently gender-focused selection methodology²⁸, and will further strengthen this targeting approach, taking into consideration the existing experiences and the new challenges in new target communities.

29. **Nutrition.** The proposed additional provinces under LASED III, including indigenous communities, rank poorly in terms of nutrition status of women and children. This offers an opportunity for convergence and collaboration with the 'Cambodia Nutrition Project' (CNP) (P162675). As part of awareness raising and training under the agriculture and livelihood sub-component, particular attention would be paid to nutrition-related activities for women and children. Collaboration would include exploiting synergies where LASED III could support the supply side i.e. promoting nutrition-sensitive agriculture production, and the CNP would support the home-based consumption of nutritional foods, in particular for women and children.

30. **Hygiene.** An ongoing Bank TA supports the development of children-centered and focused WASH Social Behavior Communications Campaign (SBCC) package. The TA is developing a comprehensive campaign through evidence-based behavioral change communications to promote changes in rural household behaviors, to building latrines, and promoting handwashing with soaps. The campaign is designed to target communities with high open defecation rates and poor practices of handwashing. It adopts an interpersonal communication approach including a community roadshow and door to door promotion and mass media interventions. Leveraging the SBCC campaign for sanitation interventions in LASED III would help positively influence social norms in support of long-term and sustainable behavior change for improved sanitation and hygiene practices at the household level.

31. **Integrating Information and Communications Technology (ICT) to improve project delivery, monitoring, performance, and social accountability.** Drawing on broad experience in other projects, the proposed project would prepare a strategy and support specific activities to exploit the utilization of the ubiquitous presence of cell (smart) phones to improve project planning, implementation, participation and transparency in both infrastructure provision and service delivery. Citizens' participation and

²⁷ Policy Brief Issue, June 6, 2019: *Can Community-based Targeting Effectively Select Poorer beneficiaries for a Large-scale program? Insights from the LASED project.*

²⁸ Policy Brief Issue 6, June 2019, East Asia and Pacific Gender Innovation Lab, *Can Community-based Targeting Effectively Select Poorer Beneficiaries for a Large-scale Program? Insights from LASED Project.*



proactive beneficiary feedback on various aspects during project stages will help improve communication, trust and implementation of the project. Simple ICT like text messaging, phone calls (using contracted call center services) and social messaging would be used for such interactions. Iterative beneficiary monitoring techniques would be used to monitor welfare at a granular level with low cost and high periodicity. Smartphones with simple applications that enable geo-tagging of field activities supported by pictures and data points in real/near-real time aggregated through online management dashboards would improve evidence-based monitoring and project execution. Planning and monitoring of land use and infrastructure components would be optimized using fit-for-purpose mapping technology including satellite and aerial satellite imagery and hand-held global positioning (GPS) units (or similar devices).

32. **Deepening Citizen Engagement.** The existing LASED Civic Engagement Framework was reviewed during preparation of the project and adjustments have been incorporated in the project Stakeholder Engagement Plan (SEP). The SEP aims to ensure that beneficiary communities as well as other project stakeholders, are informed and involved in all the stage of project implementation. The integration of sustainable citizen engagement processes will include communication and outreach, participatory planning, community monitoring as well as consultations with direct beneficiaries. The outreach and consultations will provide space to explain to communities the project activities, related risks such as gender-based violence and the grievance redress mechanisms (GRM). The project will track grievances and provide to the World Bank a bi-annually report on project grievances received with gender disaggregated data and information on how grievances are addressed. Consultations with local communities and stakeholders will continue throughout the implementation of the project to ensure communities are adequately informed and their needs, including those of women and youth, are addressed. The existing Social Accountability Framework has developed in and tested communication tools and engagement processes that LASED III could adapt to the socio-cultural environment in new communities. This particularly includes communication and feedback tools for planning and monitoring service delivery in indigenous communities. LASED III will integrate such tools into the standard procedures for planning, implementation, monitoring and evaluation. Civic engagement will be an integrated part of project and not an add-on. For instance, the existing monitoring indicator (satisfaction ratings for the land titling process) in the Results Framework and Monitoring (RF&M) is complemented by another indicator measuring female representation on decision-making bodies.

33. **Communication.** The communication strategy for LASED III has been developed²⁹. It will support citizen engagement and social accountability, beneficiary' selection process, risk mitigation, nutrition, sanitation and hygiene enhancement, and ICT integration in improving project delivery, monitoring and performance. It is also expected to further promote awareness of LASED III's project objective and generate support from the public.

II. PROJECT DESCRIPTION

²⁹ Annex 5 of the PAD



A. Project Development Objective (PDO)

34. **PDO Statement.** The project development objective is to provide access to land tenure security, agricultural and social services, and selected infrastructure to small farmers and communities in the project areas.

35. **PDO Level Indicators.** The achievement of the PDO will be measured through the following indicators:

Beneficiaries have access to land tenure security

- Percentage of eligible households that have received support for land titles for their SLCs under LASED III, disaggregated by gender
- Number of IP households benefiting from ICLT registration under project support

Beneficiaries have access to agricultural services

- Number of farmers reached with agricultural assets or services

Beneficiaries have access to clean water

- Number of people provided with access to improved water sources

Beneficiaries have access to economic and social infrastructure and services

- Number of beneficiary communities (project sites) connected to commune centers with an all-weather road
- Number of beneficiary communities (project sites) with access to (at least) primary schools services
- Number of beneficiary communities (project sites) with access to (at least) a health post

B. Project Components

36. LASED III would follow a two-pronged approach: (i) consolidating through complementary activities the current SLC program under LASED II and expanding it into new SLC sites within the same provinces; and (ii) implementing an adapted approach into communities of indigenous peoples in new project provinces. The project would build on the successful and well-established procedures under LASED and LASED II for implementing SLC activities, but also adapt them to indigenous peoples' communities.

Component 1: Selection and Development Planning of SLC and ICLT (approx. US\$20 million IDA Credit)

37. LASED III would support applications for SLC, ICLT, and development support to ICs, on a first come, first served basis. For new SLCs, first, communes would have to express a request; then, once the availability of the land is determined by the project as compliant with the needs of the communities, a comprehensive environmental and social assessment and land use planning are carried out before the sites are endorsed for the project. For ICLT and development assistance to ICs, the ICs themselves would have to come forward and ask for assistance. For ICLT, the Project would provide support throughout the



different steps necessary to complete the titling process³⁰. This includes ICs whose land registration applications have already been successfully received by provincial land departments but that the land registration has not yet started, and also for those who have legal recognition from MoI but have not yet created and gathered all necessary documents to be able to file land registration applications. For ICs who as of the start of the project have already completed the ICLT process, development assistance would be provided, namely through infrastructure and service support. Planning activities in ICs would be supported by experienced local and international technical assistance, employed by the Project.

38. Commune Land Use Plans (CLUPs) are a critical tool for the identification and formulation of development plans for SLC and ICLT, informing sustainable management strategies of natural resources at the local level including the identification of most appropriate use of land resources and rehabilitation of degraded lands. In addition, secured land access combined with the planned improved agricultural services strategy provide strong incentives for the adoption of sustainable approaches to agricultural production and food security including climate smart agriculture, especially for those most vulnerable to climate change, such as the indigenous communities. Specifically, land use plans would seek to maintain natural water resources, tree covers, pay heed to natural drainage canals or basins to utilize land in a manner that minimizes risk from climate hazards such as droughts or flooding while also supporting climate change mitigation. For the identification and formulation of development plans for SLC and ICLT, three main activities are financed under this component, including: first, participatory preparation of SLC and ICLT plans for the new sites; second, the identification, prioritization and planning for rural climate resilient and energy efficient infrastructure investments such as irrigation schemes, roads, schools, teacher houses, community centers, health care facilities, and fresh water supply. The planning process also helps to collect relevant project baseline data that support decision-making for climate-smart community development planning; and, third, the processing of individual SLC land titles for eligible land recipients and of communal land titles in IP communities.

39. Technical support for planning of project's activities would be provided for all project sites, independently of their status in the titling process. This will review the bio-physical, socioeconomic and cultural endowments of the communities and their environment, and assess the sites' carrying capacities and the implications for agriculture-based livelihoods of land recipients. In addition, the integration of site planning into the Commune Development Plans (CDP)/Commune Investment Plans (CIP) will facilitate long-term sustainability. For this reason, preparation of Commune Development Plans for all districts that host SLCs has been requested by the government and will be carried out under the proposed LASED III project. CLUPs would be prepared using mapping and GPS tools, with active participation from community members. A detailed outline of planning activities and environmental and social risk management processes and instruments that would be expected for different project sites is included in the Project Implementation Manual (PIM). The PIM also presents more detailed requirements for CLUP preparation.

Component 2: Community Infrastructure Development (approx. US\$57 million; US\$47 million IDA Credit and US\$10 million counterpart financing)

40. This component will finance at selected SLC sites and ICLT communities, implementation of productive/economic and social community infrastructure investments. These include agricultural (rural)

³⁰ Annex 2 describes the ICLT processes and the guiding tasks for the development support for already-titled indigenous communities



roads, small-scale irrigation systems³¹, side drain, culverts, drifts, water supply and sanitation facilities, school buildings, teachers' houses, health posts and community centers. Based on the experiences in existing SLC areas and responding to the significant infrastructure gaps at the proposed new project sites, appropriate transport connectivity would be provided through site access roads, residential and agriculture access roads and tracks, both within and across the SLC sites. To address sustainability concerns, climate change adaptation and mitigation measures will be considered in the design and construction and the scope of the road and other community infrastructures will be calibrated with the amounts of maintenance funds planned by the relevant local governments. The project will follow RGC/MRD policies and guidelines for rural infrastructure provision. The investment in any new water supply, irrigation or other schemes that may use or risk polluting water of alluvial aquifers and streams that are tributaries to the Tonle Sap and Mekong river system will not be eligible for financing. Investments in small-scale irrigation systems, water supply and sanitation facilities will also include renewable and energy efficient options such as solar-powered ones.

41. The infrastructure to be constructed under this project would emphasize resiliency i.e. to both built to be resilient to climate change and enable resiliency of communities. Transport infrastructure will be built to withstand climate hazards, such as extreme heat and drought, or flooding and to support the resilience of road side communities through smart designs that will divert rainwater runoff from newly constructed roads for productive agricultural uses e.g. through water spreaders from culverts to supplemental irrigation. Social infrastructure such as school buildings, community centers, and health posts, will be designed to also withstand climate hazards, to be energy efficient and powered by renewable energy. Climate resilience of roads requires consideration and application of a set of technological measures. Climate change adaptation measures such as raising the embankment to at least 0.5m above the maximum flood level, adjusting side slopes to 1:3, constructing side drain and cross drainage structures and adjusting the technical requirement for compaction will be considered in the engineering design and construction. With these considerations, more land will be required for infrastructures compared to previous projects. For instance, road width up to 30m would be used for site access roads and 24m for residential and agricultural roads, provided this would not involve any resettlement activities. As earth and laterite roads are vulnerable to climate change conditions, paving the road surface is also essential for climate resilience. However, due to budget limitations, only small portions of project roads will be paved. The detailed technical designs and construction supervision would be carried out by contractors in close collaboration with project engineers from Ministry of Land Management, Urban Planning and Construction (MLMUPC) and Ministry of Agriculture, Forestry and Fisheries (MAFF) and supported by technical staff from others relevant provincial line departments. With this arrangement, the firms will also provide on-the-job training to provincial staff on design and construction supervision of infrastructure. With respect to rural roads, contractors would be required to utilize local labor force and materials as much as possible, to develop local maintenance capacity and employment opportunities.

Component 3: Agriculture and Livelihood Development (approx. US\$20 million; IDA Credit)

³¹ In most SCL, the small-scale irrigation and water supply schemes will mainly capture the rainwater in the wet season. But in some other ICLT communities, the small-scale irrigation and water supply schemes will be developed using irrigation schemes that are currently used for rice irrigation. However, it is not excluded that few producer groups will develop small irrigation schemes outside existing irrigation schemes.



42. This component would support the settlement process of beneficiary households, the building of socio-economic capital (producer groups/cooperatives) and the development of climate smart and market demand driven agricultural production systems. These activities would include support for: (i) settling-in assistance³² to newly-installed land recipients and land preparation assistance for a first cover crop and/or planting of seedlings for tree crops such as cashew to provide the basis for land recipients to establish a new residency and start using their new agriculture land. Particular attention will be put on using climate smart husbandry practices, provision of drought resistant crop varieties, and adequate supply of tree seedlings; (ii) implementation of a comprehensive agricultural services strategy (see next paragraph) with an emphasis on climate-smart agriculture techniques, and taking into account the differing knowledge, skills and interests of land recipients. The land recipients range from those who need to master basic agricultural husbandry practices to those that are more sophisticated, ready to engage in lucrative market niches nationally or for exports, as well as the need for gender-specific approaches. This activity will therefore include the provision of training in key climate smart agriculture techniques and the provision and use of climate information services to inform communities' climate risk decision making. The strategy would also exploit synergies with the ongoing World Bank-supported nutrition project (paragraph 25) as well as promote nutrition-sensitive agriculture production; (iii) establishment and/or strengthening of farmers organizations for production and marketing activities and other community interest groups which will form the bedrock of knowledge exchange and peer learning on climate smart agriculture practices, such as better fertilizer use, manure management and integrated water management and entry points for climate information; and (iv) provision of a Community Fund for Development³³ (CFD) to scale up successful local economic initiatives. The CFD will operate as a revolving fund to support local initiatives aimed at enhancing farm productivity and incomes for farmers, and prioritizing climate change mitigation and adaptation activities. Implementation of this component would be supported by strong national and international technical assistance, in close collaboration with MAFF, other implementation agencies (IA) and provincial departments.

43. MAFF has formulated a comprehensive agricultural services strategy for LASED III including extension and support to agricultural cooperatives. Hitherto, extension delivery under LASED II tried to use the "Farmers' Field School – FFS" approach but implementation has been poor, owing to unfamiliarity with the key features of the FFS approach, weak technical capacity, and inadequate funding. Following a comprehensive diagnosis of the current extension services, MAFF has reformulated the delivery strategy. It features: (i) a pluralistic service provider approach, involving technical staff from MAFF, private sector agents e.g. medium to large scale agro-industries and consultants, and NGOs; (ii) leveraging modern ICT to disseminate new climate smart technologies or improved husbandry practices; (ii) clarification of the basic operating procedures of the FFS e.g. formulation and implementation process of farmer-managed demonstration plots, interactions between extensionists and farmers, etc., while taking into account the

³² Basic household supplies, some shelter materials, food for work, small materials and equipment related agriculture farming and some basic information including on climate risks (to be details in the PIM)

³³ ³³ The Community Fund for Development is a financial mechanism to (a) inject cash contributions in qualifying savings and credit groups and (b) support local level initiatives of groups (e.g. agriculture cooperatives groups). The aim is to facilitate and speed up economic activities in project communities. Cash contributions from the CFD are one-time payments from the project. Funds granted to individuals and groups will have to be repaid into the revolving funds groups/accounts where the cash is received. Repayments will become part of the accumulated capital of the groups. Eligibility criteria include a minimum amount of own savings capital, depending on the economic situation of the beneficiary, and a viable business plan that explains the use of the funds and the repayment conditions related agriculture activities.



specific sociocultural and biophysical environments of new project sites, in particular in IP areas, etc.; and (iii) establishment of partnerships with agricultural research institutions to test climate smart technological innovations (e.g. climate resilient crops and crop varieties) for diffusion to farmers. A detailed plan of actions has been prepared spelling out key activities to be undertaken before, during, and after the agricultural season. The second component of the strategy i.e. support to the development of agricultural cooperatives, has also been laid out. Assuming its effective implementation, it bodes well for relevant technical and managerial support to farmers' cooperatives. The PIM highlights key elements of the new agricultural services strategy.

44. The component would explicitly tackle vulnerabilities from climate hazards and the proximity of natural habitats, as well as possible climate change mitigation options. Since some new project sites would include areas in provinces with important natural habitats, the project would incorporate in its agriculture and livelihood development plans activities that protect private, communal and public lands. Where applicable, community forestry activities would be supported alongside private agriculture activities. At the same time, the project would provide specific short and long-term responses to climate change challenges to strengthen the resilience of production systems. Climate-smart agricultural practices - adoption of more resilient crops, agroforestry, and sustainable land management would be emphasized and mainstreamed in the extension services. Small-scale irrigation will help improve both productivity and climate resilience of beneficiaries. It would also facilitate a shift towards more diversified and higher value crops, thereby opening new markets and income opportunities for producers.

45. The implementation of the Revolving Funds would support the identification and implementation of local economic initiatives, benefitting members of organized groups, notably agriculture cooperatives and producer groups. This involves a three-step process: first, prospective beneficiaries in the communities have to be formally registered groups (or cooperatives); second, the project will contract a specialized firm(s) and/or NGO tasked to provide institutional support, management, and training to interested groups of the Revolving Funds. Following confirmation by the firm/NGO that the group has an adequate organizational structure and accounting system, and is capable of managing the Funds, it is deemed eligible as beneficiary of the Revolving Fund; and, third, MAFF will disburse the revolving funds to the groups' bank account maintained at the commercial bank. The funding amount for each eligible group will be determined by the size of the group multiplied by the project's provisional amount of \$280 per household. Typically, the size of organized groups ranges between 30 to 50 household members, although large registered agriculture cooperatives can include up to around 300.

Component 4: Project Management, Coordination and M&E (approx. US\$10 million; UD\$6 million IDA Credit and US\$4 million counterpart financing)

46. This component would ensure effective project management. It will finance (a) the operational costs pertaining to multi-sector coordination, technical and fiduciary (procurement and financial management) activities, as well as social and environmental risk management of the Project Coordination Team (PCT) and Project Implementation Teams (PITs), both at the central and decentralized levels; (b) institutional and technical capacity building for project implementation at all levels; (c) M&E and information systems; (d) baseline, midterm, and final project evaluations and impact assessments; and (e) communications strategy and project results dissemination. Strong M&E systems for project implementation will be a top priority as will be strengthening the PCT's capacity to plan and execute them.



47. Appropriate support would also be provided to strengthen the Project's M&E system and the SLC/ICLT management information system (MIS) which provides critical sites-related inputs for planning, prioritization and implementation of activities. All these arrangements are laid out in the PIM following extensive consultations with government counterparts. Project funding will cover technical assistance, training, incremental operating costs, vehicles and equipment. The presence of mobile phones will be extensively leveraged for geo-tagged data transmission (including photos) and for beneficiary feedback on monitoring and evaluation activities. Call centers at the extension service unit of MAFF would be used for seeking feedback on quality of service delivery, particularly where SMS or social media may not work owing to language barrier, literacy, or other bottlenecks.

Component 5: Contingent Emergency Response (US\$0 million)

48. The contingent emergency response component, with a provisional zero allocation, would allow for the reallocation of financing to provide immediate response to an eligible crisis or emergency. An Emergency Response Manual (ERM) is included in the PIM which will describe implementation arrangements for the component, including its activation process, roles and responsibilities of implementing agencies, positive list of activities that may be financed, environmental and social aspects, and fiduciary arrangements.

Project Costs

49. The total estimated project cost is about US\$107.00 million. This includes IDA Credit financing for US\$93.00 million equivalent, and the Government's in-kind and in-cash contribution of US\$14.00 million. The latter covers office space expenses, utilities and government's staff costs (US\$4.00 million); and contribution to public infrastructure under Component 2 (US\$10.00 million). The proposed project implementation period is 6 years.

Table 3. Breakdown of Project Cost by Component

Project Components	Project Cost (US\$, millions)	IDA Financing (US\$, millions)	% IDA Financing	Counterpart Funding Cash and in-kind (US\$, millions)	% of Counterpart Financing
1. Selection and Development Planning of Social Land Concessions (SLC) and Indigenous Communal Land Titling (ICLT)	20	20	100	0	0
2. Community Infrastructure Development	57	47	82	10	18
3. Agriculture and Livelihood Development	20	20	100	0	0
4. Project Management, Coordination, Monitoring & Evaluation	10	6	60	4	40
5. Contingent Emergency Response	0	0	100	0	0
Total Project Costs	107	93	87	14	13

C. Project Beneficiaries

50. Geographical targeting. In principle, the project can operate nation-wide, excluding Phnom Penh, given the demand driven approach adopted for the SLC and ICLT. However, current agreement with



authorities limits the project's coverage to the 14 provinces that would host about 71 sites and IP communities.

51. Beneficiary targeting. The approach to the delivery of LASED III relating to Social Land Concessions (SLCs) and Indigenous Communal Land Titling (ICLT) is "demand-driven" i.e. the allocation of both SLCs and ICLTs is commune-based or ICs-driven, rather than pre-determined by the project. This ensures that the project responds to the needs of land recipients and capacities of communes / communities and IPCs, and beneficiaries to have more ownership of project supported activities. Within this framework, the project would support: (i) about 15 ICs to carry out their respective ICLT processes; (ii) about 30 ICs, that have completed their titling processes, with development activities; (iii) about 12 SLC new sites in both currently covered and new provinces for land allocation and development activities; and (iv) the current 14 SLC sites currently covered by LASED II with limited, discrete and complementary activities such as small-scale irrigation and agriculture access tracks across SLC sites. However, it is not likely that all the estimated 57 new sites and communities would be identified and fully delineated, and all potentially required reclassification and/or reallocation completed before the start of the project. The PIM includes necessary guidance to ensure that during project implementation, all sites and communities, for which the project beneficiaries are selected would be in accordance with the Land law and with ESF requirements. Direct LASED III beneficiaries would approximate 15,000 rural households. Benefits from improved infrastructure availability and usage would accrue to a broader population, beyond the targeted households in the project areas.

Table 4: Beneficiary Targeting

	SLC's support		IP's supports (ICLTs and ICs)	
			Development support to already titled ICs	Titling - ICLTs
	Existing	New (targeted)	(targeted)	(targeted)
Total	26		30	15
Grand total			45	71

52. SLC's Direct Beneficiaries and Target Land Recipients (TLRs). Direct project's beneficiaries³⁴ would include(i) targeted households in new SLC communities located both in provinces currently under LASED II and new provinces; (ii) targeted communities and/or households in new IP provinces; and (iii) households in the current LASED II SLC communities. It is expected that approximately 12 new viable SLC sites would be identified for inclusion in LASED III, totaling an estimated additional 5,000 SLC beneficiary households. The SLC communities currently under LASED II that would be eligible for support under LASED III include those sites where complementary infrastructure such as small-scale irrigation and road infrastructure across SLC was foreseen but not provided, as well as assistance and service provision for remaining households, notably at the Dong commune site, not likely to complete their land titling process after LASED II closing.

53. **ICLT Eligibility.** Candidates for ICLT support would be ICs that are in the ongoing ICLT process from those having only received legal recognition from MoI, to those that have completed all steps except

³⁴ Delineation of all project sites and final determination of SLC and ICLT beneficiaries would not be possible at appraisal. However, necessary processes and instruments would be in place and clearly described in the PIM. This would enable the project to react promptly to commune-based proposals for inclusion of SLC and ICLT sites in the project.



for actual land registration. It is expected that up to 45 IC/ICLT communities could be eligible for different levels of project support.

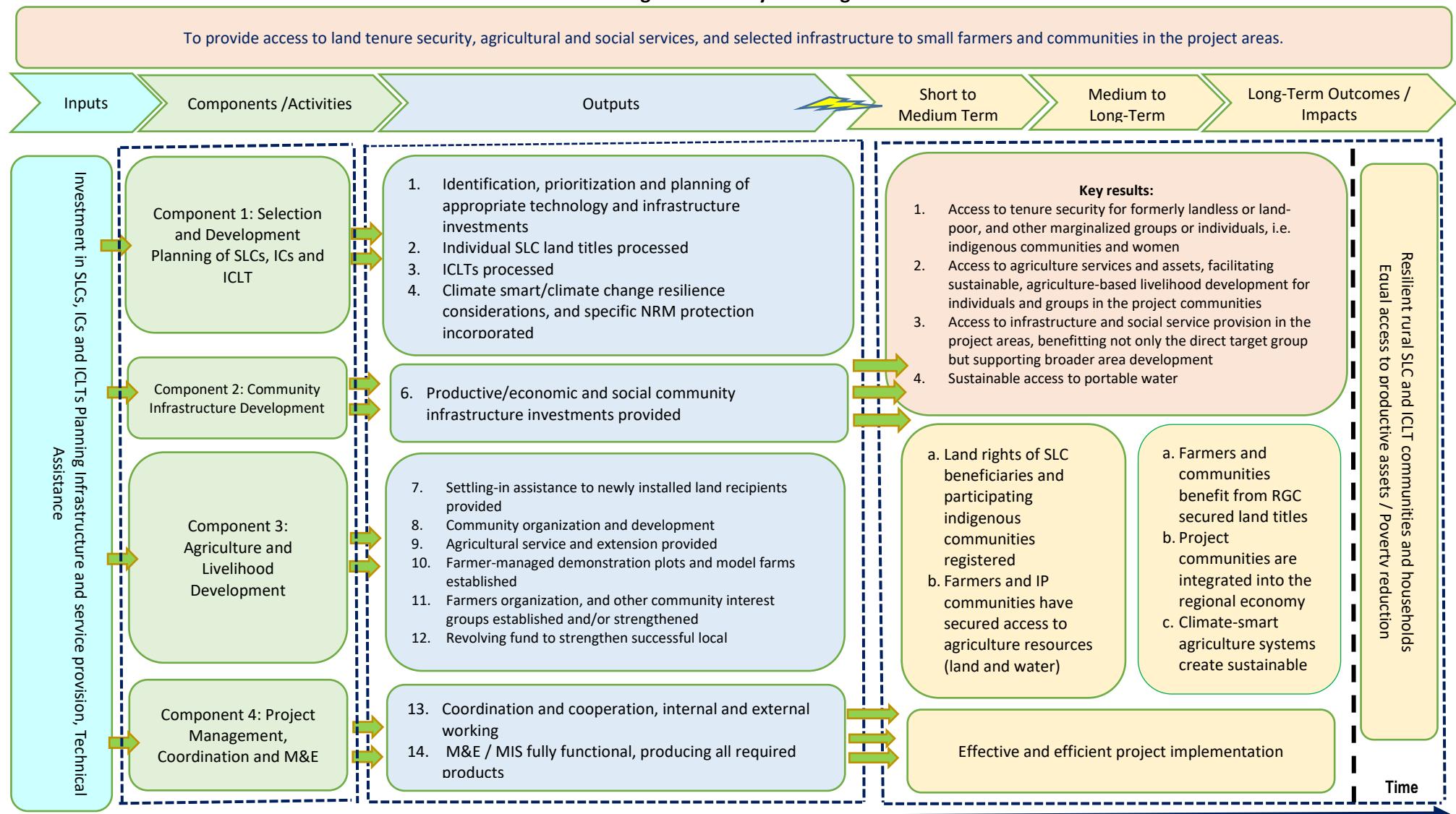
D. Results Chain

54. **Theory of Change.** The impact chains for the proposed project supporting the achievement of the PDO are described in the “Theory of Change illustration in Figure 1. The description of the PDO indicators and the intermediate results indicators are reflected in more detail in the RF&M section of the PAD. Lack of access to land, infrastructure and services is a major cause for poor families and communities to remain trapped in poverty. The project addresses this through its support for the SLC program and the facilitation of ICLT and the provision of critical infrastructure and agriculture services. Well-planned and funded sub-projects will provide tenure security and access to infrastructure, in particular clean potable water, basic school and health services that establish and improve living conditions in new SLC areas and in the remote and marginalized IP communities in the project. Targeted support to facilitate and strengthen agriculture -based livelihoods of beneficiaries will enhance living conditions and integrate families and communities in the local economy, providing incomes and pathways to escape poverty.

55. Impact chains are elaborated based on the assumptions that viable farming systems, given the available land and water resources and the implementation of an effective agricultural extension delivery system and trainings, can be established; and, adoption of the improved technologies or husbandry practices are not disrupted by man-made or natural disasters, nor by major deficiencies in the inputs or output markets. In the long-term, the project will contribute to the strategic goals of strengthening resilience, promoting equal access to productive assets and sustainable poverty reduction.



Figure 1: Theory of Change





E. Rationale for Bank Involvement and Role of Partners

56. With the rural population accounting for the largest share of the poor in Cambodia, in large part due to low agricultural productivity and landlessness, providing more secure property rights to land for poor households and indigenous peoples' groups, and providing them support for improved agriculture and livelihood opportunities can be important pathways for increasing incomes and lifting more people out of poverty. The World Bank's 2013 Poverty Assessment³⁵ highlight the critical role of agriculture in reducing poverty, including extreme poverty. The experience under the LASED and LASED II Projects has shown that the provision of land titles, farmer training on good agriculture practices and improving access to rural infrastructure (e.g. irrigation, rural roads, etc.) have been instrumental in laying the foundations for enabling poor households to increase their agriculture productivity, to become more commercial as a result of better linkages to markets, and ultimately to increase their incomes and improve their quality of life. LASED III aims to replicate the successful experiences of the LASED and LASED II projects.

57. The Bank is well placed to continue support to the LASED program, drawing on the 10-year experience gained with LASED (together with other donors such as GIZ and Japan (JSDF)) and LASED II. This is notably important with the inclusion of IP communities. RGC and Bank teams have jointly worked on the clarification of additional safeguard issues with ICLT interventions. Necessary adaptations of existing SLC procedures to accommodate ICLT project sites have been identified, discussed, and revisions would be incorporated into the PIM. This is also an opportunity to foster coordination and build synergies with other Bank-supported projects such as the Cambodia Nutrition Project (CNP) and the Bank-supported Agriculture Sector Diversification Project. Coordination and cooperation with other donors' activities on de-concentration & decentralization would be sought for the sustainable management of community infrastructure.

F. Lessons Learned and Reflected in the Project Design

58. **Identification and selection of land recipients.** The preparatory work for the suggested³⁶ impact analysis of the original LASED project carried out by the EAP Gender Innovation Lab in 2018³⁷ confirmed that the project implemented a very pertinent beneficiary selection process using poverty as a key criterion. In addition, experience from implementation of LASED and LASED II shows that, to be operationally successful, the selected land recipients would come from the same community or nearby communities so as not to lose their social capital and to leverage their familiarity with agricultural and marketing conditions. Land recipients are drawn from local applicants, and the identification and selection process are subject to broad participation and public review and comments. This methodology, which has also been applied in LASED II, will be carried over during LASED III.

59. **Land Identification.** Learning from LASED and LASED II, identification of suitable land requires the strong involvement of local communities to avoid or mitigate significant environmental and social risks and to determine suitability of settlement by prospective land recipients. Under LASED III, land would be

³⁵ Where Have All the Poor Gone? Cambodia Poverty Assessment 2013, the World Bank Group

³⁶ The actual impact analysis could not be conducted because the data requirements for the established methodology were not available. However, there was some knowledge created during the preparation process.

³⁷ Policy Brief Issue 6, June 2019, East Asia and Pacific Gender Innovation Lab, Can Community-based Targeting Effectively Select Poorer Beneficiaries for a Large-scale Program? Insights from LASED Project



identified by the communities working closely with their elected commune councils. The technical and legal suitability of the land for allocation to SLC or ICLT would be assessed with assistance from the District Working Groups and the Provincial Land Use and Allocation Committee (PLUAC) Secretariats, and overall coordination would be provided by the Provincial Departments of Land Management. In ICs, the selection process of ICs for ICLT would involve close discussions between candidate ICs and the provincial land departments and district land offices. As part of the land identification and land use planning processes, consensus would be sought that common resources areas would be protected from exploitation and set aside for environmental benefits, cultural or spiritual value.

60. **Livelihood and Infrastructure Support.** The recent mid-term evaluation of LASED II highlighted that timely provision of a few key supporting infrastructure and livelihood services is a critical factor in reducing land abandonment or sale by land recipients. For instance, potable water supply and access to sanitation facilities including at schools and health centers need to be provided as early as possible. In addition, the project will pay particular attention to the timely provision of settling-in assistance to new settlers.

61. **Towards more participatory agricultural training and extension delivery systems.** Implementation experience from LASED and LASED II suggests there is ample room to improve the effectiveness of extension services and technical trainings. This issue will be addressed under LASED III, with the recent formulation of an agricultural services strategy tailored to the specific socio-economic profiles of the land recipients and to the physical environment.

62. **Clear assignment of functional/operational versus administrative roles and responsibilities.** The type and scope of tasks that are assigned to Executing Agency (EA) and Implementing Agency (IA) have been reviewed. Their respective roles and responsibilities have been reassigned to improve implementation effectiveness and efficiency. Functional/operational responsibilities such as contract management and/or technical implementation, and administrative roles such as procurement administration will be assigned to respective units within the IA mandated for the activity. These streamlined implementation arrangements are expected to smoothen implementation, speeding up decision-making and fund flows.

63. **Ensuring a balanced and inclusive decision-making process.** Women, youth, the elderly, and other members of the communities are often under-represented during outreach, planning and other activities that determine the direction of the program. Experience world-wide including in Cambodia highlights the benefits of taking into account the insights, knowledge and initiative of all parts of the community in terms of consensus building on the identification and implementation of relevant activities. Adaptation and implementation of the Civic Engagement Framework which was developed for the LASED pilot, will be monitored closely under LASED III to ensure that there is adequate “space” for information dissemination and clarification, civil society support, and inclusive participation in the decision-making processes and on dispute resolution mechanisms, in particular in ICLT communities.

III. IMPLEMENTATION ARRANGEMENTS



A. Institutional and Implementation Arrangements³⁸

64. **The project will be implemented over a period of six years. The Institutional arrangements for implementation will follow current Government's institutional set-up.** The Ministry of Land Management Urban Planning and Construction (MLMUPC) is the executing agency (EA) for the LASED III project, and the Ministry of Agriculture, Forestry and Fisheries (MAFF) is the implementing agency (IA) tasked to implement the agriculture-related livelihood activities. Annex 1 provides details on the institutional and implementation arrangements for the proposed project. The National Committee for SLCs (NCSLC), established under Sub-decree 19, oversees all social land concession programs. The Provincial Land Use and Allocation Committee (PLUAC) chaired by the Governor, is responsible for directing policy on SLCs at the Provincial / Municipal level. The PLUAC Secretariat operates under the management of the Provincial Department of Land Management, Urban Planning, Construction and Cadastre (PDLMUPCC). The District Working Group (DWG) is defined in Sub-decree 19 and is chaired by the District Governor or Vice Governor and supported by the District Land Management Officer. It has primary responsibility for direct support to communes in the planning and implementation of SLC sub-projects. The Commune Council (CC) has primary responsibility for the proposal, development and implementation of SLCs, CLUPs, ICLTs, and ICs. The selected beneficiaries of the SLC are encouraged to form a Target Land Beneficiaries Community for the purpose of monitoring implementation of the SLC and representing the interests of the beneficiaries to the Commune Council.

65. The Project Director (PD) at MLMUPC will oversee implementation of respective project components and activities and will be supported by Project Managers (PMs) from MAFF and MLMUPC for day-to-day management of activities, and the monitoring of progress. The PD will be responsible for (a) overall guidance and policy advice; (b) internal coordination and resolution of project matters with counterparts in other departments within MLMUPC and MAFF and other government agencies; (c) donor alignment and harmonization; (d) reporting on project progress to the Project Steering Committee; and (e) public disclosure and civil society involvement. The PMs will work on a full-time basis for the project and will support the PD in day-to-day management and monitoring of project activities.

66. **The EA and IA will establish respectively “project implementation teams” staffed with adequate in-house expertise, supplemented by consultants.** As needed, competitively hired Technical Service Providers (TA/TSP) (firms and / or NGOs) will support the MAFF and the MLMUPC for the implementation of agriculture-related livelihood activities and of the CLUPs, respectively. A high-level Project Steering Committee (PSC) will be established. It will be chaired by the MLMUPC, and will include representatives from MEF and MAFF. It will provide strategic direction and guidance, facilitate inter-ministerial coordination and policy discussion. The Project Coordination Team (PCT), chaired by the project director, will oversee and coordinate day-to-day planning and implementation of project activities. Programming of implementation of project activities will be guided by the results of the site-specific assessments, which will set out priority needs and sequencing of project activities on the ground. Details on the procedures, roles, and responsibilities are described in the project implementation manual.

67. **The EA and the IA are responsible for their respective project activities of each components, including technical supervision, execution, contracting and direction of all consultants and firms, and will carry out procurement activities at national level for their respective activities.** Communes will carry

³⁸ See Annex 1 for a detailed description



out procurement activities and maintain financial management systems according to the procedures set forth in the project implementation manual. Provisions would be made to support the EA and the IA at all levels, in particular in the new provinces, communes and communities, to build their fiduciary, administrative and reporting capacities. Clear assignments for procurement and financial management (FM) responsibilities would be established for the EA and the IA. Appropriate support would be provided to strengthen the project's M&E system and the SLC/ICLT management information system (MIS) which provides critical sites-related inputs for planning, prioritization and implementation of activities. All these arrangements, which follow extensive consultations with government counterparts, would be laid out in the PIM and presented in detail during the Project Launch workshop.

68. **Project Implementation Manual (PIM).** The government has prepared and, following close consultations with the Bank Task Team, adopted the PIM. The PIM describes the processes, roles, and responsibilities of all relevant stakeholders. However, it remains a living document, i.e. when needed, will be amended during project implementation, following clearance by the MEF and the Bank. Keys areas covered by the PIM include basic project management, institutional responsibilities, financial procedures and fiduciary management and responsibilities, staff selection and management, M&E, risk assessment and mitigations, environmental and social safeguards framework, and any other specific reporting requirements by the World Bank and RGC policies. The PIM also includes provisions for activating and implementing the Emergency Response Part.

69. **Financial Management and Procurement.** The financial management and procurement capacities of MLMUPC and MAFF have improved over the life of the LASED and LASED II projects. MLMUPC and MAFF are responsible for the project FM and disbursement of their respective components. Several government FM staff have been involved in the financial management and disbursement function of LASED II and their capacity has been gradually strengthened. However, the EA and the IA would need to involve the Internal Audit Departments of their respective institutions to improve their auditing capacity of externally funded projects. The current staffing and procurement capacity of EA and IA have to be strengthened by assigning the procurement officer and hiring procurement consultants to assist them. The management of the Community Fund for Development (CFD) under Component 3 would be carried out by a project-hired private service provider. Technical design support and supervision will be coordinated with the responsible line ministries/departments. Facilitation to smoothly implement procurement and service delivery activities would be provided by contractual and experienced staff from the EA and the IA and province-level staff. In addition, the project would fund capacity improvements for safeguards supervision and compliance at all levels.

70. Existing, well-functioning project administrative structures and functions at national and sub-national level would be replicated in the new provinces and new sites including the: (i) consolidation of annual work programs and budget; (ii) separate financial management system for the IA, and maintenance of records for all transactions related to the project; (iii) preparation of the project financial statements, regular interim unaudited financial reports, withdrawal applications, procurement documentation and progress reports; and, (d) monitoring and evaluation of the various activities supported under the Project. LASED III will be able to draw on, and expand, the MIS which has been successfully piloted under LASED II and is fully functional.



71. **Funds flow and accountabilities for financial reporting.** Segregated Designated Accounts (DAs) in US dollars at the National Bank of Cambodia (NBC) will be maintained by MLMUPC and MAFF to receive funds from IDA. MLMUPC will also maintain a Counterpart Fund Bank Account in US dollars at the NBC to get funds from the RGC to co-finance infrastructure in Component 2. MLMUPC and MAFF are respectively required to submit to IDA a six-month interim unaudited financial report (IFR), starting from the first semester following the project's first disbursement and no later than 45 days after the end of the semester. MLMUPC is responsible for consolidating the annual financial statements for the whole project, and which will be audited by the independent auditing firm hired by MEF. MLMUPC will submit the annual audited financial statements and management letter for each fiscal year to IDA no later than six months after fiscal year-end.

B. Results Monitoring and Evaluation Arrangements

72. **Results Framework and Monitoring (RF&M).** The RF&M based on the theory of change, describes the PDO-level indicators and the component-specific intermediate indicators including unit of measures, respective baselines, cumulative target values, frequency, data source and methodology, and responsibility for data collection. Monitoring; evaluation and reporting on RF&M indicators will be the core part of supervising and assessing project achievement and progress. Overall project monitoring and evaluation activities arrangements is described in the PIM.

73. **Monitoring and Evaluation (M&E) Design.** A baseline survey will be undertaken at the start of the first six months of the project implementation to establish and/or update data and information about the socio-economic situation in the project sites, supplementing the existing data and information provided by the EA and IA. Detailed data would be added to a database when new sites/sub-projects enter the project. The project M&E system would also cover: (i) implementation progress including physical and financial status; (ii) achievement of intermediate and PDO outcome indicators as specified in the RF&M; and (iii) impact evaluation. Efforts will be made to collect telephone numbers of beneficiaries (with due regard to well-protected use and storage for privacy reasons) to seek feedback on project activities. The first two aspects focus on the plans and targets and are mandatory to monitor in order to measure the achievement of the PDO and the success of the project. At the same time, the project management will monitor progress on additional, linked indicators that provide important information for decision-making and resource allocation. For instance, these additional indicators will enable project management to maintain a better picture on progress on land titling, beneficiaries' access to water and sanitation, and sustainability of land use and infrastructure investments.

74. The impact evaluation would be carried out to evaluate the socio-economic situation and status of the project beneficiaries and help assess the overall achievement that can be attributed to the project interventions. The impact evaluation would be conducted by an independent institution at project completion. An independent external agency will be employed at the project start to establish the methodology and data base required for a sound impact analysis of LASED III.

75. **Institutional Arrangement and Utilization of M&E.** The EA would be responsible for planning and coordinating of project's M&E activities, with support and inputs from the IA. The monitoring and evaluation of the proposed project will be the responsibility of project coordination teams (PCT) located at their respective ministries. The preparation and implementation monitoring of the project annual



workplan and budget (AWPB) will be carried out by the PCT. This will include the coordination of inputs from the IA. The reporting requirements for physical progress monitoring, contract-based procurement management, and financial management reporting will also be carried out by the PCT of the EA and the IA. Quarterly provincial implementation reviews would be undertaken to assess the physical and financial progress and performance based on the AWPB, and address issues and constraints in implementation and management. A semi-annual M&E report would be submitted to IDA according to the agreed dates, usually in time for the implementation support missions. The project M&E system would be supported by a computerized web-based MIS that is supported by database, software and dedicated national and provincial M&E Officers. Community-based approach would be used, wherever feasible, to help strengthen transparency, ownership and accountability. The M&E would be used to inform government authorities and Bank management of the project performance, guide budget allocation, planning and decision making. Where necessary, government capacities would be supplemented by national and/or international M&E expertise.

C. Sustainability

76. The project builds on the good practices and achievements under the LASED and LASED II projects. The consolidation, replication, scaling up and a stronger focus on agriculture livelihoods would pave the way towards sustainability of communities and individual households' livelihoods. Considering all factors and conditions in the project sites and the required behavioral changes to materialize, the proposed six-year project duration would be an appropriate time frame to achieve project sustainability. Below are the key sustainability measures that the project would adopt:

- (a) **Delivery of land titles.** The implementation experience of the LASED pilot and LASED II has demonstrated that proper procedures are in place to ensure that all land recipients receive their titles once they fulfilled related criteria, including living on the land for a continuous period of 5 years. Thanks to close monitoring of land recipients' activities, proper documentation has been carried out to establish eligibility of land recipients when it materialized. Such close monitoring will be maintained during project's implementation to ensure that provision of land title is effective when due.
- (b) **Access to (and need for) finance** increases over the life of the project. So far, access to finance has not been a major issue because farming activities by land recipients have been mostly a low input-low output endeavor. As land recipients transit from former agricultural workers to fully established farmers engaging in diversified cropping systems, their need for credit to finance farm expenses (both investments and operations) becomes greater. At the same time, with their land titles (after 5 years), their ability to provide collateral for loan becomes much stronger and therefore, their access to finance would be improved.
- (c) **Technology Transfer.** The implementation of a comprehensive extension strategy, not limited to face to face extension services but leveraging ICT technology, is expected to generate relevant and cost-effective technical services to the diverse groups of land recipients
- (d) **Infrastructure Operation and Maintenance (O&M).** Under government's policy of De-concentration of financial management and controls, increased accountability for public service



provision is handed over to the sub – national levels of government, and funding is provided in the form of unconditional grants from the central government budget. Procedures have been created that allow District and Municipal (DM) councils to engage with citizens and civil society, and to promote local economic development. Thus, the regulatory framework is laid out for the maintenance thus, sustainability of infrastructure assets at the local level.

- (e) **Market Linkages.** The expected development of farmers' organizations for which the project would provide strong support would be a key enabling factor. This would help reduce commercial transaction costs and facilitate linkages including through contract farming, with the private agri-business sector
- (f) **Water Management.** The project pays careful attention to the technical design of the irrigation infrastructure to ensure it is properly calibrated to the needs of the farmers and operates efficiently. In addition, the planned extension strategy would provide proper training and assistance to irrigation producers for the operation and maintenance of the schemes.
- (g) **Low-cost use of ICTs** will help the department replicate enhanced beneficiary engagement, monitoring, and social accountability practices in routine government systems.
- (h) **Exit Strategy.** Except for the newly starting SLC sites, most project sites including the ICLTs should be able to be on a sustainable development path after the 6-year project implementation period. To facilitate a step-by-step phasing out of the project support, MLMUPC will prepare an exit strategy which will be reviewed during the project's MTR. Sub-national institutions, in particular commune authorities in charge of driving local level development would gradually increase their roles and assume full responsibilities by project end.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical

77. Drawing also from experience since the start of the LASED initiative, agricultural services delivery under the agriculture/livelihood component has not performed as well as planned. Now, with the formulation of the new agricultural services delivery system along with a clear road map for its implementation, there is strong expectation that the prospects for improving on-farm productivities are stronger. Not only are the methods of interactions between technicians/extensionists and farmers clearer, but also the service providers would be drawn from a broader population of MAFF's technicians, private practitioners (agro-industries/consultants) as well as experienced NGOs. In addition, there is increased demand for cashew production including in IC areas, where rehabilitation of old plantations offers high development potential. These models form the basis for the financial and economic assessments of agricultural activities.

Bank value-added



78. **The World Bank's engagement with the government, and financing of the first two LASED projects are unique sources of value addition for LASED III.** The Bank will bring to bear more than ten years of implementation support experience, addressing land issues, supporting agriculture-based livelihoods and the provision of infrastructure and services in rural poor communities. In addition, the Bank is well placed to help address important issues for LASED III beneficiaries such as contributing to improving nutrition drawing from its technical assistance under the Nutrition Project (P162675), water and sanitation drawing from its technical assistance under the Water Supply and Sanitation Improvement Project (P163876), and agricultural marketing for smallholders -building synergy with the Agricultural Sector Diversification Project (CASDP; P163264).

Economic and Financial Analyses

79. *The Economic and Financial Analyses* assess the development impact of the project through the cost-benefit approach. Potential financial and economic benefits expected from the project's investments are: (i) improved sustainability of land and water resources use resulting from secured land ownership for both existing and new farms; (ii) increased farm productivity and profitability through adoption of improved and climate resilient technologies and practices, and adequate and proper use of necessary farm inputs; (iii) increased economic and social returns to road users through reduced travel time and transportation costs; (iv) increased private and social returns to improved schooling, health, water supply and sanitation, and housing; and (v) net Green House Gases (GHG) emissions expected from improved farm practices, climate resilient technologies, diversification, as well as road rehabilitation and construction (Annex 4). However, the analysis estimated only benefits deriving from investments for which reliable data exist to make accurate projections of costs and benefits, such as agriculture, rural roads and net GHG emissions. In addition, not all benefits from roads are measured as reliable data on current and projected freight volumes and traffic, as well as transportation costs, are unavailable. Similarly, potential returns to basic social infrastructure (water and sanitation, health units, school buildings), improved nutrition and residential properties cannot be accurately projected. Related benefits and costs are excluded from the analysis.

80. Agricultural benefits to investments are estimated through indicative production models for representative annual (paddy, cassava, vegetables) and perennial crops (cashew)³⁹. Fruits and pepper are also grown presently albeit at much lower scale, and unavailability of data prevents formulation of their production models; cashew models are used as proxies for these two crops. For each crop, benefits were measured assuming multiple production scenarios of adoption of improved agricultural technology and practices as well as small scale irrigation for vegetables. Adoption of improved farm practices is assumed at 60 percent both on currently productive and newly productive lands. The models do not assume capital and technology intensive production systems such as greenhouse vegetable production or organic or irrigated pepper, mango or other fruits production with high productivity level. Benefits to road investments were measured through value of reduced travel times based on experience of LASED II and other road projects in the country. The value of net GHG emissions were measured through high and low prices for carbon as instructed in the relevant guideline of World Bank from September 2017.

81. The overall project returns are calculated by aggregating agricultural and rural road benefits over a period of 23 years at 2018 financial prices, discount rates of 5 percent (economic) and 10 percent

³⁹ The cropping system is assumed to include paddy (%); cassava (%); horticulture (%); cashew (%)



(financial). Costs of project investments for which benefits are not accounted for are excluded. The economic viability of the project is assessed under three scenarios: (i) a scenario excluding net GHG emissions; (ii) a scenario with the value of net GHG emissions at the low shadow prices for carbon; and (iii) a scenario with the value of net GHG emissions at the high shadow prices for carbon.

82. *Results of financial analysis* suggest that agricultural investments will generate incremental net margins in the range of US\$34 per ha for improved paddy on existing lands to US\$664 for new cashew production upon reaching full maturity. The agriculture investments are estimated to generate a Financial Rate of Return (FRR) of 19.2 percent, a financial net present values (FNPV) of US\$28.4 million. Whereas the road investments are projected to generate an FRR of 22.3 percent and FNPV of US\$18.4 million. Estimated FRR for the whole project is 19.3 percent, FNPV is US\$33.2 million, and benefit to cost ratio (BCR) is 2.0.

83. *Results of the economic analysis* suggest that when the GHG values are excluded, the project is estimated to generate an Economic Rate of Return (ERR) of 19.3 percent, an Economic Net Present Value (ENPV) of US\$80.6 million, and a BCR of 3. When the net GHG emissions at the low shadow carbon prices are added, the project ERR is 17.9 percent, ENPV to US\$75.6 million and BCR will be 2.9. When the net GHG emissions at the high shadow carbon prices are added, the project ERR is projected at 16.5 percent, ENPV at US\$70.5 million, and BCR at 2.7.

84. *Sensitivity analysis: the project returns are simulated using six variables:* (i) a 20 percent reduction in benefit scopes (agricultural, roads, carbon); (ii) a 20 percent reduction in agricultural output prices; (iii) a 20 percent increase in project costs; (iv) a 20 percent increase in farm production costs; (v) a 2-year delay in project implementation; and (vi) simultaneous 20 percent increase in farm production costs and 20 percent reduction in benefits. Results suggest that both economic and financial returns are moderately sensitive to all variables with the base FRR remaining above 18 percent and ERR 13 percent even in unlikely event of simultaneous 20 percent increase in production cost and 20 percent decline in benefits thus, indicating the robustness of the analyses' results.

GHG Analysis

85. *GHG Analysis.* The quantification of GHG emission has been done adopting i) the Ex-Ante Carbon-balance Tool (EX-ACT) for agricultural and land-based activities; and ii) the HDM-4 Road User Cost Model, for the development and maintenance of low-volume rural roads. EX-ACT allows the assessment of a project's net carbon-balance, defined as the net balance of CO₂ equivalent GHG emitted or sequestered as a result of project implementation compared to a without-project scenario. EX-ACT estimates the carbon stock changes (emissions or sinks), expressed in equivalent tons of CO₂ per hectare and year. The HDM4 model estimates emissions from rehabilitation and construction, computing unit road user costs and emissions for a road section with 1 km length. The GHG accounting analysis was generated to obtain yearly transport related emission estimates per km of road intervened, allowing for future refinement in the accounting process if more detailed information is available.

86. The net carbon balance quantifies GHGs emitted or sequestered because of the project compared to the without-project scenario. As mentioned in Annex 5, over the 23 year-period, the project is expected



to result in incremental carbon emissions totaling -191,074 tCO2-eq, equivalent to -8,308 tCO2-eq⁴⁰ additionally sequestered per year, however, at an adoption rate of 57%, at carbon emissions savings by a total of - 108,913 tCO2-eq or - 4,736 tCO2-eq, respectively.

87. *Justification for public financing:* The project's expected development results are: (i) sustainable access to agriculture-based livelihood for hitherto landless or communities from among the most vulnerable populations; and, (ii) establishment of a process for the development of their communities by providing them with basic rural and social infrastructure. There are no alternatives financing mechanisms to fulfil these goals. Most of these target populations have been agricultural workers on other farms; even if they could have temporary access to farms e. g. through leasing, their lack of assets would have prevented them to leverage collaterals to obtain loans to finance basic agricultural activities. In addition, without the project, their likelihood of having secured land titles would probably be very slim. Similarly, provision of rural community infrastructure being primarily a public service function, alternative funding is unlikely to materialize. Finally, the project will actively support enhanced climate resilience approaches expected to yield global public goods through adaptation and mitigation co-benefits. Thus, public financing for the project is fully justified.

B. Fiduciary

Financial Management (FM)

88. *Planning and budgeting.* The project will follow the Government's budgeting principles as outlined in the Standard Operating Procedure (SOP)/Financial Management Manual (FMM) for externally financed projects issued by Sub-Decree No. 181 ANK/BK dated December 2, 2019. The EA and IA will prepare their respective work plan and budgets for implementing activities leading to achievement of the project objective. The EA is responsible for consolidating the AWPB for submission to the MEF for approval and then for obtaining 'no objection' from IDA.

89. *Financial management activities* will be carried out by institutions that have been executing the on-going WB-financed LASED II for two and a half years, including MLMUPC, and MAFF. The appointed government staff from these respective institutions are responsible for financial management and disbursements. Capacity building in FM for government staff at the national and sub-national level have been provided under LASED II by the project's FM consultant. The accounting software, system and FM policies and procedures are in place and functioning (in LASED II) and these will be applied with some customization/modification to be suitable in LASED III. The main risks are associated with the appointment of inexperienced staff, possible collusion practices and weak internal audit. To address these risks, mitigating measures include fully funded activities to improve internal audit functions and to enhance capacity building activities. Details are elaborated in the Risk section.

90. *FM staffing.* Each EA/IA assigns sufficient government FM staff (comprising of a finance officer, an accountant/assistant, and a cashier) for a full-functioning FM team to carry out the day-to-day FM and disbursement tasks and ensure that controls and procedures in FM are adhered to. To support the FM

⁴⁰ EX-ACT considers a 23-year period and the HDM-4 a 15-year period. Hence, although traffic emissions are calculated for the 15-year period, for the final value per year, considering the whole project, these values are distributed equally over 23 years, although traffic emissions come from that specific period of activity.



government staff during their busy schedule, each EA/IA will be provided with a contracted Financial Management Assistant to support day-to-day FM operations. One FM consultant based at the EA will support capacity building and other FM policies-related tasks for the whole project. A provision for another FM consultancy support for all EA/IA will be assessed during the project implementation as and when it is necessary.

91. *Accounting policies and procedures and internal controls.* The project will adopt a cash basis of accounting and the RGC's chart of accounts. The Sage 50 accounting software, currently used in LASED II, will remain the FM tool to manage financial transactions and produce timely and reliable financial reports for the EA and IA. The existing supplementary FM guidelines and procedures will be applied in LASED III, together with the enhanced involvement of Internal Audit Departments of EA/IA to build capacity of the internal auditors and to carry out the internal auditing of the Project. Policies, controls and procedures for cash advance to all Provincial Administration and provincial departments and clearance, and authority for monitoring contractors' performance and monitoring will be included in PIM.

92. *External auditing.* An independent external auditing firm would be engaged by the MEF to audit the Project's annual financial statements covering IDA Credit and the civil work co-financing counterpart funds in accordance with terms of reference acceptable to the Bank. The audit will include a review of expenditures paid by the national and sub-national entities; it will also cover a post-review of procurement packages carried out by the Commune/Sangkat at a percentage based on the auditor's risk assessment, but no less than 5 percent of the total post-review procurement packages. The audit fee is paid by the MLMUPC. The audited financial statements are required to be disclosed in the EA/IA websites after getting an acknowledgement letter from the Bank.

93. *Disbursement arrangements for Components 1 through Component 4.* Each designated account (DA) of the MLMUPC and MAFF has a fixed ceiling amounting to US\$2 million, and US\$1 million, respectively. The DA ceiling of MLMUPC and of MAFF can be increased up to US\$8 million, and US\$3 million, respectively, subject to the project's needs and the World Bank's Task Team Leader's concurrence. The disbursement methods will be (i) reimbursement; (ii) advances; (iii) special commitment; and (iv) direct payments. Supporting documentation required for eligible expenditures paid from the DA is IFR and the frequency of reporting of expenditure paid by DA is quarterly. The minimum application amount for reimbursements, special commitment, and direct payments would be equivalent to US\$200,000. The details are in the Disbursement and Financial Information Letter. The IDA Credit proceeds will be disbursed against eligible expenditures as shown in table 5.

Table 5. Allocations of Credit Proceeds

Category	Amount of Financing Allocated (US\$)	Amount of Financing Allocated (SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs, and Training under the Project	91,100,000	66,700,000	100% of the Financing's agreed share of the cost for works specified in the approved AWPB for each fiscal year; and 100% for other Eligible Expenditures
(2) Revolving Funds under MAFF's Respective Part	1,900,000	1,400,000	100% of amount disbursed for



Category	Amount of Financing Allocated (US\$)	Amount of Financing Allocated (SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
of the Project			Revolving Funds
(3) Emergency Expenditures under Part 5 of the Project	0	0	
Total Amount	93,000,000	68,100,000	

Procurement

94. *Applicable procurement rules and procedures.* All procurement activities financed under the project will be governed by the World Bank Procurement Regulations for IPF Borrowers, July 2016 and revised November 2017 and August 2018. Procurement under National Procedures will be carried out in accordance with the Government of the Kingdom of Cambodia's Updated Standard Operating Procedures and Procurement Manual for All Externally Financed Projects/Programs, promulgated through the Sub-decree 181 ANK/BK dated December 2, 2019, which is issued pursuant to Article 3 of the Government of the Kingdom of Cambodia's Law on Public Procurement dated January 14, 2012, subject to the additional provisions that will be included in the Procurement Plan.

95. *Project's procurement.* The EA and the IA will carry out procurement activities at national level under their respective activities. Communes will carry out procurement activities at the sub-national levels as applicable⁴¹. The EA and the IA will be provided with capacity building and assistance through individual procurement consultant(s). The management, organization and trainings of the organized groups who are the beneficiaries of the revolving funds would be contracted to a project-hired service provider. The EA and IA have prepared a Project Procurement Strategy for Development (PPSD) for the project with support from the World Bank team. The PPSD identified rural infrastructure, small scale irrigation system and community buildings as major procurement activities to be carried out in small procurement packages. These would not be attractive to the international market and will therefore be procured through open national, and sub-national approach, respectively. The details of the procurement risk assessment, mitigation measures and procurement oversight and monitoring arrangements are in Annex 6.

96. *Clear assignments for procurement responsibilities of each IA would be laid out in the PIM.* The Commune Councils would be responsible for procurement of infrastructure and services; this would be in line with the Commune/Sangkat Fund Implementation Manual and the LASED III PIM, and consistent with the World Bank's Core Procurement Principles. Project procurement activities which cover service provision, vehicles and equipment will be governed by the World Bank Procurement Regulations for IPF Borrowers.

C. Legal Operational Policies

Triggered?

⁴¹ The threshold levels of communes are detailed in the project PIM and C/SF Implementation Manual



Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

97. **Projects on International Waterways (OP 7.50).** The policy is triggered because the project locations are not predetermined and some irrigation and water supply schemes may abstract underground water or water from tributaries linking to the Mekong River, an international waterway. However, the proposed project activities fall under the exception to the notification requirement under paragraph 7(a) of OP 7.50. Most of the project sites will be developed in existing irrigation and/or water supply schemes that are currently used for rice irrigation and/or domestic use of individual households. The project targets higher-value crops that need different irrigation from rice and the existing irrigation blocks will be equipped with more efficient irrigation methods, including drip, microjet, and sprinkler irrigation. The change from rice irrigation to higher value and less water-demanding crops using more efficient irrigation methods will reduce the water use in that part of the scheme that will be developed for diversified agriculture. The project development will either be neutral or there will be some positive changes to the quantity of water flows in the rivers as more water will remain in the river that will be available for downstream purposes. It is also expected that the water quality will not to be affected, but will possibly be improved, as MAFF's good agricultural practices (GAP) will be introduced, and extension services will improve farmers' agricultural practices. The development of new schemes that rely on water from an international waterway are not eligible for financing under this Project. The exception to the notification requirement was approved by the Regional Vice President on April 7, 2020.

D. Environmental and Social

98. **The proposed project is subject to the World Bank's Environmental and Social Framework (ESF).** Nine Environmental and Social Standards (ESSs) including ESSs 1–8 and ESS 10 are relevant to the proposed project. The requirements of these ESSs are addressed through the ESF instruments, as described in the following paragraphs.

99. Environment – The project would bring environmental and health benefits such as access to portable water supply and sanitation facilities, and promotion of sustainable farming. The nature and magnitude of potentially significant impacts and measures are reflected in the ESMF and summarized in Table 6.

100. The EA and the IA have gained good insights in operationalizing some of the World Bank Safeguards Policies. However, LASED III will present additional challenges including adjusting to the requirements of the ESF and additional requirements resulting from the inclusion of indigenous communities. Lessons learned—detailed in the ESMF-- from implementing the safeguards framework under LASED II include (i) need to pro-actively analyze potential risks beyond those addressed by the environmental risk screening and management procedures; (ii) non-spatial issues such as poor solid waste management need to be identified and addressed; and (iii) enhanced monitoring and reporting of E&S issues should be ensured as part of the project operations. The transition to the ESF framework will require that project staff and implementing agencies at all levels including local authorities, contractors and suppliers, develop a broad understanding of the ESF approach such as the concept of proportionality



and adaptive management of E&S risks. A budget of over US\$ 1 million is allocated to the ESM to address E&S Risk Management requirements and activities.

Table 6. Potential Negative Environmental Impacts and Instruments based on project typologies

Project typologies	Potential Impacts	Mitigation Measures	Instruments	ESS ⁴²
1. Land Use Planning: Selection and Development Planning of SLC and ICLT	1.1. Impact on biodiversity to sensitive locations ('hotspots') through inclusion within SLC/ICLT boundaries	<p>1. SLC sites. Implement LASED's well-established spatial planning procedure. It includes identification of biodiversity hotspots⁴³ and exclude from land allocation, taking into consideration the environmental carrying capacity and agro-ecosystem analysis; establishing buffer zone between project sites and biodiversity hotspots in any case where the hotspots are adjacent to SLC land.</p> <p>2. ICLT sites. Implement three-phase process for IPs to obtain collective land titles. This includes elements similar to the ones applied under new SLC (i.e. site level screening, EA, location specific ESMP, sub-projects level screening process). Based on environmental screening at each ICLT site, the project will be able to identify local natural resources and significant conservation areas. Once identified, the project will facilitate discussion with mandated authority to agree on the role for IP in management of these areas.</p>	<p>A. Screening process; using the following tools:</p> <p>1. Provincial level:</p> <ul style="list-style-type: none"> (a) satellite imagery and aerial photography (b) IBAT (c) GIS (d) Maps from Forestry and Env ministries (and other line ministries) <p>2. District level:</p> <ul style="list-style-type: none"> (a) Technical Guidance notes to validate mapping (b) Agro-ecosystem analysis (c) Environmental carrying capacity <p>3. Other measures include:</p> <ul style="list-style-type: none"> - An independent environmental audit to review the final LUP - WB env specialists to conduct a due diligence through a random site check prior to finalizing of the LUP process <p>B. Regional ESIA for new SLC sites (when needed)</p> <p>C. Location-specific ESMPs</p>	ESS1 ESS6 ESS10
	1.2. Induced negative impact from development: Damage to hotspots that are outside or excluded from the SLC land, but that suffer increased exploitation as a result of	Enhance risks management of significant conservation areas and support the affected communities in sustainably managing their natural resources and significant conservation areas.	<p>1. Screening</p> <p>2. Regional ESIA for new SLC sites (when needed)</p> <p>3. Location-specific ESMP that accommodates the risk</p>	ESS1 ESS6 ESS10

⁴² ESS1: Assessment and Management of Environmental and Social Risks and Impacts; ESS2: Labor and Working Conditions; ESS3: Resource Efficiency and Pollution Prevention and Management; ESS4: Community Health and Safety; ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement; ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; ESS8: Cultural Heritage; and ESS10: Stakeholder Engagement and Information Disclosure

⁴³ Such as legally protected areas, Wildlife Reserve, Community forests, remnant forests or habitats for protection and conservation, biodiversity corridors, and natural streams.



Project typologies	Potential Impacts	Mitigation Measures	Instruments	ESSs ⁴²
	easier access after SLC and / or is established	The risks management are to: 1. Identify local NR / significant Conservation Areas through LUP screening 2. Establish buffer zone and biodiversity corridor 3. Awareness raising for conservation of biodiversity 4. Planting trees in common areas 5. Included in the Commune Development Plan 6. Provide mechanism and supports to help the affected communities in sustainably managed their natural resources.	management measures	
	1.3. Air pollution from burning, water pollution and land pollution resulting from inadequate solid waste management at SLC residential sites	Develop and Implement effective solid waste management system at each site	1. Location-specific ESMP 2. Regional ESIA for new SLC sites (when needed)	ESS1 ESS3 ESS10
	1.4. Health impacts of water supplies contaminated by upstream activities or natural occurring arsenic	Site screening, water supply testing	1. Location-specific ESMP 2. Regional ESIA for new SLC sites (when needed)	ESS1 ESS4 ESS10
	1.5. Injuries resulting from ERW	Risk Assessment per site by consultation with CMAA / CMAC	1. Screening 2. Location-specific ESMP	ESS1 ESS4 ESS10
	1.6. Infection by water-borne and vector-borne diseases due to settlement	Awareness raising, WASH activities	Location-specific ESMP	ESS1 ESS4 ESS10
	1.7. Flood damage from failure of larger dams upstream of project sites	Site screening	Screening	ESS1 ESS4 ESS10
	1.8. Exposure of project beneficiaries to climate risk (floods and droughts)	Site screening	1. Screening 2. Location-specific ESMP	ESS1 ESS4 ESS10
2. Community Infrastructure Development	2.1. Construction-related impacts such as noise, dust, sedimentation, erosion, waste disposal, management of storm water, community and workers health and safety	Environmental risk management instruments that are integrated into EHS specification in tender docs	1. LMP 2. Location-specific ESIA/ESMP or Standardized ECoPs / EMP and OHSP that are integrated into the contractor's tender documents	ESS1 ESS2 ESS3 ESS4



Project typologies	Potential Impacts	Mitigation Measures	Instruments	ESSs ⁴²
2. Land Allocation 2.1. Land Allocation	2.2. Health and safety of project personnel travelling to remote sites	Adopt and implement OHS that is integrated into tender docs	1. LMP 2. OHSP	ESS1 ESS2
	2.3. Depletion of groundwater surface water sources by inefficient or unsustainable exploitation	Water resource assessment for each project location, no irrigation development without confirming that will not have negative impacts on existing users and / or ecosystem services	Location-specific ESMP	ESS1 ESS3 ESS10
	2.4. Cultural Heritage such as forests, spiritual forest-land, residential and agricultural lands	Mapping of known cultural heritage, Implementation of the Forest Law in regard to the recognition of the traditional use and practice of the local communities as protected forest serving cultural purposes (religious and / or spirit forest)	1. CHPF 2. Location-specific ESMP	ESS1 ESS8 ESS10
	2.5. Flood damage from failure of project supported irrigation or small dams	Ensure safe design	1. Screening 2. Location-specific ESMP	ESS1 ESS4 ESS10
3. Agriculture & Livelihood Development	3.1. Impact ⁴⁴ on health and safety of project-affected communities, particularly in regard to the safe use and handling of pesticides and chemical fertilizers	Implement ESMF including MAFF's GAP Guideline and Awareness raising to Farmers on safe use and handling of agriculture chemicals.	1. Location-specific ESMP 2. Standardized ECoPs / EMP and OHSP that are integrated into the contractor's tender documents	ESS1 ESS3 ESS4 ESS10
	3.2. Water contamination from inappropriate use of agriculture chemicals	Implement ESMF including Awareness raising	1. Location-specific ESMP 2. ECoP/EMP	ESS1 ESS3 ESS10
	3.3. Environmental pollution from non-biodegradable solid waste from agriculture activities	Implement ESMF including Awareness raising, SWM measures	Location-specific ESMP, ECoP/EMP	ESS1 ESS3 ESS10

101. Social - LASED III will support the process for SLC and ICLT including titling, establishment of infrastructure and promotion of agriculture-based livelihood systems. However, project activities that would deliver these benefits have the potential to generate significant social impacts, direct and indirect, related to land consolidation, indigenous community lands, agriculture and economic infrastructure. The case of the proposed activities and the new inclusion of indigenous areas present risks, particularly related

⁴⁴ The project will not finance these hazardous materials; however, transformation of land ownership may potentially introduce new famers to the materials.



to collective registration of indigenous communities' lands. The Environmental and Social Review Summary (ESRS) and the Risk Section below provide further information on the social risks.

102. The LASED project, 2008 to 2015, supported seven sites in Kratie, Tbong Khmum, and Kampong Thom provinces. In total 3,148 households were provided 10,273 hectares. LASED II continued to support the original 7 sites and expanded to a total of 14, to allocate 17,000 hectares to benefit some 5,141 households. LASED III expects to support 71 sites (14 existing SLC sites; 12 new SLC sites; and 45 ICLT of which 15 communities will be supported for communal titling). Some of the existing 14 sites, in the five provinces of Kratie, Tbong Khmum (formerly part of Kampong Cham), Kampong Thom, Kampong Chhnang, and Kampong Speu, will be provided mainly irrigation related infrastructure investments to enhance their agricultural production capacities. Activities for the 12 new SLC sites include: titling, site planning; Infrastructure (housing, primary schools, health posts, teacher and health worker accommodation, community centers, market) agriculture (land, annual and perennial crops, grazing, poultry; food stores); water (irrigation, wells, ponds, dams and pipelines, pumps and drainage, water tanks); primary supply (rice – Food for Work, agriculture start up – fruit trees; vegetables (seeds); poultry; household start-up – housing material; solar lamps) and roads (connecting main roads, residential, and agricultural). The locations for these are not determined. For ICLT, potentially 15 sites will be supported towards achieving registration and titling. Once titled, they will receive the same development support activities as 30 already titled ICLT sites, including investments on livelihoods and infrastructure similar to new SLC sites, and based on needs of the communities. Most of the ICLT sites are located in Kratie, Mondulkiri, and Ratanakiri.

103. Nine of the ten ESF standards have been screened as relevant. Standard ESS9 on Financial Intermediaries is not considered relevant. The screening of social risks and impacts is based on discussion with the task team, consultations and observations undertaken during missions, secondary data, and specialist experience with LASED II. The screening also takes into account the various instruments developed for understanding and addressing risks and impacts of LASED III.

104. An environmental and social profile has been developed. The profile captures high level social data at the provincial (Kampong Thom, Kratie, Mondulkiri, Ratanakiri, Stung Treng, and Preah Vihear) level and is informed by findings of visits and investigations at selected locations in Kampong Thom Province, Mondulkiri, and Ratanakiri, and Stung Treng Provinces. Site specific Environmental and Social Assessment (ESAs) and engagement plans will be prepared during project implementation once particular sites have been selected.

105. As part of the revisions prior to approval, meaningful consultations for informing risk assessment and development of mitigation measures are summarized in various instruments. Disclosure has taken place in country through telegrams, emails, phone calls in April 2020, through the websites of the Royal Government of Cambodia's ministries (www.mlmupc.gov.kh and www.maff.gov.kh) and on the World Bank website during April 11, 2020, to May 6, 2020. As many of the titled ICLT communities are located in Mondulkiri, Ratanakiri, and Kratie, disclosure and consultations are planned to take place with interested and affected stakeholder in these target provinces as well as in Phnom Penh. Because of COVID-19, face-to-face consultations were replaced with virtual consultations, as appropriate. The consultation took place using the following 3-way approach including online, phone calls / emails and making documents available at the commune office. The following interested and affected stakeholders were



consulted: relevant government ministries; sub-national administrations (Province, District and Commune level) in potential target provinces; NGOs (including IP, social development and conservation NGOs) and civil society organizations supporting SLC sites and / or working with IC; representatives of communities on existing SLC sites; representatives of IC, including communities currently going through the ICLT process and communities that have completed the process. As the consultations were undertaken during COVID-19, considerations for the need to ensure accessibility requirements on the affected and interested stakeholders are adapted to use of website, telegram, and phone calls.

106. Prior to project appraisal, an Environmental and Social Commitment Plan (ESCP) was prepared which takes into account the need to ensure adequate budget, staffing and operational arrangements for project environmental and social risk management. Also prepared were the: Environmental and Social Review Summary (ESRS); the Stakeholder Engagement Plan (SEP) including a Grievance Mechanism; an Environmental and Social Profile (ESP); and, the ESMF instruments which include the Resettlement Policy Framework (RPF); the Indigenous Peoples Planning Framework (IPPF); the Cultural Heritage Protection Framework (CHPF); and the Labor and Working Conditions Procedures (LWCP). The ESMF instruments, together with the ESCP, the SEP and the ESRS were disclosed on the Bank's website on April 17, 2020, and the RPF on May 6, 2020. Prior to their disclosures on the Bank's website, the ESMF instruments were disclosed on the Cambodia's ministries websites (<https://web.mlmpc.gov.kh> and <https://web.maff.gov.kh>) on April 11, 2020, and the RPF on April 17, to reflect feedbacks provided on risks, impacts, and mitigations as part of the consultation process. The LWCP will be revised during implementation to incorporate procedures not currently covered prior to appraisal. The IPPF, CHPF, ESCP and SEP will be revised following focused assessment on ICLT in year 1 of implementation.

107. The implementing agencies have competency in executing projects in accordance with national requirements and under World Bank Safeguards Policies, but have less familiarity with and experience in delivering projects in line with the ESF. The success of this project for ICLT will largely depend on ensuring meaningful engagement and FPIC for indigenous communities to deliver on project objectives. There will be a need to strengthen existing government processes to meet ESF standards and the capacity of the range of agencies, institutions, and contractors to manage risks related to labor and working conditions, worker and community health and safety, and complex and inclusive stakeholder engagement and FPIC.

108. Public consultations. All the ESF instruments for the LASED III project were held from April 10 to May 1, 2020. Following agreement between the World Bank and Royal Government of Cambodia (RGC), the consultations were held virtually in lieu of face to face meetings in Phnom Penh or in target Provinces (Mondulkiri, Ratanakiri, Kratie), owing to the COVID-19 related restrictions. Guidelines for the consultations which were also agreed to between the RGC and the Bank included posting of materials on the websites of the Ministry of Land Management Urban Planning and Construction, (MLMUPC) the Executive Agency (EA), and the Ministry of Agriculture, Forestry and Fisheries MAFF (MAFF), the Implementing Agency (IA); establishment of a social media platform (Telegram group) for stakeholders' feedback; telephone consultations; and, a video featuring the format of the online consultation. The Telegram Group included 87 officials at national and sub-national levels of government, representatives of UN agencies and civil society organizations across Cambodia. Telephone calls were made to several NGOs to ensure that their views are heard directly.



109. **The main points discussed during the virtual consultations include:** (i) the ICLT process and impacts on indigenous peoples (IP); (ii) the Social Land Concession process; (iii) protection of natural resources and biodiversity; and, (iv) the importance of avoiding involuntary resettlement or ensuring fair compensation for displaced people. Generally, the participants to the online consultation appreciated the good quality of the documents and the availability of both Khmer and English versions, as well as the different formats of presentation such as Video clips, summaries, and PowerPoint slides. The key questions and recommendations raised by the virtual participants are summarized in the minutes of virtual consultations for each ESF instrument.

V. GRIEVANCE REDRESS SERVICES

110. Communities and individuals who believe that they are adversely affected by a World Bank (WB)-supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond⁴⁵.

VI. KEY RISKS

111. The overall project risk is rated as Substantial.

112. **Political and Governance.** The political and governance risks for the project are considered as **Substantial**. The land sector remains prone to corruption and fraud despite an evolving favorable policy and regulatory framework. Enforcement does not yet receive the required government support. Problems of encroachment and illegal land grabbing remain major concerns, in particular also in and around the potential locations of the project supported ICLTs. This particular risk would be addressed by the project by adhering to the agreed PIM and fully complying with the accompanying fiduciary and ESF policies and guidelines. These would be supported through project workshops to discuss the various guidelines as well as conduct regular reviews and coaching sessions.

113. **Institutional Capacity for Implementation and Sustainability.** Institutional capacity for implementation is rated **Substantial**. MLMUPC, the EA for the proposed project, has shown strong commitment for an effective and efficient implementation, and the suggested implementation structure (annex 1) avoids a further increase in the number of IA involved. However, there is limited capacity amongst RGC staff to master the workload of a new and expanded project. The required technical expertise will, to a significant extent, have to be outsourced to ensure quality design and implementation of infrastructure and services. The project will mitigate this institution capacity risk by ensuring that the required technical expertise will, to a significant extent, have to be outsourced to meet necessary quality

⁴⁵ For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



design and implementation of infrastructure and services. Therefore, sufficient provision of project funding for external support, and strong Bank implementation support during the process of hiring high quality technical experts need to be available.

114. Fiduciary. The fiduciary risk of the proposed project is rated as **Substantial** for both FM and procurement. For Financial management, the main risks are associated with (i) appointment of staff who do not have experience to manage the project's FM and disbursement; (ii) poor controls due to Internal Audit Departments of EA/IA with staff with limited experience in carrying out internal audit of Bank-financed projects; (iii) misappropriation of revolving funds to be implemented by the groups/communities; (v) poor supervision of contractors' performance and weak contract management leading to sub-standard outputs; and (vi) misappropriation of expenses due to collusion practices. For procurement, risks are associated with (i) limited procurement capacity for both EA and IA that would carry out their procurement activities; (ii) weak coordination of activities between the EA and the IA; (iii) implementation delays due to travel restriction and social distancing policies from COVID-19 pandemic; and (iv) demand-driven nature of the project which may cause challenging scopes and schedules of some procurement activities.

115. The proposed fiduciary risk mitigating measures include: for FM: (i) continued capacity building of government in fiduciary function through hands-on support from consultants, the WB's close interaction and support to the fiduciary staff, and short training courses organized by training institutions; (ii) building capacity of Internal Audit Departments of EA/IA in project's fiduciaries and involving them in carrying out internal audits of project's activities; and (iii) integrated financial audit and procurement post reviews at the sub-national level will be conducted by an external auditor firm engaged by the government. The performance of FM will be monitored by regular reviews of the IFR, discussions with FM teams, and periodic FM missions to reassess FM risks and performance. Time-bound action plans will be prepared to mitigate any identified control weaknesses and risks. For procurement, mitigating measures include: (i) each procurement document will provide for channels and contacts of both Government and Bank through which interested parties can lodge their procurement complaints; (ii) applicability of conditions for use of National Procurement Procedures through the Procurement Plan of the project; and (iii) the EA and the IA will be assigned qualified and experienced procurement and technical staff as well as consultants when needed; (iv) using the virtual technological solutions, such as audio/video conferences, and/or permit bids to be submitted by electronic means during the COVID-19 crisis period. More procurement details on mitigation measures are described in Annex 6.

116. Environmental and Social Framework. The overall environmental and social risk is classified as **High (H)**, with environmental risk rated Substantial (S) and social risk rated High (H).

117. Environmental risk. The proposed activities and investments included under LASED-III are focused on (i) the selection and development planning of SLC and ICLT, (ii) community infrastructure development, and (iii) agriculture and livelihood development. The environmental risk is rated **Substantial (S)** considering that the anticipated impacts and risks are less diverse and are predictable. As part of the project preparation, an Environmental and Social Management Framework (ESMF) has been prepared. The environmental assessment suggests that the proposed activities to be implemented under LASED-III are not likely to result in significant environmental impacts. In assessing the potential risks, lessons learned from LASED and LASED II on implementation of safeguards measures were considered. Potential



major environmental impacts and risks are related to: (a) impacts on biodiversity in relation to the land use planning process which include: potential impact on biodiversity to sensitive locations ('hotspots'), and impacts induced by development such as damage to hotspots that are outside or excluded from the SLC land, but that suffer increased exploitation as a result of easier access after SLC and/or is established; (b) construction-related impacts of the infrastructure sub-projects, such as noise, dust, sedimentation, erosion, waste disposal, management of storm water, community and workers health and safety; and (c) community health and safety-related impacts of the agricultural and livelihood activities. These potential impacts are possible but not likely to occur considering that the project will implement the following risk management measures.

118. Environmental risk management includes: (i) the implementation of the well-established LASED's spatial planning procedure (SLC sites) and the three-phases process for IPs to obtain collective land titles (ICLT sites) to ensure biodiversity related risks and impacts resulting from the proposed project activities are adequately managed; (ii) the provision of mechanism and support for affected communities to sustainably manage their locally significant conservation areas; (iii) other risk management measures related to land use planning including: implementation of an effective solid waste management system at each project site, water supply testing, risk assessment per site by consultation with CMAA/CMAC, WASH activities, and site screening. These measures will be incorporated into the location-specific ESMF; (iv) typical impacts of small-scale civil works will be managed through the implementation of standardized ECoPs / EMP and OHSP that are integrated into the contractor's tender documents; and (v) the implementation of standardized ECoPs and MAFF's good agricultural practice (GAP) guideline as well as training for farmers on safe use, storage and disposal of agriculture chemicals. These risk management measures have been addressed in the ESMF which will then to be used to guide the preparation of location specific ESMP, standardized EMP and / or ECoPs.

119. *The social risk* is classified as **High (H)**. While the project aims to deliver a range of benefits including economic development and community livelihood opportunities, project activities have the potential to generate significant social impacts, direct and indirect, due to the range of activities related to land consolidation, indigenous community lands, agriculture and infrastructure. The scale of the proposed activities, across sensitive locations (indigenous areas) presents risks, particularly related to collective registration of indigenous communities' lands. Indigenous communities and their access to land and resources are under significant pressure from external agents and risks around land and natural resource management pose significant risks to local communities, including potential social conflicts within communities and between communities and external agents. The Land Law only provides tenure to some land use types. Possible restrictions on access to natural resources resulting from the ICLT process may impact on the nature-based livelihoods and tenure of vulnerable or marginal households and communities. The resulting potential adverse social impacts may affect the well-being of some sections of the communities. Some beneficiaries may have difficulties adapting to new livelihoods and resource management arrangements, particularly disadvantaged and vulnerable people. It is therefore crucial to strengthen other tenure arrangements for these areas (e.g. forest and protected areas).

120. **Clients capacity to manage environmental and social risks and impacts will be strengthened** through the increased number of resources and improved capacities. The Government is committed to provide the following resources: (i) EA and IA will have two government officials nominated as focal persons for E&S risk management, (ii) each NGO partner will also nominate focal persons for E&S risk



management, (iii) at the national level, the PMU will hire full-time environmental risk management adviser as well as Social RM adviser, (iv) at the provincial level, there will be a minimum of five full time E&S risk management advisers who will advise the provincial project implementation teams, (v) at the commune level, community development and agriculture facilitator, and (vi) specialist expertise for E&S issues beyond the technical capacity of the E&S advisers will be engaged. The project's ESMF includes a strategy for strengthening capacities of the IA along with adequate budget resources for implementation

121. Stakeholders. There is a generally very high support for projects that address the needs of poor and landless, marginalized households and population groups. However, the stakeholder risk is rated as **Substantial** due to the sensitivity of all activities that involve land classification and land allocation. The project will be expected to be closely monitored by civil society organizations, national and international NGOs and DPs due to their perceived concerns about elite capture and possible mishandling of land ownership issues. The project will respond to this risk with intensive internal and external communication campaigns, ensuring transparency in all processes and outcomes. LASED III will review the existing civic engagement framework and where deemed necessary, social accountability measures will be further strengthened and communicated. An SEP has been prepared for the project.

**VII. RESULTS FRAMEWORK AND MONITORING****Results Framework****COUNTRY:** Cambodia

Land Allocation for Social and Economic Development Project III

Project Development Objectives(s)

The project development objective is to provide access to land tenure security, agricultural and social services, and selected infrastructure to small farmers and communities in the project areas.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Beneficiaries have access to land tenure security								
Eligible households that have received support for land titles for their SLCs under LASED III (Percentage)		70.00	100.00	100.00	100.00	100.00	100.00	100.00
(a) female-headed households that have received support for land titles for their SLCs under LASED III (Percentage)		0.00	100.00	100.00	100.00	100.00	100.00	100.00
(b) male- headed households that have received support for land titles for their SLCs under LASED III (Percentage)		0.00	100.00	100.00	100.00	100.00	100.00	100.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Number of IP households benefiting from ICLT registration under project support (Number) (Number)		0.00	0.00	0.00	500.00	800.00	1,200.00	1,500.00
Beneficiaries have access to agricultural services								
Farmers reached with agricultural assets or services (CRI, Number)		5,000.00	5,000.00	6,000.00	9,000.00	12,000.00	14,000.00	14,000.00
Beneficiaries have access to clean water								
People provided with access to improved water sources (CRI, Number)		12,000.00	12,000.00	15,000.00	20,000.00	40,000.00	60,000.00	60,000.00
Beneficiaries have access to economic and social infrastructure and services								
Beneficiary communities (project sites) connected to commune centers with an all-weather road (Number) (Number)		13.00	13.00	20.00	40.00	60.00	71.00	71.00
Beneficiary communities (project sites) with access to (at least) primary schools services (Number)		13.00	13.00	20.00	40.00	60.00	71.00	71.00
Beneficiary communities (project sites) with access to (at least) a health post (Number)		13.00	13.00	20.00	40.00	60.00	71.00	71.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Component 1: Selection and Development Planning of SLC and ICLT								
Target land area with use or ownership rights recorded as a result of the project (Hectare(Ha))		0.00	0.00	20,000.00	24,000.00	26,000.00	30,000.00	30,000.00
(a) ICLT area allocated to beneficiary communities (ha) (Hectare(Ha))		0.00	0.00	2,000.00	4,000.00	6,000.00	8,000.00	10,000.00
Land recipient households with use of ownership rights recorded as a result of the project (Number)		0.00	0.00	2,000.00	4,000.00	6,000.00	6,500.00	6,500.00
(a) Number of SLC beneficiary households (TLRs) (Number)		0.00	0.00	1,000.00	3,000.00	5,000.00	5,000.00	5,000.00
(a1) Female-headed SLC beneficiary households (Number)		0.00	0.00	200.00	600.00	1,000.00	1,000.00	1,000.00
(b) Number of ICLT beneficiary households (IP households) (Number)		0.00	0.00	0.00	500.00	1,000.00	1,500.00	1,500.00
(b1) Female-headed ICLT beneficiary households (Number)		0.00	0.00	0.00	100.00	200.00	300.00	300.00
Participation of women on decision-making bodies		0.00	20.00	25.00	35.00	35.00	35.00	35.00



Indicator Name	PBC	Baseline (Percentage)	Intermediate Targets					End Target
			1	2	3	4	5	
Component 2: Community Infrastructure Development								
Roads constructed (CRI, Kilometers)	0.00	0.00	330.00	630.00	930.00	1,050.00	1,050.00	
(a) Length of connection roads (km) (Kilometers)	0.00	0.00	30.00	60.00	80.00	90.00	90.00	
(b) Length of residential roads (km) (Kilometers) (Kilometers)	0.00	0.00	100.00	170.00	220.00	250.00	250.00	
(c) Length of agriculture access roads (km) (Kilometers)	0.00	0.00	200.00	400.00	600.00	710.00	710.00	
Percentage of newly built or rehabilitated roads stabilized through additional structural and/or (bio) engineering measures. (Percentage)	0.00	0.00	50.00	70.00	70.00	70.00	70.00	
Reduction in travel time between project communities and commune centers (percent) (Percentage)	0.00	0.00	0.00	25.00	30.00	35.00	35.00	
Water management/irrigation plans prepared for all agriculture land at all project sites (percent) (Percentage)	0.00	0.00	20.00	50.00	80.00	100.00	100.00	
Component 3: Agriculture and Livelihood Development								
Land under productive	0.00	0.00	40.00	60.00	70.00	80.00	80.00	



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
agriculture (Percentage)								
Land under productive agriculture (ha) (Hectare(Ha))	0.00	0.00	7,200.00	10,800.00	12,600.00	14,400.00	14,400.00	
Application of new/advanced ICT in training and extension (Yes/No) (Yes/No)	No	No	Yes	Yes	Yes	Yes	Yes	Yes
(a) Project beneficiaries who access new ICT for agriculture and/or livelihood support (percent) (Percentage)	0.00	0.00	20.00	30.00	50.00	60.00	60.00	
(b) Project beneficiaries who adopt agriculture and/or livelihood technologies/advice promoted through ICT (percent) (Percentage)	0.00	0.00	15.00	25.00	40.00	50.00	50.00	
Satisfaction of beneficiaries with the agriculture services provided (Percentage)	0.00	60.00	60.00	60.00	70.00	80.00	80.00	
Satisfaction of female beneficiaries with the agriculture services provided (Percentage)	0.00	60.00	60.00	60.00	70.00	80.00	80.00	
Land area where sustainable land management practices have been adopted (ha) (Hectare(Ha))	0.00	0.00	4,300.00	6,500.00	7,600.00	8,600.00	8,600.00	
Project beneficiaries who	0.00	0.00	20.00	30.00	50.00	70.00	70.00	



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
are members of an association (Percent) (Percentage)								
Female members of organized groups (number) (Number)	0.00	0.00	1,260.00	1,890.00	3,150.00	4,410.00	4,410.00	
Women participating in nutrition-sensitive training and adopting at least 3 of the promoted behavioral changes (percent) (Percentage)	0.00	0.00	40.00	50.00	60.00	60.00	60.00	
Women participating in nutrition-sensitive training (Number)	0.00	0.00	3,000.00	4,500.00	8,100.00	8,100.00	8,100.00	
Component 4: Project Management, Coordination, and Monitoring and Evaluation								
Timely submission of progress reports; audit reports. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
MIS system provides regularly updated and publicly available information (Yes/No)	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Strengthened M&E generating up-to-date and accurate data on project activities, including indicators (Yes/No)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Eligible households that have received support for land titles for their SLCs under LASED III	Explanations / Justifications will have to be provided for cases where titling is declined or unduly delayed. Gender-dis-aggregated (Households with only female or male signatories) Unit of Measurement: Number (Percentage)	Semi-annually	MLMUPC records	Review of and extract from MLMUPC records	MLMUPC
(a) female-headed households that have received support for land titles for their SLCs under LASED III	Gender-dis-aggregated (Households with only female signatories)	Semi-annually	MLMUPC records	Review of and extract from MLMUPC Records	MLMUPC
(b) male- headed households that have received support for land titles for their SLCs under LASED III	Gender-dis-aggregated (Households with only male signatories)	Semi-annually	MLMUPC records	Review of and extract from MLMUPC records	MLMUPC
Number of IP households benefiting from ICLT registration under project support (Number)	Number of IP households benefiting from ICLT registration	Semi-annually	MLMUPC records	Review of and extract from MLMUPC records	MLMUPC
Farmers reached with agricultural assets or services	This indicator measures the number of farmers who were provided with agricultural assets or services as a result of World	Annually	MAFF records	Review and extract from MAFF records	MAFF



	<p>Bank project support.</p> <p>"Agriculture" or "Agricultural" includes: crops, livestock, capture fisheries, aquaculture, agroforestry, timber, and non-timber forest products. Assets include property, biological assets, and farm and processing equipment. Biological assets may include animal agriculture breeds (e.g., livestock, fisheries) and genetic material of livestock, crops, trees, and shrubs (including fiber and fuel crops). Services include research, extension, training, education, ICTs, inputs (e.g., fertilizers, pesticides, labor), production-related services (e.g., soil testing, animal health/veterinary services), phyto-sanitary and food safety services, agricultural marketing support services (e.g., price monitoring, export promotion), access to farm and post-harvest machinery and storage facilities, employment,</p>				
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	irrigation and drainage, and finance. Farmers are people engaged in agricultural activities or members of an agriculture-related business (disaggregated by men and women) targeted by the project.				
People provided with access to improved water sources	This indicator measures the cumulative number of people who benefited from improved water supply services that have been constructed through operations supported by the World Bank.	Semi-annually	Progress reports	Survey	MLMUPC
Beneficiary communities (project sites) connected to commune centers with an all-weather road (Number)	Number of project sites connected to the commune center by an all-weather road	Semi-annually	Project Progress Report	Review of Project Progress Reports	MLMUPC
Beneficiary communities (project sites) with access to (at least) primary schools services	Number of project sites with access to primary school services.	Semi-annually	Project Progress Report	Review of Project Progress Reports	MLMUPC
Beneficiary communities (project sites) with access to (at least) a health post	Number of project sites with access to a health post.	Semi-annually	Project Progress Report	Review of Project Progress Reports	MLMUPC



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Target land area with use or ownership rights recorded as a result of the project	Total SLC and ICLT areas registered under LASED III Unit of Measurement: Hectares Sub-indicator (c): M&E section in PIM provides a description of areas to be included in measurement Total SLC and ICLT areas registered under LASED III; reporting to be done disaggregated by SLC and ICLT areas Unit of Measurement: Hectares	Annually	MLMUPC records	Review of and extract from MLMUPC Records	MLMUPC
(a) ICLT area allocated to beneficiary communities (ha)	Numbers of hectares allocated for ICLT	Annually	MLMUPC records	Review of and extract from MLMUPC Records	MLMUPC
Land recipient households with use of ownership rights recorded as a result of the project	Total number of SLC and ICLT beneficiary households; Number of names / people appearing on the SLC and ICLT contracts (even when more than one (1) contract is signed)	Semi-Annually	MLMUPC Records	Review of and extract from MLMUPC Project Records	MLMUPC



	Unit of Measurement: Number				
(a) Number of SLC beneficiary households (TLRs)	Number of SLC beneficiary households (TLRs) receiving agriculture and/or residential land	Semi-annually	Project Progress Reports	Review of and extract from MLMUPC Records	MLMUPC
(a1) Female-headed SLC beneficiary households	Total number of female-headed SLC beneficiary households Unit of Measurement: Number	Semi-Annually	GDH project record	Review of and extract from MLMUPC Records.	MLMUPC
(b) Number of ICLT beneficiary households (IP households)	Total number of ICLT beneficiary households; Number of names / people appearing on the ICLT contracts (even when more than one (1) contract is signed) Unit of Measurement: Number	Semi-annually	MLMUPC records	Review of and extract from MLMUPC records	MLMUPC
(b1) Female-headed ICLT beneficiary households	Total number of female headed ICLT beneficiary households. Unit of Measurement: Number	Semi-Annually	MLMUPC records	Review of and extract from MLMUPC records	MLMUPC



Participation of women on decision-making bodies	Percentage of women being members of decision-making bodies regarding SLC and/or ICLT planning and management.	Yearly	Communities Records; Meeting records	Review of records, field level confirmation	MLMUPC
Roads constructed		Semi-annually	Progress Reports	Review of and extract from Project Progress Reports	MLMUPC
(a) Length of connection roads (km)	Total length of connection road infrastructure provided by the project.	Semi-annually	Progress Reports	Review of and extract from Project Progress Reports	MLMUPC
(b) Length of residential roads (km) (Kilometers)	Total length of residential road infrastructure provided by the project.	Semi-annually	Progress Reports	Review of and extract from Project Progress Reports	MLMUPC
(c) Length of agriculture access roads (km)	Total length of road infrastructure provided by the project.	Semi-annually	Progress Reports	Review of and extract from Project Progress Reports	MLMUPC
Percentage of newly built or rehabilitated roads stabilized through additional structural and/or (bio) engineering measures.	Percentage of rehabilitated or newly built roads where resilience is increased through additional (bio) engineering (trees, shrubs, grass, etc.) and/or structural measures (sloping, culverts, etc.)	Yearly	Construction records	Review of construction records, field level confirmation	MLMUPC
Reduction in travel time between project communities and commune centers (percent)	Time savings in travel between beneficiary communities' residential	Annually	Progress Reports	Travel time survey (average motorbike, car)	MLMUPC



	areas and commune centers.			between community center and commune center before and after road construction.	
Water management/irrigation plans prepared for all agriculture land at all project sites (percent)	SLC and ICLT project communities which have comprehensive water management/irrigation plans prepared for all agriculture land Unit of Measurement: Percentage	Semi-annually	Progress reports	Review of Progress Report, Planning Documents	MLMUPC
Land under productive agriculture	Share of agriculture land under production for home consumption or marketing (site by site) (all, excluding fallow land). Unit of Measurement: Percentage	Semi-Annually	Census Report: A Census will be conducted with a simple questionnaire that farmers will complete in or after sessions with the village/agriculture support staff. This data collection method will	Survey (simple questionnaire, census)	MAFF



			also serve other indicators.		
Land under productive agriculture (ha)	Agriculture land area under production for home consumption or marketing (site by site) (all, excluding fallow land). Unit of Measurement: Hectares	Semi-annually	Census - A Census will be conducted with a simple questionnaire that farmers will complete in or after sessions with the village/agriculture support staff. This data collection method will also serve other indicators.	Survey (census, simple questionnaire)	MAFF
Application of new/advanced ICT in training and extension (Yes/No)	Project offers extension advice and/or other service using ICT (in particular, including/integrating existing smart phones/user)	Semi-annually	Project Progress Report	Review of Progress Report	MAFF
(a) Project beneficiaries who access new ICT for agriculture and/or	Share of project beneficiaries who access	Semi-annually	Project Progress	Sample Survey (beneficiary survey)	MAFF



livelihood support (percent)	regularly new ICT for agriculture and/or livelihood (or other) support (percent)		Report		
(b) Project beneficiaries who adopt agriculture and/or livelihood technologies/advice promoted through ICT (percent)	Project beneficiaries who adopt agriculture and/or livelihood technologies/advice promoted through ICT (percent)	Semi-annually	Project Progress Reports	Survey (beneficiary survey)	MAFF
Satisfaction of beneficiaries with the agriculture services provided	Satisfaction rate of beneficiaries with the agriculture services provided by the project.	Annually	Survey Report	Sample surveys	MLMUPC
Satisfaction of female beneficiaries with the agriculture services provided	Satisfaction rate of female beneficiaries with the agriculture services provided by the project.	Annually	Survey report	Sample surveys	MLMUPC
Land area where sustainable land management practices have been adopted (ha)	Agriculture land where beneficiaries practice sustainable land management as defined in the PIM Unit of Measurement: Hectares Target: 60% of productive land use	Semi-annually	Project Progress Report	Sample surveys	MAFF
Project beneficiaries who are members of an association (Percent)	Share of project beneficiaries who have become member of a relevant association Unit of Measurement: Percentage (no double	Annually	Project Progress Report	Sample surveys (beneficiary survey)	MAFF



	counting, counting beneficiaries that are members in one or more associations)				
Female members of organized groups (number)	Share of female beneficiaries who have become member of a relevant group Unit of Measurement: number (no double counting of multiple memberships; target: 70% of group members to be women)	Semi-annually	Project Progress Reports	Sample Surveys	MAFF
Women participating in nutrition-sensitive training and adopting at least 3 of the promoted behavioral changes (percent)	Share of women who participated in a nutrition-sensitive training and adopted at least 3 of the promoted behavioral changes Unit of Measurement: Percentage	Semi-annually	Project Progress Reports	Sample Surveys (among training participants)	MAFF
Women participating in nutrition-sensitive training	Number of women participating in nutrition-sensitive training Target 90% of women/families	Semi-annually	Project Progress Report	Review of training records (list of participants)	MAFF
Timely submission of progress reports; audit reports.	Reports to World Bank delivered on or before deadlines.	Semi-annually	Project Reports (delivery dates)	Schedule	MLMUPC



MIS system provides regularly updated and publicly available information	MIS system provides regularly updated and publicly available information (updated and continued LASED II MIS) Unit of Measurement: Publications and/or website updates	Semi-annually	MIS	Review of MIS	MLMUPC
Strengthened M&E generating up-to-date and accurate data on project activities, including indicators	Data and information for Implementation Completion and Results Reports (ISR) updates is available and provided accurately and on time.	Semi-annually	M&E system	Requesting ISR information	MLMUPC

**Annex 1: Implementation Arrangements and Support Plan**

COUNTRY: Cambodia
Land Allocation for Social and Economic Development Project III

Institutional and Implementation Arrangements

1. **Ministry of Land Management, Urban Planning and Construction (MLMUPC) would lead overall coordination and management of the planning of the project implementation.** As the project Executing agency, it will (i) oversee the policy and general direction of the LASED III project to ensure its compatibility with RGC policy on Social Land Concessions (SLCs), Commune Land Use Plan (CLUPs), Indigenous Communal Land Titling (ICLTs), and Indigenous Communities (ICs); (ii) refer policy and legal issues related to LASED III on SLC implementation to National Committee for SLCs (NCSLC), as necessary; (iii) receive SLCs approved by Provincial Land Use and Allocation Committee (PLUAC) and prepare for review by NCSLC; (iv) prepare the LASED III Annual Work-Plan and Budget; (v) develop capacity building materials related to SLCs, CLUPs, ICLTs, and ICs for use in the LASED III project and elsewhere; (vi) approve terms of reference for long-term and short-term consultants / firms / NGOs / Private Sector for policy studies on SLCs and for monitoring and evaluation of LASED III implementation; (vii) monitor the implementation of SLCs (land allocated, number of land recipients) and outcomes of SLCs; (viii) evaluate progress toward meeting LASED III objectives; and (ix) consolidate the LASED III Annual Progress Reports.
2. In addition, **MLMUPC** would be tasked to manage: (i) **processing and issuance of land titles in close collaboration with the Ministry of Agriculture, Forestry and Fisheries (MAFF);** (ii) infrastructure activities such as rural roads, small-scale irrigation schemes, and school and health infrastructure; (iii) ICLT-related activities – MLMUPC would mobilize, as needed, relevant capacities and resources from national and provincial ministries / departments to deal with technical and legal aspects related to the ICLT interventions; (iv) procurement activities for infrastructure investments exceeding commune thresholds - Responsibility for monitoring contractors' performance and for certifying requests for payment would be formally delegated by MLMUPC to those specialized in the subject matter; and, (v) an efficient and effective M&E system at all project levels.
3. **The NCSLC, established under Sub-decree 19 ANK/BK) oversees all social land concession programs.** The NCSLC organizes a yearly national forum to review experience and issues associated with all SLCs, with the view to identify areas for further policy development. The NCSLC has responsibility to review and determine policy and legal issues related SLC implementation. It will review all SLCs approved by the PLUAC on a no objection basis. The MLMUPC coordinates social land concession support and serves as the secretariat to the NCSLC, including monitoring implementation of SLCs, drafting policies and guidelines for consideration by NCSLC, as well as providing reports and evaluations on SLCs. The MLMUPC also prepares informational and training materials, and works with line ministries, local authorities, NGOs and other stakeholders to promote and support SLCs.
4. **Dedicated safeguards staff at national and sub-national levels, together with communication expert(s) will ensure that project implementation procedures are well understood and duly followed.** The safeguards team will ensure that processes as described in the ESF and the associated frameworks, plans, and procedures are appropriately implemented and documented. The project communication



team will ensure that internal and external information sharing and awareness raising reach beneficiaries and other stakeholders through appropriate communication means. MLMUPC will seek capacity building and assistance from external service providers (NGOs, consultants) as required.

5. The MAFF would be the Implementing Agency (IA) tasked for implementing agriculture-related livelihood activities. The MAFF would also responsibilities for tapping the technical expertise of other technical departments within the MAFF. Together with their counterpart Provincial Departments of Agriculture, Forestry and Fisheries, they would be responsible for the planning, coordination and implementation of agriculture support activities and quality assurance of goods and services that would be provided to project beneficiaries, will include (i) to coordinate and ensure implementation of all agriculture-based livelihood activities; (ii) planning and implementation of the RF&M; (iii) procurement of goods and services necessary for the implementation of related activities, and (iv) including engagement and supervision of required national technical consultants / firms to support the implementation of subprojects. It would also be complemented by third party service providers/delivery organizations (e.g., NGOs and/or firms), which would be contracted for the provision of front-line support activities to help provide adequate agricultural service deliveries, improve the livelihoods and food security situation in the target areas, and RF&M-related activities.

6. The Executing Agency (EA) and the IA would coordinate implementation of commune and community level activities, where relevant. They will oversee all commune levels procurement activities. With the increased number of communes and communities involved in the project, their enhanced capacities in planning and implementation management would be crucial for project sustainability. Hence, the EA's and the IA's role, as facilitator and capacity building provider to strengthen management and administrative functions of commune and communities, will be important for project success. Where needed, the EA and the IA will support the Provincial Administrations in their coordination roles. The project will provide adequate funding assistance to Provincial Administration and Communes, commensurate to the expanded number of community and commune sub-projects under LASED III. At the same time, arrangements will be made whereby Provincial Administration prepares an exit strategy, ensuring that project activities are transferred and incorporated into regular sub-national government work plans and budgets by project end.

7. Project Steering Committee (PSC). The PSC will address policy, legal and regulatory framework issues, provide strategic guidance for project implementation, monitor overall implementation progress, and address coordination and collaboration obstacles or bottlenecks. Semiannual meetings will discuss and decide on issues where policy, procedural, and/or inter-ministerial coordination and cooperation issues are concerned. The Steering Committee will be the last resort for solving conflicts and complaints that cannot be resolved by the technical project implementation teams or through the intervention of the Project Coordination Team (PCT). The Steering Committee meetings will be supported by the PCT. The Committee will reflect the composition of the National Committee for Social Land Concession. It will be chaired by a Senior Official from MLMUPC, and including representatives from Ministry of Economy and Finance (MEF) and MAFF. Given the importance of IC target groups under LASED III, high-level memberships of relevant secretaries of state or above will ensure that the PSC provides a quick and transparent implementation support. Where and as needed, coordination and implementation support and advice could and would be requested from the advisory group / individual.



8. **Project Coordination Team (PCT).** The distribution of tasks is organized along the ministries' and departments' technical responsibilities as well as the EA and IA's roles and responsibilities. In order to further strengthen an effective and efficient implementation of project activities, and to address any arising issues in a timely manner, regular monthly meetings of the PCT would take place. The PCT, will be responsible for the overall coordination of project implementation and external communication, including the agreed reporting to World Bank. The PCT will be led by a project director appointed by the MLMUPC with terms of reference acceptable to the Bank and would involve the head of section / units / senior officials assigned from the MAFF and MLMUPC as members of the team. The PCT will also include members from the main technical units involved in project implementation, including senior staff responsible for FM, procurement, M&E, and communication. Consultants and contract staff could, where and when needed, fill capacity gaps in the team. The PCT will be physically located in the MLMUPC. However, as the project is implemented through the existing government (MLMUPC, MAFF) structure, including the line departments of the EA and the IA, the PCT staffing will be limited in number but with efficient and effective personnel. It is expected that the Project Director, as head of the PCT, will ensure transparent communication and participatory decision-making. The PCT would provide the overall guidance to the project staff, and would address problems and constraints, especially where coordinated action from the national level is required. The PCT is responsible for carrying out day-to-day project coordination, consolidation of relevant Annual Work Plans and Budgets and procurement plan(s), and preparation of the overall project progress reports. The EA and IA would ensure a coherent financing.

9. **Project Implementation Team(s) (PITs).** The PITs will be established to support the planning and implementation of the project components. The project implementation teams at MLMUPC and MAFF will include technical staff to address practical and specialized issues arising during planning and implementation. These will be teams from specific government units at the national and provincial levels. The project will in practice include support by, and cooperation of different project implementation teams from different ministries, depending on the type of public infrastructure and services that are included. Membership will include technical staff, FM staff, procurement staff and internal auditors involved in direct planning and implementation and in subnational capacity building. They will provide field visit reports on the progress and achievements to the PCT. The PIT is responsible for carrying out day-to-day Project management, procurement, financial management, monitoring and evaluation, and environmental and social impact management with the oversight of the IRC of MEF on any resettlement matters for each of MLMUPC's respective part of the project and MAFF's respective part of the project.

10. **Cross sector coordination.** The project will continue to draw on the technical expertise and on the advice from other relevant ministries in line with their respective mandates and technical responsibilities, e.g. the Ministry of Rural Development (MRD), the Ministry of Education, Youth and Sport (MoEYS), the Ministry of Health (MOH), the Ministry of Environment (MoE), the Ministry of Water Resources and Meteorology (MoWRAM), and the Ministry of Interior (MoI). The EA will need to ensure that, in particular, the project-financed infrastructure provisions comply with national standards and are included in the respective ministries' and departments' planned activities. The Chair of the NCSLC shall chair and moderate inter-ministerial meetings to solve any challenges encountered with collaboration during the project implementation, take any necessary action, in accordance with the existing rules and regulations of Cambodia.

Oversight



11. The Provincial Governor is the chairperson of the PLUAC that is tasked to oversee and provide technical support to the SLCs activities. S/he has overall responsibility to ensure that the SLCs program is implemented in accordance with the Legal Agreement of the IDA Credit that funds the project.

12. The PLUAC, chaired by the Governor, is responsible for directing policy on SLCs at the Provincial / Municipal level. The PLUAC reports to the NCSLC through General Department of Housing (GDH) on matters relating to implementation of SLCs. The PLUAC is responsible for approving proposals from communes to initiate SLC sub-projects, review and approve SLC sub-project reports, and provide approval for SLC sub-project plans subject to no objection of NCSLC. PLUAC is also responsible for approving the draft LASED III's Annual Workplan and Budget (AWPB) for the province and to send the AWPB to MLMUPC for national level approval.

Technical and Operations Support

13. *The PLUAC Secretariat.* The PLUAC Secretariat operates under the management of the Provincial Department of Land Management, Urban Planning, Construction and Cadaster (PDoLMUPCC). Staff of the PLUAC Secretariat are seconded from other ministries through recruitment and contracts implemented according to regular PA procedures. The PLUAC Secretariat supports the work of the PLUAC through technical review of proposals, reports and plans received from the communes, as well by preparing the technical inputs to the AWPB and progress reports. The PLUAC Secretariat also implements training and workshops activities at the provincial level as well as coordinating technical support from provincial and national level agencies to the communes and district working groups. The PLUAC Secretariat is responsible for project administration support of the LASED III project at the provincial level. This includes direct or oversight responsibility for all project administration and financial management tasks, and assistance to the Commune Councils through the District Working Groups.

14. *Provincial Technical Departments.* Responsibility for field level implementation lies primarily with the relevant technical departments at provincial level. The administration of the Provincial Technical Departments is carried out by the PLUAC Secretariat. Provincial Teams will be formed to take charge of project implementation. They will be supported, where necessary, by qualified line ministry staff, other service providers for the project, and NGOs. Necessary activities for all relevant provincial departments and Communes/Communities will be included in the work plan of MLMUPC and MAFF, respectively.

15. *The District Working Group (DWG).* The organization and composition of the DWG is defined in Sub-decree 19. It is chaired by the District Governor or Vice Governor and is supported by the District Land Management Officer. It has primary responsibility for direct support to communes in the planning and implementation of SLC sub-projects. This includes both technical and operational support for land identification and screening, LR selection, SLC land use and infrastructure and service support planning. The DWG works closely with the PLUAC Secretariat to coordinate support to the communes from the district, provincial and national levels. The DWG also is the primary agency responsible for reporting to the PLUAC on SLC sub-project progress.

16. *The Commune Council (CC).* The CC has primary responsibility for the proposal, development and implementation of SLCs, CLUPs, ICLTs, and ICs under LASED. The CC is responsible to submit the initial request for a Social Land Concession to PLUAC. After PLUAC approves the initial request, the CC develops



the proposal with the assistance of the DWG and submits a Preliminary Social Land Concession Report. After PLUAC's approval of the Preliminary Social Land Concession Report, the CC identifies land recipients in close collaboration with the DWG; prepares a participatory land use plan, a budget for rural infrastructure and services in support of the social land concession, and submits the full Social Land Concession Report to the PLUAC. After the full report is approved by the PLUAC, the CC is responsible to support the LR and in particular to procure infrastructure and services either directly or through the DWG; to monitor progress of the SLC and to report to through PLUAC on any matter requiring its intervention.

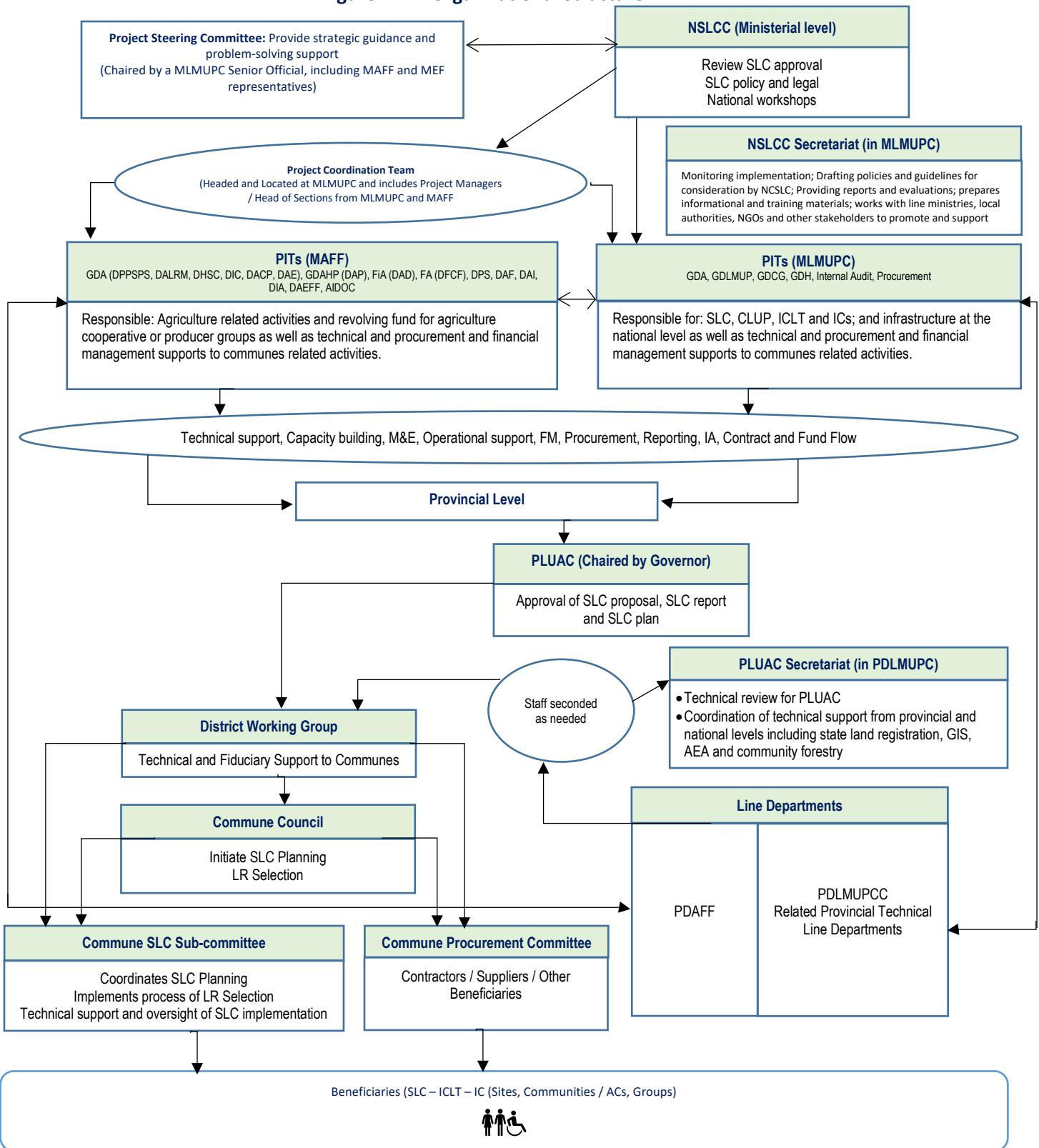
17. *The Commune Social Land Concession Working Group.* The CC appoints a working group to develop the social land concession proposal with participation by all stakeholders. The members of the Social Land Concession Working Group are the Commune Chief (or his delegate) as chairperson, two other Commune Councilors, and members of the Commune Planning and Budgeting Committee (PBC) for the villages affected by the SLC. It is required, as a principle, that at least one woman is among the Commune Chief and the two councilors; but if there is no woman councilor, the "Commune Woman and Child Focal Point" should be invited to join the working group. In addition, each village has two PBC members, made up of the village chief and a woman. After the land is allocated, the land recipients are invited to select one man and one woman to represent them as members of the Working Group. LASED III provides funds for the Commune Council to hire a suitably qualified person to act as secretary to the Working Group. The secretary must not be a Commune Councilor nor in receipt of any government salary. NGOs and civil society organizations as well as social workers active in the commune should be invited to attend meetings of the working group, as observers and to offer advice.

18. *Land Recipients Community (LRC).* The selected beneficiaries of the SLC are encouraged to form a Target Land Beneficiaries Community for the purpose of monitoring implementation of the SLC and representing the interests of the beneficiaries to the Commune Council. The LRC is not under the structure of the government or of the CC, but is an independent civil society organization. It has no formal role in the process except to nominate representatives to the Commune's SLC Working Group. The LRC should have simple articles of association and should cover expenses by small fees paid by the members. After five years, when the land titles are transferred to the recipients, the LRC should be wound up or possibly reconstituted as a local community-based organization with membership open to all local residents.

19. External Service Providers (NGOs, consultants, firms, and other DPs). The project realizes the need to supplement and strengthen RGC capacities by providing backup support for technical and managerial activities that require target group and/or location specific expertise. Employment of NGOs and/or consultants/firm(s) to bridge capacity gaps and ensure accelerated quality implementation is considered critical for project success.



Figure 1.A1: Organizational Structure





20. The project components are structured as to have a lead agency for most of the activities bundled under the individual components. Facilitating the planning and implementation, in particular including the AWPB, implementation procedures assign technical implementation responsibilities alongside the budgetary responsibilities and procurement tasks. Line ministries will provide the technical support to their provincial departments which carry responsibilities for most of the implementation activities. The EA and the IA, together with the provincial administration will provide the necessary capacity building and oversight over the commune activities to stay in compliance with RGC and WB rules.

Table 1. A1: Implementation Arrangements for Each Component

Components	Main Activities	Responsibility
1. Selection and Development Planning of Social Land Concessions (SLC) and Indigenous Communal Land Titling (ICLT)	<ul style="list-style-type: none">• Identification, prioritization and planning of appropriate technology and infrastructure investments• Processing of individual SLC land titles• Processing of ICLT• Incorporation of climate smart/climate change resilience considerations, and specific NRM protection• Provision of initial land preparation assistance including a first cover crop.	MLMUPC, MAFF MLMUPC MLMUPC MAFF/PDAFF PDAFF/MAFF
2. Community Infrastructure Development	Provision of productive/economic and social community infrastructure investments	MLMUPC; MAFF; PA; Provincial Technical Departments
3. Agriculture and Livelihood Development	<ul style="list-style-type: none">• Provision of settling in support to land recipients• Community organizing and development• Provision of agricultural service and extension• Establishment of farmer-managed demonstration plots and model farms• Establishment and/or strengthening of farmers organization, and other community interest groups• Provision of community fund for development to strengthen successful local initiatives	PDAFF/MAFF
4. Project Management, Coordination, and Monitoring and Evaluation	<ul style="list-style-type: none">• Coordination and cooperation, internal and external communication• M&E / MIS fully functional, producing all required products• Complaints solved by the Grievance Redress Mechanism of the project	MLMUPC MLMUPC, MAFF MLMUPC, MAFF

Note: PDAFF = Provincial Department of Agriculture, Forestry, and Fisheries.

Implementation Support Plan and Resource Requirements

21. The expanded technical and geographical coverage will lead to a significant need of implementation support and a continuous communication with counterparts. The Task Team's implementation support strategy will include (a) regular implementation support missions (ISM) every six months; (b) technical missions and field visits by the World Bank to proactively react and discuss critical issues before they become problems; (c) follow up on the monitoring and reporting done by the PCT on implementation progress and achievement of results. Intensive cooperation with counterpart staff during missions will provide an additional element of capacity building.



22. A midterm review mission will be conducted in the third year, assessing the progress and challenges toward achieving the PDO, as well as to identify any changes needed and possible implementation to the project, including a possible additional financing. No later than, six months before expected project closing, an Implementation Completion and Results Report (ICR) Review mission will be fielded to carry out a comprehensive assessment of the project and draft the World Bank ICR, as well as to guide the MLMUPC and the IA in preparing the Government's own ICR.

23. Social and environmental risk management. Particular emphasis will be placed on ensuring that supervision of social and environmental risks and impacts is addressed by experienced expertise on the implementation support team. This will specifically include Bank expertise on IP projects dealing with land and development challenges. Sufficient staff time and resources will be provided, included extensive use of ICTs to monitor safeguard activities and to engage with beneficiaries, to review site-specific environmental management measures by IP and SLC communities during the land use planning processes and the following development phase. It is expected that Bank and government teams will be supported by external consultants, firms and/or NGOs respectively.

Table 2. A1: Implementation Support Plan and Skill Mix

Time Needed	Focus	Skills	Resource	Estimated 18 months budget (US\$)
0–18 months (18 months)	<ul style="list-style-type: none"> • Baseline survey and set up for accompanying impact evaluation • Awareness raising and outreach campaigns in particular in IP areas • Confirmation of sub-project sites • Social and environmental assessments • Safeguards supervision • Land use planning activities • Preparation of extension strategy • Testing of ICT approaches 	<ul style="list-style-type: none"> • Core task team, particularly FM, procurement, M&E • Safeguards specialists • ICT experts • Irrigation and climate smart agriculture experts • Project economist 	77 SW Bank staff 12 SW FAO Corporative Program (CP)	670k 84k
18–36 months (18 months)	<ul style="list-style-type: none"> • Identifying and testing appropriate extension content and delivery mechanisms • Main infrastructure implementation activities • Mainstreaming ICLT measures in the project • CFD setup • Midterm evaluation of the project 	<ul style="list-style-type: none"> • Core task team, particularly FM, procurement, M&E • Rural Livelihood expert • Irrigation and Climate smart agriculture expert • ICT expert • Project economist 	77 SW Bank staff 12 SW FAOCP	670k 84k (more for MTR's year)
36–48 months (18 months)	<ul style="list-style-type: none"> • Implementation of MTR recommendations on project management systems including fiduciary, safeguards, and M&E • Technical adjustments of project activities • Critical stocktaking of available resources for successful project completion 	<ul style="list-style-type: none"> • Core task team, particularly FM, procurement, M&E • Safeguards specialists • ICT experts • Irrigation and climate smart agriculture experts 	77 SW Bank staff 12 SW FAOCP	670k 84k (more for MTR's year)
48–60 months (18 months)	<ul style="list-style-type: none"> • Completion of titling activities • End-term evaluation and project completion report 	<ul style="list-style-type: none"> • Core task team, particularly FM, procurement, M&E • Safeguards specialists 	77 SW Bank staff 12 SW	670k 84k



Time Needed	Focus	Skills	Resource	Estimated 18 months budget (US\$)
		<ul style="list-style-type: none">• Irrigation and agriculture experts• Project economist	FAOCP	

24. **Skill mix.** The skill mix and team composition for supporting project implementation is as proposed below:

Table 3. A1: Skill Mix and Team Composition

Skills Needed	No. of Staff Weeks/Year	Number of Missions *	Comments
Task team leaders	20	Two per year but three in the first year	Staff in the country office
Procurement specialist	3	Two per year including field travel	Staff in the country office
FM specialist	3	Two per year including field travel	Staff in the country office
Social safeguards specialist	5	Two per year including field travel	Staff in the country office/international
Environmental safeguards specialist	3	Two per year including field travel	Staff in the country office/international
ICT specialist	4	Two per year but three in first year	Staff (international)
Irrigation and climate smart agriculture expert	12	Two per year but three in first year	Staff (international); consultant
Rural livelihood expert	4	Two per year including field travel	Consultant (national)
Implementation Support and M&E specialist	6	Two per year including field travel	Consultant (international)
Agriculture economist	4	Two per year including field travel	Consultant (international/national)

* Technical missions will supplement the regular ISMs as needed

**Annex 2: The Indigenous Communal Land Titling (ICLT) Process**

COUNTRY: Cambodia
Land Allocation for Social and Economic Development Project III

A. The Key Steps in the ICLT Process

1. ***Phases.*** The process for IPs to obtain collective land titles consists of three main phases. It starts with the Ministry of Rural Development (MRD) recognizing a particular group of people as an indigenous community (IC). Next, the Ministry of Interior (MoI) determines whether to register the IC as a legal entity. The last phase is land registration. It starts with a registration application by the IC; with assistance by NGOs, the IC prepares internal rules on land management, establishes a “temporary map” that shows the lands the IC claims, and attaches these materials to an application to the provincial department of the Ministry of Land Management, Urban Planning and Construction (MLMUPC) to register the land communally. Once the application is accepted, the provincial governor issues a letter announcing interim protective measures (IPM) protecting lands of indigenous community requested for collective titling. Finally, collective land titles are issued to the IC. The entire ICLT process normally begins with an NGO receiving funding to assist ICs with ICLT, then the NGO considers ICs to help, then the NGO goes into particular ICs to explain and promote ICLT.
2. ***Timeline.*** The phases as listed in the figure 1.A2. below, together with the times each one normally takes to complete, are: (Phase 1) Ministry of Rural Development (MRD) recognizing that a particular group of people is an IC (two months); (Phase 2) Ministry of Interior (MoI) granting the IC legal entity status (three months); (Phase 2.5) Preparation and filing of communal land registration application plus the subsequent issuing of a letter of interim protection of the land (10 to 11 months); and (Phase 3) Communal land registration (eight months). This totals about 24 months.
3. ***The manual.*** An indigenous communal land titling (ICLT) manual⁴⁶ prepared by the Cambodia Office of the High Commissioner for Human Rights in consultation with MRD, MoI, the Ministry of Land Management, Urban Planning and Construction (MLMUPC), the Ministry of Environment (MoE), the Ministry of Agriculture, Forestry and Fisheries (MAFF), and several civil society organizations. There are now ICs at different stages of the ICLT process. In October 2019 MRD reported that as of then, it had recognized a total of 150 (Phase 1). MoI reported at that time that it had granted legal recognition to a total of 141 (Phase 2). MLMUPC reports that as of December 2019 it had registered a total of 30 ICs’ lands (Phase 3). MLMUPC is actively registering more. Normally all ICs moving through ICLT have NGOs assisting them. The Project will cooperate with these NGOs throughout the Project.
4. ***Titling.*** The Project will provide assistance to the titling process for 15 ICs, along with development support to up to 30 titled ICs. It will apply a transparent, consultative approach to ensure all relevant stakeholders freely adhere to processes that are in compliance with legal regulations and are in line with ESF requirements. It will include the **Free, Prior and Informed Consent (FPIC)** process be provided to ICs at the start of ICLT, and at the start of the development support work, and again at critical points. Critical

⁴⁶ Manual on Indigenous Communities Identification; Legal Entity Registration; and Communal land registration process in Cambodia (published in December 2018), pg. 6.



points for the ICLT process would be step 3 in phase 2.5 (see Figure 1.A2. below). This step is where the IC files a land registration application. Also step 3 of phase 3 is when the Government reports to the IC on the result of the public display, subsequent to which it proposes to title. **FPIC should also be provided at any point the IC requests it.**

B. The Project Operational Approach

5. The Project will support the centralized IP cultural and documentary center in one of the concentrated IP communities. This can involve obtaining copies of documents thumb-printed by IC members requesting MRD and MoI recognition, minutes of meetings that are normally taken at key points of the established ICLT process, and minutes of private meetings of traditional authorities and members of ICs, when deciding whether to file a communal land registration application, whether to agree to an unofficial map that leaves out large areas of traditional lands because a company occupies them, as well as reserved IP's cultural, etc.

6. The 15 IC will be selected as follows: MLMUPC will contact all ICs that have received MoI recognition but for whom land registration has not yet started. The Project will support ICs starting from this point only, rather than from, say, the point at which an IC does not even have MRD recognition, because MLMUPC already has a big backlog of ICs ready or nearly ready for land registration, and would surely want to reduce this backlog rather than have the Project add more ICs to the queue. As mentioned, 141 now have MoI recognition and 30 of these have full titling, thus 111 remaining in the processes. It has been well noted by many people that the present ICLT process is lengthy, time-consuming and expensive. The revision of the 2001 Land Law by MLMUPC which started in early 2020 would be a good opportunity to make input to advocate for a simplified ICLT process.

7. The Project will develop transparent and clear criteria for the selection of the 15 ICs to be supported for ICLT. These criteria will be broadly disseminated through an intensive awareness raising and outreach campaign which would ensure equal information for all potentially interested communities. A transparent system will be established for handling possible complaints from ICs about not being among the 15 selected for support towards ICLT. These criteria will include making sure that an IC is relatively cohesive, that it really wants to continue traditional ways as much as possible and is likely to stay together in the long run.

8. *The development supports.* The project will provide development assistance to 30 titled ICs, the vast majority of whom are in the northeast provinces of RTK and MDK. MLMUPC will inform all titled ICs wherever they are of the possibility of assistance, of the criteria for selection to be used, and will ask for expressions of interest. Those that express interest will be screened in the same way as those who express interest in ICLT support: with both types of support the Project will try to ensure that ICs receiving support are good long-term Project investments. Development support for already-titled indigenous communities would be tasked with the following:

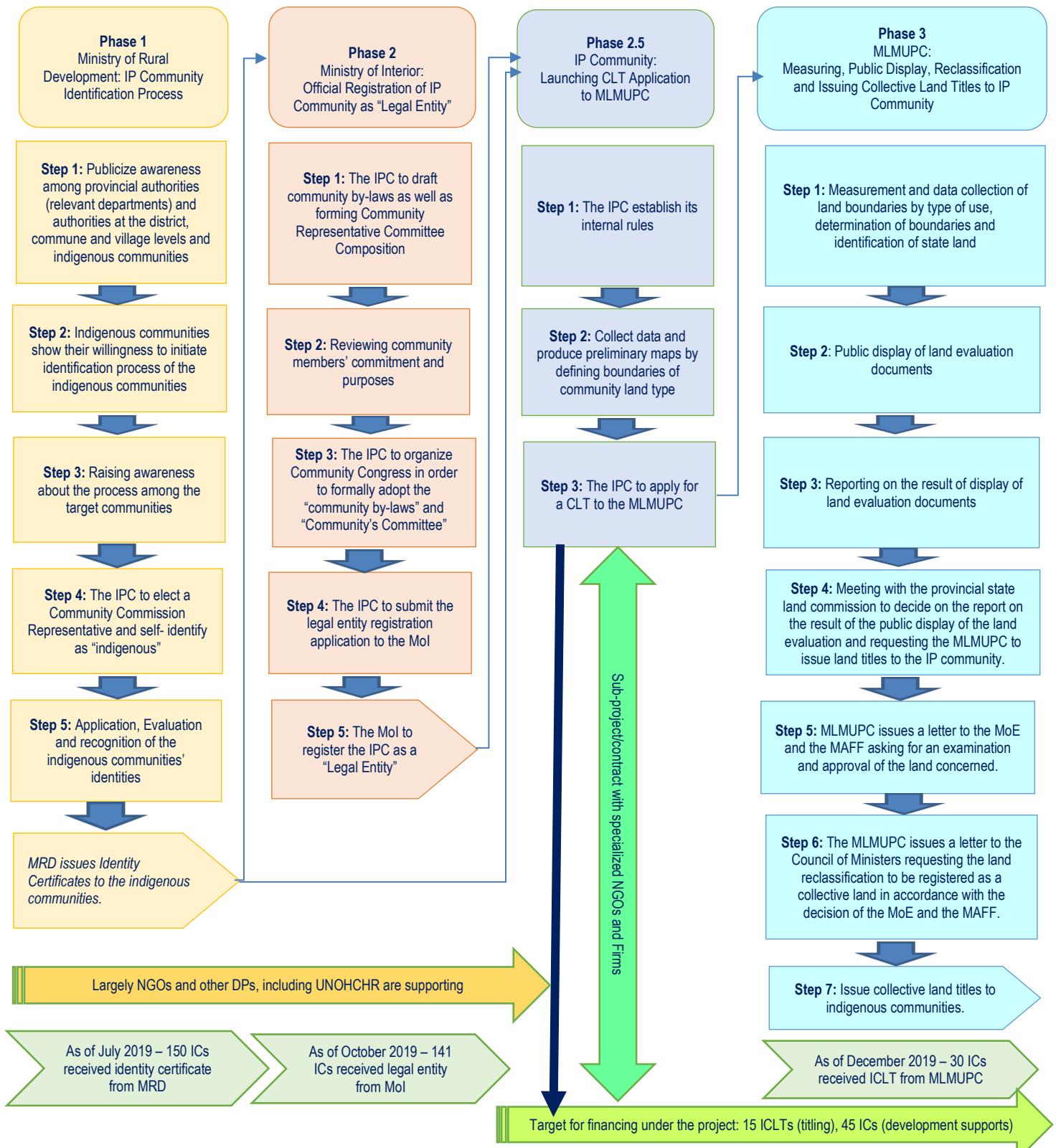
- *Documents and information to Consider When Selecting Already – Titled for Support - Basic documents to gather:* (a) All communal land titles; (b) Cadastral map; (c) Unofficial map; (d) Photos of public display map; (e) Reclassification sub-decree with attached map; (f) MOI recognition letter together with attached list of IC members; (g) List of management



committee members; (h) Internal rules; (i) Any studies/reports that include this village; (j) Copies of any written requests by IC to any government office for help in dealing with encroachment on IC land, illegal logging on IC land, unauthorized sales of IC land, threats of or actual violence against IC members for opposing any of these activities, violence against women; and (k) Current commune development plan.

- *Basic facts to gather and situations to grasp:* (a) Extent to which management committee functions as effective leaders: How often do they meet? What do they do to manage? At times, do they take strong action against IC members who violate the internal rules, against members and anyone else who violate the law in ways that harm the IC, etc.; (b) Extent to which internal rules are followed; (c) Extent to which collective land management still exists: is there still shifting agriculture? What has been done with the reserved land? How much land is privately held by IC members (meaning the land is still communally registered but particular families have essentially permanent control of particular parcels)? (d) What percent of IC forest land has been logged, other than in the process of doing shifting agriculture? Is there a community committee that works with law enforcement authorities to patrol the IC's forests to try to stop the logging? If so, what results has it gotten? (e) How many persons whose names are on the list of IC members that was approved by MOI, but also have D01 (private) titles, meaning they are legally no longer in the IC? Do holders of D01 titles participate in collective use of land? (f) Sales of IC land to outsiders; (g) Extent to which traditional lands have been taken over by concessions, mining companies, outsiders who have obtained land titles from the government, and people who are simply squatting on IC land without having any formal document; (h) Extent to which the IC is barred by MOE or FA from using any of their traditional lands; (i) How many people living in the village, if any, are IP but are not IC members? How many non-IP, if any, are living in the village? What effect, if any, do people in either or both of these groups have on the functioning of the IC? (j) Is the IC's water source on land that the IC collectively owns? If the source is not on such land, is there a danger of the IC losing access to it? What is the quality of the water? (k) Are any of the communally titled parcels completely surrounded by non-IC lands, and no bordering public roads? (l) If so, does it ever happen that whoever controls land bordering the surrounded parcels, prevents IC members from going to their parcels? (Note that ICLT as now practiced does not include registering easements to surrounded parcels, although there are places on ICLT titles where easements can be noted); (m) Do IC members have adequate food?; (n) What is the general health condition of IC members?; (n) Are there security concerns, for example of girls and women being raped and murdered? Have these crimes been committed against anyone in the village or in any nearby village?; (o) Of the various types of help that the project can provide, what of it does the IC want and why?; and (p) Do IC members see the IC continuing to exist, and functioning collectively, indefinitely?

Figure 1. A2.: Indigenous Communal Land Titling (ICLT) Process





Attachment 1. A2 - Statistics of Types of Indigenous People (IP) in Cambodia

No	Type of IP	RTK	MDK	KT	PVH	KGT	ST	OM	TKM	PS	KGS	BTB	BMC	SV	SR	KK	KP	TK	KD	PV	SVR	KGC	KGCN	KEP	PP	Total	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24		
1	Kuy			9,242	16,731	13,044	5,755	2,203					8	244												47,233	
2	Phnong	559	29,383	13,556	24		652	699					3													44,876	
3	Tumpoun	35,644	343		5		15	281					16													36,304	
4	Charay	22,879	119				12	158					14													23,183	
5	Kroeng	21,383	126				278	124																		21,911	
6	Steang		642	9,406				27	2,564																	12,639	
7	Prov	8,869					504																			9,373	
8	Kavet	3,983					2,710	18																		6,711	
9	Kroul		727	3,755				29																		4,511	
10	Meul			3,375																						3,375	
11	Kachak	3,161						52																		3,213	
12	Por									1,207		563														1,770	
13	Khornh			754										433												1,187	
14	Chorng									774								1,064								1,838	
15	Souy										1,833															1,833	
16	Thmon		242	856																						1,098	
17	Lorn	492						269																		760	
18	Sa Och														106											106	
19	Roder	2							16																	18	
20	Khek								15																	15	
21	Ro Ang																										0
22	Skung																										0
23	La En																										0
24	Samrer																										0
	MRD	75	28	12	9	5	12				5	1					3									150	
	MOI	77	34	11	6	2	6				4	1														141	
	MLMUPC	17	7	4			2																				30
	Total	96,972	31,582	40,944	16,760	13,044	10,194	3,622	2,564	1,981	1,833	563	474	106	244	1,064	0	0	0	0	0	0	0	0	0	221,953	

Source of Information: Department of Indigenous Peoples Development, Ministry of Rural Development, Ministry of Interior, and MLMUPC (*Updated in February 4, 2020*)

Ro Ang Indigenous People existed in Khsom and Laveu Villages of Keo Seima District, Mondulkiri Province

Note:

- The explanations of the abbreviations of provinces and municipalities in Cambodia, that are in the very top row above, are: Ratanakiri (RTK), Mondulkiri (MDK), Kratie (KT), Peah Vihear (PVH), Kampong Thom (KGT), Stung Treng (ST), Oddar Meancheay (OM), Tboung Khmum (TKM), Pursat (PS), Kampong Speu (KGS), Battambang (BTB), Banteay Meancheay (BMC), Sihanouk Ville (SV), Siem Reap (SR), Koh Kong (KK), Kampot (KP), Takeo (TK), Kandal (KD), Prey Veng (PV), Svay Rieng (SVR), Kampong Cham (KGC), Kampong Chhnang (KGCHN), Kep, Phnom Penh (PP).
- Ro Ang Indigenous People existed in Khsom and Laveu Villages of Keo Seima District, Mondulkiri Province and the rest of group including Skung, La En, and Samer confirmed to be existed in Cambodia but the statistical data is not available.

**Annex 3: Economic and Financial Analysis****COUNTRY: Cambodia****Cambodia Land Allocation for Social and Economic Development Project III****Introduction**

1. As the Systematic Country Diagnostics (SCD, 2017) emphasizes the country's efforts on poverty reduction and future upward economic mobility depends on an increase in the asset endowments (education, health, land, and access to finance) of the poor and near-poor and their resilience to weather shocks (World Bank 2017). According to the SCD, current land holdings by households in the bottom group is 1.3 hectares on average and those in the second lowest group is 1.6 ha. At current productivity rates and cropping patterns, such landholding sizes generate market surplus but are insufficient to provide economic security to an average household of five people. Potential for increasing farm productivity and profitability exists and is immense. But, as the land records were lost and displaced during the Cambodia's civil war, majority of farmers and communities do not have clear land titles which constrain their ability to invest in, lend or protect land assets. Land degradation, which is partially linked to lack of land titling, is highest in the Cambodia than in other countries in the region which makes income growth for poor even more difficult.
2. Without land titles and lack of other forms of collateral, farmers access to agricultural credit is also limited. Moreover, poor connectivity between remotely located farmlands and markets, lack of irrigation infrastructure and lack of access to technologies and knowledge constrain further farmers ability to invest in high value agriculture or productivity of paddy. Presently, within Southeast Asia, Cambodia has the lowest proportion of arable land under effective irrigation (7.9 percent) and lowest paddy productivity (World Bank 2015a).
3. As of January 2015, only around 55 percent of estimated land properties were registered, and more than one million hectares of additional state land were reclassified for provision for poor people (World Bank 2017). Existing legal registration of land rights still does not cover many poor and indigenous communities that are left without secure or no tradeable land rights leading to rising poverty among them. Moreover, around 23 percent of rural households do not own land, while another 15 percent owned less than 0.5 hectares and rely mainly on agriculture wage labor.
4. The Land Allocation for Social and Economic Development Project III (LASED III) aims at addressing these issues through *provision of sustainable access to land and technical services to targeted smallholder farmers and selected infrastructure and social services to beneficiaries in the project areas*. To achieve this, the project will – through its three technical components - support: (i) land allocation and titling for agricultural and residential uses by individual farm households and communities, including indigenous people; (ii) development of basic social and productive infrastructure such as rural roads, water supply and sanitation facilities, school buildings, health units, and small-scale irrigation and drainage systems; and (iii) development of climate resilient and market driven agricultural production systems through investments in productive assets of farm communities. The latter includes investments in establishing the initial (or first year) annual or perennial tree crops; provision of agricultural services and extension support; establishment and strengthening of farmers organizations and community interest groups for



production and marketing activities; and provision of a community fund for development for scaling up successful local initiatives. The project will also provide assistance to residential land recipients for establishing a new residency.

5. Potential financial, economic and climate benefits expected from the project investments are: (i) increased agriculture productivity and profitability through increased investments in technology, inputs and adoption of climate resilient technologies and improved farm practices; (ii) increased private and social returns to improved health, schooling and housing; (iii) improved sustainability of land and water resources resulting from secured land ownership and adoption of improved farm technologies and practices; (iv) reduced Green House Gases (GHG) emissions through adoption of improved farm practices and climate resilient technologies and diversification from paddy to non-paddy crops (please see the relevant Annex of PAD); and (v) increased economic and social returns to road users through reduced travel time and transportation costs.

6. The analysis focuses on quantifiable benefits deriving from investments in agricultural lands, rural roads and climate co-benefits for which reliable data exists to make accurate projections of costs and benefits. Improved and new rural roads, as experiences of LASED II and other rural road projects in the country suggest, reduces travel time and transportation costs considerably (Implementation completion and results reports for LASED II (World Bank 2015b) and Road Asset Management Project of World Bank (World Bank 2018), and project Rural Road Improvement Project II of ADB (2018)). However, the current analysis excludes transportation cost savings as no primary and secondary data on the freight volumes as well as transportation costs and numbers of potential travelers in the project locations, which are currently are unknown, are unavailable. Similarly, potential returns to the basic social infrastructure (water and sanitation, health units, school buildings), improved nutrition and residential properties cannot be accurately projected for similar reasons and as such benefits as well as related costs are excluded from the analysis.

Methodology

7. The economic and financial returns are estimated using the cost benefit analysis methodology. The project returns are examined through gross margins, internal rate of return (IRR), net present value (NPV), benefit to cost ratio (BCR) and cash flow analysis. Incremental returns are estimated through comparison of the future without project (WoP) and future with-project (WiP) returns and costs.

8. Potential project investments in agricultural lands are represented through *indicative production models* in representative annual and perennial tree crops that are presently grown in potential project areas. These models represent existing and new paddy, cassava, vegetable and cashew production through traditional and improved farm practices and technologies and also improved irrigation in case of vegetables. Fruits and pepper are also grown presently, but benefits to these crops are estimated through cashew due to unavailability of data for developing production models.

9. *Cropping patterns* in currently productive lands are assumed to diversify towards increased production of vegetables and decreased production of paddy. This is in line with observations of the field missions undertaken under LASED III (2019), Cambodia Agricultural Sector Diversification (2018; 2019) and Irrigation Strategic Framework (2017), which indicate that farmers are increasingly diversifying from



paddy to vegetables, pepper, cashew nuts and mango and other fruits for which market demand - both local and international - is high. Interactions with farmers also revealed that farmers with land titles have easy access to borrow credits from commercial banks to finance high value agriculture, whereas farmers without land titles or tenants finance high value agriculture with own resources or resources borrowed from informal sectors.

10. The indicative models do not assume capital and technology intensive and high output production practices such as greenhouse vegetable production or organic or irrigated pepper, mango or other fruits production with higher productivity as well as controlled harvestings times for better marketing opportunities and fetching premium prices. For example, irrigation in mango fruits helps to control blooming time and timing harvesting for Chinese New Year when prices are highest. With secured land titles, which will ease accessing credits from formal sources, some farmers are likely to make such investments. However, farmers decisions depend on multiple factors in addition to access to credit (risk-averseness, knowledge, labor availability, access to markets). Whereas, access to credit depends on commercial banks readiness to increase agriculture lending among other factors.

11. As such the analysis cautious to assume such major changes. Instead, the models assume adoption of improved technology and farm practices with higher productivity and increased production of vegetables with improved access to irrigation. As such, settling in assistance for agricultural lands would be sufficient to cover initial investment requirements for newly productive lands (new SLC and incremental production areas on existing SLC) as well as for introduction of improved technologies in currently productive lands.

12. *Adoption* of improved practices and technologies is assumed at 60 percent both on currently productive and newly productive (incremental areas). The adoption rate is based on the LASED-II experience at 57 percent. Indicative distribution of the representative agricultural production models and areas under each model are summarized in Table 1.A3.

Table 1.A3. Indicative distribution of farm production models and areas (ha)

	WoP			WoP		
	existing	new	total	existing	new	total
Paddy						
improved	0	0	0	408	518	927
traditional	2367	0	2367	227	391	618
Vegetables	0	0	0	0	0	0
improved	0	0	0	2568	518	3087
traditional	1800	0	1800	1712	346	2058
Cassava	0	0	0	0	0	0
improved	0	0	0	2976	1037	4013
traditional	5301	0	5301	1984	691	2676
Cashew -						
existing	0	0	0	0	0	0
improved	0	0	0	8929	3110	12040
traditional	14202	0	14202	5681	2346	8027
Total	23670	0	23670	24486	8958	33444

13. Potential scopes and types of rural roads for the project support are estimated based on the LASED II results and current unit prices for construction of new and rehabilitation of existing rural roads. Total



length of rural roads is presented in Table 3.

14. The overall project returns are calculated by aggregating agricultural and rural road benefits over a period of 23 years at 2018 financial prices, economic discount rate of 5 percent and financial discount rate of 10 percent. Costs of project investments for which benefits are not accounted are excluded. GHG emissions are estimated at high and low shadow prices for carbon as instructed in the WB's guidance note from 2017. Economic viability of the project is assessed under three scenarios: (i) a base case without values of net GHG emissions; (ii) a base case with the value of net GHG emissions at the low shadow prices for carbon; and (iii) a base case with the value of net GHG emissions at the high shadow prices for carbon. Adoption of improved farm practices is assumed at 60 percent both on currently productive and newly productive lands.

15. Financial prices of locally traded and imported outputs and inputs are converted into economic prices by deducting subsidies, duties, and taxes. Financial cost of unskilled labor is converted using a shadow wage rate conversion factor of 0.70.

16. Sensitivity analysis is conducted to test robustness of project returns for six sensitivity variables: (1) a 20 percent reduction in benefit scopes (agricultural, roads, carbon); (2) 20 percent reduction in agricultural output prices; (3) a 20 percent increases in project costs; (4) a 20 percent increases in farm production costs; (5) a 2-year delay in project implementation; and (6) simultaneous 20 percent increase in farm production costs and 20 percent reduction in benefits.

17. The production models are prepared based on actual field level data collected by the project preparation teams for the Cambodia Agriculture Sector Diversification Project and LASED III through interviews with farmers, producer organizations, agriculture cooperatives, agribusinesses, research institutes, government officials of relevant agencies, development partners and non-government organizations (NGOs). Data from two studies -cassava and cashew- by Regional Economic Development Program and Swiss Church Aid are also used after price adjustment for current prices. These data illustrate existing farm management practices, agricultural technologies, productivity levels, labor requirements, and marketing practices among others. Future scenarios are developed based on existing knowledge on best practices in the country.

Key assumptions

18. *Project scope.* Around 60500 ha of lands is expected to be transferred for agricultural and residential uses (Table 2.A3). Of this, 35160 ha is expected to be agricultural lands to be distributed at 1.5-2 ha per farm household. Of the total agricultural lands, around 23670 ha is currently under production which is expected to increase to around 33450 ha.

Table 2.A3. Existing and new lands expected for titling

	Existing SLC	New SLC	Titled IC	ICLT	Total
Total land for registration (ha)	17000	12000	21000	10500	60500
Total agriculture lands (ha), o/w	7560	9600	12000	6000	35160
Current land under production	5670	0	12000	6000	23670
Expected land under production	6804	8640	12000	6000	33444
Share of agricultural land in total (%)	44%	80%	57%	57%	58%



19. Around 516 km of roads are expected to be constructed and rehabilitated, including 192 km of residential roads, 278 km of agricultural roads (of which 181 km will be paved roads), and 46 km of access roads. Details of road investments are provided in relevant sections and Annexes of Project Appraisal Documents (PAD).

Table 3.A3. Indicative distribution of rural roads

	Length (km)
Rural roads	516
Paved agricultural roads	181
Unpaved agricultural roads	97
Access roads	46
Residential roads	192

20. *Project benefits.* The current analysis estimates financial and economic returns to agricultural lands, rural roads and in practices and technologies influencing the net GHG emissions.

21. *Settling in assistance for agricultural lands.* Initial incremental costs for agricultural production on all lands is estimated to be around US\$9.5 million or 41 percent of the Agriculture and Livelihood Development fund of US\$20 million. However, when non-production investments are considered, around 50 percent of the Fund (or more) is likely to support the agricultural production. When these agricultural investments and irrigation investments are considered, the project's investments in agricultural land would be around US\$275 per ha on average.

22. As initial incremental production costs for all crops and trees will be within the project allocation for the settling in assistance, there will be no incremental cost to be financed by farmers. This is based on the assumption that the project's settling in assistance will be responsive to differences in investment needs. For example, incremental investments in currently unproductive lands will be higher than investments in existing lands. Similarly, incremental investments in tree crops will be higher than in non-tree crops.

23. *Benefit accumulation phases.* Benefit accumulation is based on following assumptions: (i) the project timeframe is six years; (ii) land allocation process for the first-year batch will be finalized in the project year 2 and settling in assistance and irrigation infrastructure will be provided in the project year 3; (iii) technical life of roads and irrigation infrastructures is 15 years; (iv) based on above, the full benefits to lands allocated in the final year of the project will be realized in the year 23; and (v) gradual increase in adoption rates starting from year 3 at 20 percent, 40 percent, 50 percent, 50 percent and 60 percent.

24. *Prices.* The analysis uses 2019 constant prices for inputs, outputs, services, and labor costs.

25. *Exchange rate and taxes.* The official exchange rate of the Cambodian Riel 4,065 to US\$1.0 is used. Applicable taxes and tax rates are a land use tax of 15 percent and value added tax of 10 percent. Custom duties are around 7 percent for selected agricultural imports and 10 percent for agricultural exports.

26. *Project costs.* Financial base cost of the project, inclusive of physical contingencies and exclusive of price contingencies, is estimated at US\$107 million. The project cost is distributed at: (1) Social land



concession and indigenous communal land titling (18.7 percent); (2) Community infrastructure development (53.3 percent); and (3) Agriculture and livelihood development (18.7 percent); and (4) Project management (9.3 percent). Costs of investments for which benefits are not estimated are excluded from the analysis (e.g., benefits to non-agricultural land).

27. *Operation and maintenance (O&M) costs.* Current O&M fund for rural road per km includes US\$350 for routine O&M and US\$120 for graveling works. At these rates, an annual O&M fund for 278 km of rural roads and 46 km of access roads is estimated at US\$91,200. Irrigation infrastructure O&M is estimated at US\$350,000 per annum at O&M requirement rate of 5 percent of civil works costs.

Financial Analysis

28. The returns to project investments in new and agricultural lands are estimated based on paddy, vegetable, cassava and cashew production under different production scenarios. For each annual and tree crop, the production scenarios represent: (a) farmers with existing lands who will adopt improved farm practices and technologies; (b) farmers with existing lands who will continue using farm traditional practices and technologies (no incremental returns); (c) farmers with new agricultural lands who will adopt improved farm technologies and practices; and (d) farmers with new agricultural lands who will use traditional farm practices. Incremental returns will be expected for the farmers (a), (c) and (d). Indicative distribution of agricultural lands under different production scenarios is presented in Table 4.A3. The production scenarios are discussed below, and key financial results are summarized in Table 4.A3. Financial results will be rounded to 1-2 decimals in the description but not in the Table itself.

Table 4.A3. Indicative distribution of production scenarios (ha)

	WoP			WoP		
	existing	new	total	existing	new	total
Paddy						
improved	0	0	0	408	518	927
traditional	2,367	0	2,367	227	391	618
Vegetables	0	0	0	0	0	0
improved	0	0	0	2,568	518	3,087
traditional	1,800	0	1,800	1,712	346	2,058
Cassava	0	0	0	0	0	0
improved	0	0	0	2,976	1,037	4,013
traditional	5,301	0	5,301	1,984	691	2,676
Cashew -existing	0	0	0	0	0	0
improved	0	0	0	8,929	3,110	12,040
traditional	14,202	0	14,202	5,681	2,346	8,027
Total	23,670	0	23,670	24,486	8,958	33,444

29. **Paddy:** *Improved paddy production on existing agricultural lands.* This production scenario demonstrates improved production of paddy on 1 ha of existing land with adoption of improved technologies and practices (possibly also with supplementary irrigation). Most of agricultural lands are currently used for rainfed paddy through ‘low input and low output’ practices. Paddy yields are low at around 800-1000 kg per ha. In the WOP scenario, paddy yield is assumed at 1000 kg. With adoption of improved farm and technologies and practices and supplementary irrigation in some cases, the paddy yield is projected to increase to 2700 kg which is equal to current wet season white paddy yield.



Incremental production cost to be financed by the project will be around US\$200. This excludes incremental farm labor valued at US\$90 (at current daily wage rates) and non-incremental production costs of US\$228 to be covered by the farmer. Incremental return to improved paddy production will be around at US\$34.

30. *Improved paddy production on new agricultural lands.* This production scenario illustrates improved paddy production on 1 ha of new SLC lands or existing SLCs where increased cropping intensity would bring additional lands into production. In the WOP scenario, the land is unproductive with zero value. But the farmer generates around US\$150-200 using his/her time which will now be spent on farming. The WIP yields and incremental production costs and financing sources will be similar to those in improved paddy production on existing lands. Incremental return to the new paddy production is estimated at US\$150.

31. *Traditional paddy production on new agricultural lands.* Some new farmers are likely to follow traditional paddy production practices and technologies on new agricultural lands. Incremental incomes generated to 1 ha of land by such farmers is estimated at around US\$90.

32. **Vegetables.** Currently Cambodia's per capita consumption of vegetables is very low. However, consumers demand for vegetables is increasing due to improved consumer awareness about nutritious and healthy food and increased incomes. Presently, only 40 percent of total vegetable consumption is produced locally, while remaining share is imported from the region. At the same time, considerable shares of locally produced vegetables are exported to neighboring countries as the Cambodian vegetables are popular in the region for their distinct qualities and limited use of agrochemicals. Market potential for vegetable production is considerable, therefore. Several factors contribute to limited vegetable production at present. These are (a) poor access to irrigation water due to lack of irrigation infrastructure or high cost of electricity; (b) poor access to credits due to lack of secure land titles; (c) high post-production cost build ups due to lack of or inadequate roads; and (d) marketing issues. With the project investments in addressing these issues, the farmers and farmer organizations are expected to switch from production of paddy to vegetables.

33. *Improved vegetable production on existing agricultural lands.* The production scenario illustrates existing vegetable production on 1 ha adopting improved farm practices, technologies and improved irrigation water. In the WoP scenario, an annual vegetable production consisting of yard long bean, cucumber, bitter gourd, wax gourd, chilly, eggplant, cabbage and bok choy is assumed at 4,750 kg. In the WiP scenario, tomato and coriander are added to the production which becomes possible with improved access to irrigation and markets. Improved yields and intensity are expected to increase the annual production to 5,950 kg. Whereas, improved access to markets and irrigation would also reduce production and transportation costs. Incremental investment cost, exclusive of farm labor and irrigation investments, is estimated at US\$100 to be covered by the project. Improved vegetable production is projected to generate incremental returns of US\$120 per ha.

34. *Improved vegetable production on new agricultural lands.* The production scenario represents vegetable production on 1 ha of new agricultural lands (new SLC lands and incremental lands in existing SLC) through use of improved technologies, farm and irrigation practices. In the WOP scenario, the land is unproductive with no production value. But the new farmer, who is assumed to be more advanced,



generates around US\$400 (or equivalent to US\$200 per ha) using his/her time that will be now spent on farming. Initial incremental production cost, exclusive of farm labor and irrigation investments, will be US\$590 to be financed by the project. This new vegetable production is expected to generate incremental returns of US\$300 per ha.

35. *Traditional vegetable production on new agricultural lands.* Some new farmers are likely to follow traditional practices and technologies in vegetable production. Incremental net returns to 1 ha of traditional vegetable production by new farmers is expected to be around US\$170.

36. **Cassava.** *Improved cassava production on existing agricultural land* demonstrates existing cassava production on 1 ha of land with adoption of improved farm technologies and practices. In the WoP scenario, the farmer's own cassava is used for seeds, unbalanced ratio of fertilizer is applied, and crop management practices is inadequate. The WoP cassava yield is 18,000 kg which is projected to reach 22,000 kg with adoption of improved seeds, balanced use of fertilizer and better crop care practices. Incremental investment cost, excluding farm labor, will be around US\$200 to be covered by the project. The investment is projected to generate incremental returns of US\$85 per ha.

37. *Improved cassava production on new agricultural lands.* The production scenario represents cassava production on 1 ha of new agricultural lands with adoption of improved seeds, balanced use of fertilizer and better crop care practices. In the WOP scenario, the land is unproductive with zero value. But the farmer generates income equivalent to US\$ 200 per ha using his/her time which will be now used for farming. Initial incremental costs, excluding the farm labor, for the new farm will be around US\$880 to be financed by the project. Cassava farming is expected to generate incremental returns of US\$400 per ha.

38. *Traditional cassava production on new agricultural lands.* This production scenario represents cassava production by new farmers on 1.0 ha of land using traditional practices. Incremental returns by such farmers will be around US\$320 per ha.

39. **Cashew.** *Improved cashew production on new agricultural lands illustrates* existing cassava production on 1 ha through adoption of improved farm practices such as balanced and increased use of fertilizer and chemicals, improved grafting, weeding and other crop care practices. In the WOP scenario, the cashew trees are of four-year-old with annual yield at around 300 kg with potential yield of 800 kg starting from the age 7. The kernel quality is poor due to inadequate farm practices and inputs and fetches US\$0.94 per kg. In the WiP scenario, yield increases by 10 percent and improved kernel fetches US\$1.09 per kg. Incremental production cost is estimated at US\$250 to be financed by the project, which excludes the farm's labor contribution of around US\$40 per ha. The improved cashew production will generate incremental returns at US\$85 per ha.

40. *Improved cashew production on new agricultural lands.* This production scenarios represents cassava production on 1 ha of new agricultural lands with improved technology (variety M23) and farm practices. In the WOP scenario, the farm land is unproductive. But the farmer is assumed to generate US\$200 using his/her time which will be now spent on farming. In the WiP scenario, cashew starts yielding in year 3 at 150 ha gradually reaching 2000 kg in year 7. Price of M23 variety cashew is US\$1.25 per kg. Initial farm establishment cost, excluding farm labor, is estimated at US\$ 600 to be financed by the project. Incremental return to the cashew production is projected at around US\$664 per ha.



41. *Traditional cashew production on new agricultural lands.* New cashew farmers, who are likely to combine improved technology and traditional farm practices, are represented through this production scenario of 1 ha. The farm establishment is estimated at US\$280 will be financed by the project, while farmer will contribute own labor valued at around US\$40. The new cashew farm generates incremental returns of US\$280 per ha.

Table 5.A3. Summary of financial results for production models

Production scenarios	Production cost (US\$/ha)		Revenue (US\$/ha)	Net margin (US\$/ha)	Incremental (US\$) per per ha	
	excl FL	incl FL			per farm	per ha
Improved paddy -existing	330	405	648	243	34	68
Improved paddy -new	330	405	648	243	93	187
Traditional paddy -new	168	228	437	209	93	187
Traditional paddy -existing	168	228	437	209	0	0
Improved vegetables -existing	652	947	1,488	541	171	342
Improved vegetables -new	652	947	1,488	541	341	683
Traditional vegetables -new	515	745	1,116	370	170	340
Traditional vegetables -existing	515	745	1,116	370	0	0
Improved cassava -existing	878	982	1,584	602	84	168
Improved cassava -new	878	982	1,584	602	402	805
Traditional cassava -new	678	778	1,296	518	318	636
Traditional cassava -existing	678	778	1,296	518	0	0
Improved cashew -existing	344	421	954	533	71	142
Improved cashew -new	672	755	1,569	814	664	1327
Traditional cashew -new	309	141	603	462	333	666
Traditional cashew -existing	99	141	603	462	0	0

42. **Rural roads.** According to the survey of rural roads conducted by ADB in 2018, the daily traffic for passenger cars ranges from 40 to 600 and for motorcycles from 160 to 2,400 (Table 6.A3). The analysis assumes that around 70 percent of project target areas will be located in remote areas with low traffic, while remaining 30 percent will be in close proximity to main roads with high traffic. Therefore, the daily traffic was assumed at 208 for passenger cars and 832 for motorcycles. Between 2017 and 2030, the traffic is projected to grow from 7.2 to 9.1 percent for passenger cars and from 10.2 to 12.9 for motorcycles. These growth projections are assumed for the current analysis.

43. Potential number of road users are assumed at 1.2 persons per motorcycle and 3.0 persons per passenger cars. When the daily traffic assumptions are applied, in 2022 around 29,2000 persons are expected to use rural roads which would increase in following years at rates projected for the traffic growth. Around 45 percent of these road users is expected to be economically active when current ratio of economically active population is applied. The value of travel time saved for economically active road users is estimated at current daily labor wage rate of US\$5. The time value of economically inactive road users is estimated at US\$3.5 per day. According to results of LASED II, improved rural roads will reduce the travel time by 57 minutes on average. The analysis however assumes travel time saving at 45.6 minutes.

**Table 6.A3. Daily traffic and traffic growth rates**

Daily traffic			LASED -III
	from	To	
Passenger car	40	600	208
Motorcycles	160	2400	832
Normal traffic growth rates			
Mode of traffic	2017-2020	2020-2025	2025-2030
Motorcycle	10.2	11.6	12.9
Passenger	7.2	8.2	9.1
Freight	6.6	7.5	8.3

Source: Daily traffic for LASED III is based on ADB's data on daily traffic and traffic growth projections (2018)

44. Benefits to the road users are expected to realize one year after completion of road construction or rehabilitation. Road construction or rehabilitation is planned for completion at following rates: 5 percent in PY2, 15 percent in PY3, 35 percent in PY4, 15 percent in PY5, and 5 percent in PY6. When construction and rehabilitation of all roads will be completed in the PY6, the value of travel time saved will be around US\$766,400 per annum. Overall, the project investments in roads is estimated to generate FNPV of US\$18 million at FRR of 22 percent and BCR of 2.3.

45. **Financial returns to overall project.** Estimated FRR for the whole project is 19.3 percent, FNPV is US\$33.2 million, and BCR is 2.0 (Table 7.A3).

46. Results of sensitivity analysis suggest that the project returns are moderately sensitive to all variables. The base FRR remaining above 14.5 percent even in unlikely event of simultaneous 20 percent increase in production cost and 20 percent decline in benefits indicating the project's robustness.

Table 7.A3. Results of financial and sensitivity analyses

Variables	FRR (%)	FNPV (US\$ M)	BCR
Base scenario	19.3%	33.2	2.01
Benefits decline by 20 percent	15.9%	19.3	1.57
Output price decline by 20 percent	17.2%	24.6	1.74
Production cost increase by 20 percent	18.0%	27.3	1.83
Investment cost increase by 20 percent	16.3%	31.1	1.62
Benefit accumulation delays by 2 years	15.6%	23.1	1.70
Simultaneous production cost increase and benefits declines by 20 percent each	14.5%	14.2	1.42

Economic Analysis

47. **Net GHG emissions.** Though relatively low globally, the country's emissions, which largely comes from agriculture and land use change and forestry, continue to increase (World Bank 2017). Forest land clearances for land concessions, agricultural land expansion and land degradation resulting from lack of secure land titles and poor farm practices are major contributors. The project will invest in securing land



titles and adoption of improved farm practices and climate resilient technologies and facilitate diversification from paddy to non-paddy annual and tree crops that would contribute to reduced GHG emissions. However, increased use of fertilizers, incremental agricultural production, and road construction and rehabilitation will increase emissions. As presented in relevant sections and annexes of PAD, the agriculture investments are expected to generate total net GHG emissions at -108,913 tCO2eq, while total net CO2 emissions to roads will be 68,167 tons.

48. The value of the net GHG emissions over the project life is projected to be negative at US\$6.4 million at the low shadow carbon prices and US\$12.8 million at the high shadow carbon prices. Recommended shadow price of carbon is presented in Table 8.A3.

Table 8.A3. Recommended shadow price of carbon (2.25% per annum)

Year	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
Low	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	55	56	57	58	60	61	63	64	65	67	68	70	71	73	75	76	78
High	75	77	78	80	82	84	86	87	89	91	94	96	98	100	102	105	107	109	112	114	117	120	122	125	128	131	134	137	140	143	146	149	153	156

49. **Economic returns to overall project.** In the base case scenario without values of net GHG emissions, the project is estimated to generate ENPV of US\$80.6 million with ERR of 19.3 percent and at the BCR of 3 (Table 9.A3). When the net GHG emissions at the low shadow carbon prices are added, the project ERR will decline to 17.9 percent, ENPV to US\$75.6 million and BCR will be 2.9. When the net GHG emissions at the high shadow carbon prices are added, the project ERR is projected at 16.5 percent, ENPV at US\$70.5 million and BCR at 2.7.

Table 9.A3. Results of economic and sensitivity analyses

Variables	No SPC			Low SPC			High SPC		
	ERR (%)	ENPV (US\$ M)	BCR	ERR (%)	ENPV (US\$ M)	BCR	ERR (%)	ENPV (US\$ M)	BCR
Base scenario exclusive of climate benefits	19.3%	80.6	3.0	17.9%	75.6	2.9	16.5%	70.5	2.7
Net GHG emissions decline by 20 percent	n.a	n.a.	n.a	13.7%	50.9	2.1	13.0%	48.9	2.0
Benefits (non-GHG emission) decline by 20 percent	11.6%	33.2	1.7	10.7%	30.7	1.6	10.0%	28.3	1.6
Output price decline by 20 percent	12.5%	39.9	1.8	11.8%	38.2	1.8	11.1%	36.4	1.8
Production cost increases by 20 percent	13.5%	45.9	2.0	12.5%	43.4	1.9	11.7%	40.9	1.9
Investment cost increases by 20 percent	11.8%	52.1	1.7	11.2%	49.7	1.7	10.6%	47.2	1.7
Benefit accumulation delays by 2 years	15.6%	72.9	2.8	14.4%	64.1	2.7	13.5%	59.3	2.6
Simultaneous production cost increases and benefits declines by 20 percent each	10.5%	27.1	1.6	9.7%	24.6	1.5	9.0%	22.2	1.5

50. **Sensitivity analysis.** The project returns are moderately sensitive to all sensitivity variables. Even in the unlikely event of simultaneous production cost increases and benefit declines by 20 percent each, the base ERR well above the discounting rate of 5 percent. The economic viability of the project investment is projected to be robust.

**References**

- Asian Development Bank. 2018. Rural Roads Improvement Project III. ADB, Manila
- World Bank. 2015a. *Cambodian Agriculture in Transition: Opportunities and Risks*. World Bank, Washington D.C.
- _____ 2015b. *Implementation Completion and Results Report for Cambodia: Land Allocation for Economic and Social Development Project II*. World Bank, Washington D.C.
- _____ 2017. *Cambodia: Sustaining strong growth for the benefit of all'. A Systematic Country Diagnostic*. World Bank, Washington D.C.
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**Annex 4: GHG Accounting Analysis****COUNTRY: Cambodia****Cambodia Land Allocation for Social and Economic Development Project III**

1. **Corporate mandate.** The World Bank has adopted, in its 2012 Environment Strategy, a corporate mandate to conduct greenhouse gas (GHG) emissions accounting for investment lending in relevant sectors. The ex-ante quantification of GHG emissions is an important step in managing and ultimately reducing GHG emission, and it is becoming a common practice for many international financial institutions.
2. **Methodology.** To estimate the impact of agricultural investment lending on GHG emission and carbon sequestration, the World Bank has adopted the Ex-Ante Carbon-balance Tool (EX-ACT), developed by FAO in 2010. EX-ACT allows the assessment of a project's net carbon-balance, defined as the net balance of CO₂ equivalent GHG emitted or sequestered as a result of project implementation compared to a without-project scenario. EX-ACT estimates the carbon stock changes (emissions or sinks), expressed in equivalent tons of CO₂ per hectare and year.
3. **Regional and project characteristics.** The project region has a tropical moist climate. The soil type most prevalent in the project areas has been identified to be Low Activity Clay Soils. The project implementation phase is 6 years of actual implementation and the capitalization phase is assumed to be 17 years. The 23-year implementation period and Tier 1 coefficients are used.
4. **Project boundary and key assumptions**
 - (a) The project supports implementation of various crop models which directly benefit approximately 22,000 households or 100,000 landless or land-poor, and other marginalized individuals including indigenous people. 35,160 ha are expected to be agricultural lands to be distributed at 1.5-2 ha per farm household. Of the total agricultural land, around 23,670 ha are currently under production; the total agricultural land is expected to increase to around 33,450 ha under the project. Up to 361.2 km of roads are expected to be constructed and 154.8 km of roads are expected to be rehabilitated.
 - (b) Most of agricultural lands are currently used for cashews and cassava production. Investments will center on irrigation infrastructure and road infrastructure, as well as technical services to promote adoption of improved practices and technologies and changes in cropping patterns from cassava to vegetable production. In the current SLC areas, 75% of the land are used for agricultural production, but this will increase to 90% under the project. In newly targeted SLCs, 90% of the land (12,000 ha) are also expected to be used for agricultural purposes. In ICLT areas, it is expected slight changes in land use patterns, and overall improvements in farm productivity. An indicative distribution of land use in the without and with project scenarios is summarized in Table 1. A4 below. Adoption of improved practices is assumed at 57%, in line with the EFA.

**Table 1. A4: Agricultural production areas - existing and new**

		Without Project		With Project	
		Traditional	Improved	Traditional	Improved
Paddy	ha	2,367	0	927	704
Vegetables	ha	1,800	0	3,087	2,144
Cassava	ha	5,301	0	4,013	2,848
Cashew	ha	14,202	0	12,040	8,545
SUBTOTAL	ha	23,670		20,066	14,242
TOTAL	ha	23,670			34,308

- (c) The intervention will increase incremental use of fertilizers as shown in Table 2. A4 below. For the purposes of this GHG accounting, fertilizer is assumed to be commercial NPK with a 20-20-20 formula. Values shown below and flowing into the GHG calculation are thus only active ingredients.⁴⁷

Table 2. A4: Fertilizer Use

Agricultural System	Nitrogen (MT)	Phosphorus (MT)	Potassium (MT)
Paddy	4.51	4.51	4.51
Vegetables	12.15	12.15	12.15
Rice	99.18	99.18	99.18
Cashews	110.16	110.16	110.16
TOTAL	226	226	226

5. Results. The net carbon balance quantifies GHGs emitted or sequestered because of the project compared to the without-project scenario. Over the project duration of 23 years, the project is expected to result in net carbon emissions savings of a total of -191,074 tCO₂-eq, equivalent to -8,308 tCO₂-eq additionally sequestered per year. However, at an adoption rate of 57%, net carbon emissions savings would total - 108,913 tCO₂-eq or - 4,736 tCO₂-eq, respectively. See **Table 3. A4** for a summary of these results.

Table 3. A4: Results of the ex-ante GHG analysis

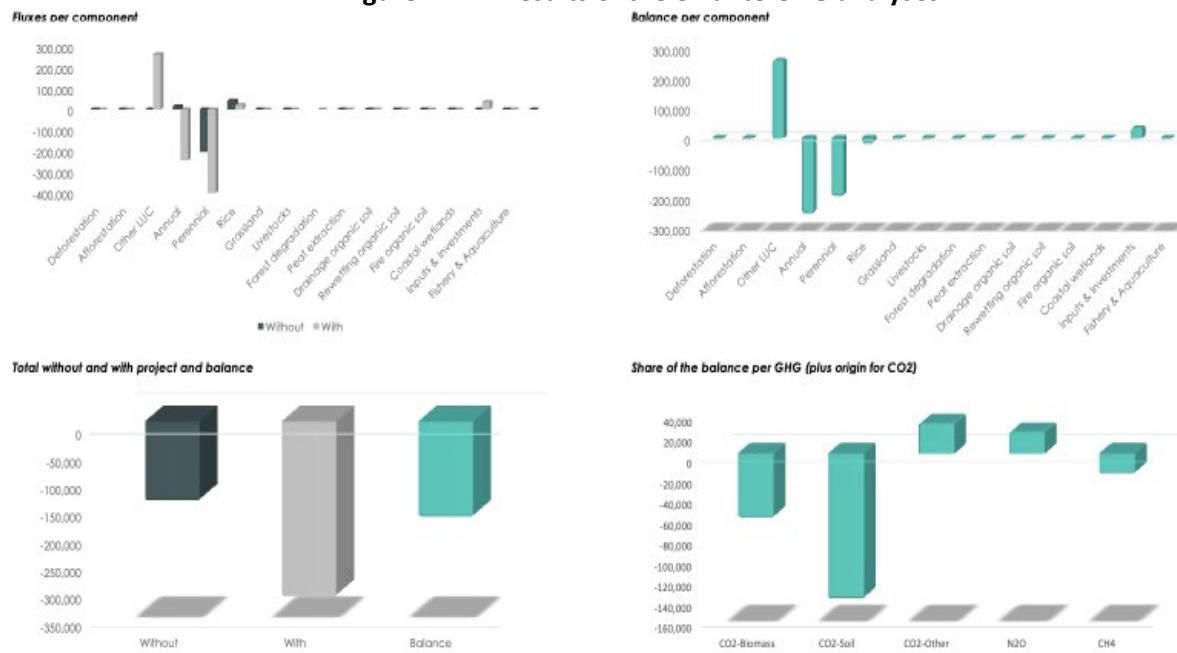
Project activities	Over the economic project lifetime (tCO ₂ eq)			Annual average (tCO ₂ eq/year)		
	GHG emissions of "without project" scenario (1)	Gross emissions of "with project" scenario (2)	Net GHG emissions (2-1)	GHG emissions of "without project" scenario (3)	Gross emissions of "with project" scenario (4)	Net GHG emissions (4-3)
Land Use Changes Deforestation Afforestation Other LUC		247,597	247,597		10,765	10,765
Agriculture Annual Perennial Rice	14,393 -198,828 41,906	-250,530 -386,238 21,708	-264,923 -187,410 -21,708	626 -8,645 1,822	-10,893 -16,793 878	-11,518 -8,148 -944
Inputs & Investments	0	35,370	35,370	0	1,538	1,538
Total	-142,529	-333,603	-191,074	-6,197	-14,504	-8,308
at adoption rate of 57%						
Total		-190,154	-108,913		-8,267	-4,736

⁴⁷ Using a 20-20-20 formula, 20 kg of fertilizer are needed to add 1 kg of active ingredient.



6. **GHG emission and carbon sequestration in tCO2-eq**, as well as net carbon balance per project activity and the entire project as well as the share of emission sources and carbon sinks in tCO2-eq for the entire duration of the project in Figure 1. A4 below.

Figure 1. A4: Results of the ex-ante GHG analyses



7. **HDM-4 Methodology.** This analysis estimates the emissions from the road rehabilitation and maintenance activities, using the Highway Development and Management-4 (HDM-4). The HDM4 model estimates emissions from rehabilitation and construction, computing unit road user costs and emissions for a road section with 1 km length (document A attached). In order to obtain the estimations, the model considers the following data (including the assumptions mentioned above): road condition (road roughness, carriageway and surface condition), road geometry, speed adjustment factors, rolling resistance factors, road traffic, vehicle fleet accident rates, traffic flow patterns and speed flow types. The GHG accounting analysis was generated to obtain yearly transport-related emission estimates per km of road intervened, allowing for future refinements in the accounting process if more detailed information are available.

8. **Project characteristics.** The project will finance public infrastructure that will consist of the construction of 361.2 km and the rehabilitation of 154.8 km of rural roads, to enable connectivity for project areas and to provide access to land and technical services to targeted small farmers. This will complement the works done under the previous LASED and LASED II projects⁴⁸. To enhance resilience of the project impacts on climate change and natural disasters, the road rehabilitation works will include improvements in the drainage structures (side drains, culverts and drifts) to ensure all-weather/season access. The materials and design standards for road rehabilitation will emphasize reducing the risk of

⁴⁸ Financing for rural roads will include the rehabilitation of all-weather rural roads to ensure access throughout the year to the project-targeted regions.



flooding and associated destruction of housing and facilities. The Project will follow RGC/MRD49 policies and guidelines for rural infrastructure provision.

9. Basic assumptions.

- (a) Given the absence of some reference data on traffic volumes, road conditions, geometry and alignment, among other infrastructure and operational elements within the Cambodia's context, the calculations and estimates were made using data obtained from i) the economic and financial analysis of the current project ii) the Philippine Rural Development Project Additional Financing Project (P161944); and iii) the impact evaluation of the PARRSA⁵⁰ project funded by the World Bank in 2012 in the Democratic Republic of Congo (P162517). It was deemed appropriate to use this reference information due to the comparable nature of the scopes between Cambodia and The Philippines Additional Financing for the Philippine Rural Development Project in terms of rural roads infrastructure improvement and rehabilitation in isolated rural regions. Traffic growth factors are assumed comparable given the characteristics of the rural environment and projected traffic flows, on both composition (vehicle typology) and volume/frequency (Average Annual Daily Traffic – AADT) within the country.
- (b) It is assumed that the traffic growth pattern will continue the traditional trend to be around 11% a year for the first five years, based on the data collected by the Asian Development Bank on daily traffic and traffic growth projections (table 1). These findings show that over the last 4 years there had been approximately a 10% increase per year on motorcycles, 7% on passenger cars and 6.6% on freight vehicles, on rural roads, which is the growth assumed for the period of 15 years of the analysis (road and other infrastructure last for a period of 15 years according to the Economic and Financial Analysis). After the first five years, it is assumed a lower traffic growth pattern following the inauguration from 11%, decreasing to the 3% trend. The forecasted AADT is assumed to account for typology shifts that naturally occur as demand for transport varies along the network.
- (c) Although component 2 refers to the financing and implementation of the construction and rehabilitation of 516 km of rural road networks in a period of six years, the project will rehabilitate 154.8 km of rural roads and will construct 361.2 km of rural roads. The analysis does not count 1,000 km named as "access tracks" since they are for farmers to reach their individual plots with their carts and two-wheel tractors. The GHG accounting analysis was generated to obtain yearly transport related emission estimates per km of road intervened, allowing for future refinement in the accounting process once more detailed information is available.

10. Inputs.

- (a) The Annual Average Daily Traffic flow (AADT) is calculated from similar projects with similar characteristics and it is shown in file attached and table 4. A4.

⁴⁹ Policies and strategies of the Royal Government of Cambodia (RGC) and the Ministry of Rural Development (MRD).

⁵⁰ PARRSA= Projet d'Appui à la Relance et Réhabilitation du Secteur Agricole

**Table 4. A4: Daily traffic and traffic growth rates**

Daily Traffic	from	to	LASED III
Passenger car	40	600	208
Motorcycles	160	2400	832
Normal traffic growth rates	2017-2020	2020-2025	2025-2030
Motorcycle	10,2	11,6	12,9
Passenger	7,2	8,2	9,1
Freight	6,6	7,5	8,3

Source: Daily traffic for LASED III is based on ADB's data on daily traffic and traffic growth projections (2018)

- (b) Following the same criteria, the model considers specific road characteristics for the base scenario, in which roughness conditions are not modified. (See attached file and table 5. A4.

Table 5. A4: Inputs for Base Scenario Road Characteristics

Scenario	Road Condition			Speed Flow Type				
	Road	Carriageway	Surface Code	Ultimate	Free-Flow	Nominal	Jam Speed at	Number of
	Roughness	Width	(1-Paved / (IRI, m/km)	Capacity (pcse/hour/lane)	Capacity (pcse/hour/lane)	Capacity (pcse/hour/lane)	Capacity (km/hour)	Lanes (#)
Without	10.0	5.0	2	1200	0	840	20	1
With	6.0	7.0	2	1400	140	1260	25	2

11. With all these parameters, the analysis estimates emissions comparing two scenarios: with and without project. For the 15 years period, estimations (considering the 11% growth mentioned above) includes i) the base year estimated by the HDM4 model for the length of the project, ii) emission for every year assuming the AADT and growth mentioned in the previous paragraphs, and the estimations obtained for the year 2034. Table 6. A4 shows the results of the analysis.

Table 6. A4: Emission projections with and without project

Year	Annual	Annual	Total	3% Growth		Construction		TOTAL	
	Normal	Generated	Daily Traffic	Rehabilitation					
	Daily Traffic	Daily Traffic	(veh/day)	Gross	Net	Gross	Net	Net	Gross
W/O	W			W/O	W	W/O	W		
2020	1.040	-		4.995	2.744	(2.252)	-	6.402	6.402
2021	1.154	55	1.209	5.145	3.084	(2.061)	-	6.742	6.742
2022	1.280	61	1.341	5.299	3.424	(1.875)	-	7.082	7.082
2023	1.419	68	1.487	5.458	3.765	(1.693)	-	7.423	7.423
2024	1.574	75	1.649	5.622	4.105	(1.517)	-	7.763	7.763
2025	1.746	83	1.829	5.791	4.446	(1.345)	-	8.104	8.104
2026	1.799	86	1.884	5.964	4.786	(1.178)	-	8.444	8.444
2027	1.852	88	1.941	6.143	5.127	(1.017)	-	8.785	8.785
2028	1.908	91	1.999	6.328	5.467	(860)	-	9.125	9.125
2029	1.965	94	2.059	6.517	5.808	(710)	-	9.466	9.466
2030	2.024	97	2.121	6.713	6.148	(565)	-	9.806	9.806
2031	2.085	99	2.184	6.914	6.488	(426)	-	10.147	10.147
2032	2.148	102	2.250	7.122	6.829	(293)	-	10.487	10.487
2033	2.212	105	2.317	7.335	7.169	(166)	-	10.827	10.827
2034	2.278	109	2.387	7.555	9.212	1.657	-	21.495	21.495
TOTAL				152.533	78.602	(14.300)		142.098	142.098
Emissions per year						(953)		9.473	4.544
								68.167	220.700
								14.713	



12. **HDM-4 Results.** For the proposed road construction of 361.2 km and rehabilitation of 154.8 km of rural road networks, the total net CO₂ emissions for the same activities are 68,167 tons, and the annual net average emissions are 4,544 tCO₂-eq emissions per year (table 3.6). The without project scenario shows a total gross CO₂ emission of 152,533 tons.

13. **GHG Analysis Results.** The net carbon balance, combining agriculture and transport, quantifies GHGs emitted or sequestered because of the project compared to the without-project scenario. Agriculture will sequester - 108,913 tCO₂-eq over the project duration and an equivalent of - 4,736 tCO₂-eq per year, while transport related-emissions will total 68,167 tons over the project lifetime and 4,544 tCO₂-eq per year. The project is therefore expected to result in incremental GHGs sequestered of 40,746 tCO₂-eq in total, or an equivalent of 192 tCO₂-eq per year.

**Annex 5: Communication Strategy****COUNTRY: Cambodia****Cambodia Land Allocation for Social and Economic Development Project III****Communications Objectives**

1. The communication strategy for LASED III would help facilitate the overall objectives of the project while improving understanding of the project among key stakeholders and mitigating risks. Communications will also aim to increase awareness of LASED III's project objective and to gain support from the public. This will include: (a) raising awareness of LASED III among potential project beneficiaries in participating provinces, and supporting the effective dissemination of information in appropriate formats and languages to project-affected communities and others involved in the process to ensure the transparency of land-recipient selection process; (b) developing information, education and communications materials to help promote the participation and involvement of land recipients in planning and implementing project activities; (c) developing and disseminating information materials to help eligible land recipients comply with land titling documentation requirements; and (d) coordinating internal communication among the national and provincial LASED III implementation teams.

Risks

2. Among the risks are the following: (a) land is a sensitive issue in Cambodia (b) outsiders and farmers who have not been granted land could accuse the project implementation team of bias in selecting land recipients; (c) land allocation is a long process and requires the involvement of many stakeholders; (d) access to all poor and poorest would be difficult given that most of them migrate to sell their labor elsewhere; (e) slow progress (f) environmental and social risks are high in the poorest communities given the location and sensitivity of degraded forests and involving the indigenous communities; and (H) growing of fake news.

Opportunities

3. Among the positive opportunities for the project are: (a) strong commitment by the government to distribute land to landless and land-poor people; (b) LASED and LASED II have built a good record in implementation of their objectives; (c) human resources/capacity for implementation of LASED III has been built through the LASED and LASED II projects; (d) state land is available to distribute to landless and land-poor families; and (e) there is good collaboration between the LASED teams, NGOs, and stakeholders.

Stakeholders

4. The following are the project stakeholders: (a) people in project areas – potential project beneficiaries, including indigenous people; (b) land recipients; (c) affected land occupants; (d) NGOs/CSOs; (e) government representatives from line ministries, provincial departments, and local authorities; (f) project implementation teams; (g) the private sector; and (h) local media.



Four Pillars of the Communications Strategy

5. The project would be supported through the following inter-related areas of work:

6. *Raise awareness about the LASED III Project* The project communication team would work closely with project implementation teams to raise awareness of the LASED III project through the following priority actions: (a) issue a public statement when the project is approved and signed; (b) develop and distribute informational materials to raise public awareness about the project objective; (c) develop and distribute materials to targeted communes and indigenous communities; (d) organize provincial based workshops to disseminate the project objectives and orientate the implementation process, and handle issues that arise on the ground, including treatment of indigenous people and (e) organize a provincial based radio talk show, including in indigenous languages, on project objectives in targeted provinces.

7. *Ensure transparency and understanding about the selection process.* The project communication team would work closely with the rests of the implementing teams to ensure transparency of the land-recipient selection process. These would be done through: (a) an awareness campaign in targeted communes; (b) development of materials for new targeted communes, including in indigenous languages; (c) broadly disseminate the selection criteria and process; and (d) produce billboards and posters and place at the targeted commune to inform the villagers about applying for land and support.

8. *Build confidence among land recipients.* The project communication team would develop materials to promote the participation and involvement of land recipients in planning and implementation of project activities, and information on land titling documentation requirements. These would be done through: (a) broad dissemination of materials related to land ownership and rights to own land to land recipients; (b) work closely with NGOs/CSOs to build trust among land recipients; (c) organize a provincial based radio talk-show on land ownership; (d) conduct information campaigns using mobile loud speakers on related land ownership in targeted communes, including indigenous languages; and (e) work with the project team to disseminate information regarding livelihood support such as agricultural and residential kits, shelter material, food for work, and land preparation.

9. *Build public and stakeholders support (result stories).* These would include: (a) a minimum of three result stories/year, posted to websites and social media; and included in stakeholder materials; (b) an annual newsletter for project beneficiaries and general audiences; (c) one result-based video/year; and (d) a provincial based radio talk shows to address issues and highlight the results of the project.

**Annex 6: Procurement****COUNTRY: Cambodia****Cambodia Land Allocation for Social and Economic Development Project III**

1. **Applicable procurement rules and procedures.** All procurement activities financed under the project will be governed by the World Bank Procurement Regulations for IPF Borrowers, July 2016 and revised November 2017 and August 2018. Procurement under National Procedures will be carried out in accordance with the Government of the Kingdom of Cambodia's Updated Standard Operating Procedures and Procurement Manual for All Externally Financed Projects/Programs ("Procurement Manual"), promulgated through the Sub-decree 181 ANK/BK dated December 2, 2019 and subsequent amendment. Systematic Tracking of Exchanges in Procurement (STEP), which is a web-based tool for procurement planning and tracking, streamlining and automation, and monitoring and reporting, will be applicable for this project.
2. **Procurement arrangements.** The Executive Agency (EA) and the Implementing Agency (IA) will carry out procurement activities at national level under their respective activities. The EA and IA will be provided with capacity building and assistance through individual procurement consultant(s). The current staffing and procurement capacity of Ministry of Land Management, Urban Planning and Construction (MLMUPC) and Ministry of Agriculture, Forestry and Fisheries (MAFF) will be strengthened by assigning the procurement officer and by hiring procurement consultants to assist them. The management of the Community Fund for Development (CFD) under Component 3 would be contracted to a project-hired service provider.
3. At the sub-national levels, the Commune Councils would be responsible for procurement of infrastructure and services; this would be in line with the Commune/Sangkat Fund Implementation Manual and the LASED III Project Implementation Manual (PIM), and consistent with the World Bank's Core Procurement Principles. Project procurement activities which cover service provision, vehicles and equipment, will be governed by the World Bank Procurement Regulations for IPF Borrowers.
4. **Procurement strategy and procurement approach.** The EA and IA have prepared a Project Procurement Strategy for Development (PPSD) for the project with support from the World Bank team, and the document is available in separate project files. The PPSD presents how procurement activities will support the development objective of the project and deliver the best value for money under a risk-based approach. In addition, the PPSD includes the rationale for procurement decisions, including selection of the approach to market and procurement methods. The PPSD and the Procurement Plan of the project shall be regularly updated as appropriate during project implementation.
5. The PPSD identified rural infrastructure, small irrigation system and community buildings (US\$ 57.58 million) as major procurement activities which will be done in small procurement packages. From the analysis, it would not be attractive to the international market and will be procured with open national approach and sub-national approach.
6. The consulting services under the project include large assignments, such as: design and supervision for resilience rural infrastructure (US\$ 2.864 million), design and supervision for clean water



(US\$ 1.15 million), indigenous community investment planning (US\$ 1.125 mil.), agriculture and livelihood TA (US\$ 1.155 million), formulation of commune land use plan (CLUP) (US\$ 6.75 million) and design and supervision for agriculture water distribution scheme (US\$ 686,000). Relatively small assignments include the survey work (baseline, Mid-team report, endline, yearly), impact assessment and gender assessment. Their estimated costs are ranged between US\$ 50,000 to US\$ 300,000. They would be procured following QCBS, QBS (for the estimated cost above US\$ 300,000) or CQS methods (for the estimated cost below US\$ 300,000). External Financial Auditor will be engaged as part of the bundle audit contract for the whole World Bank financed portfolio in Cambodia. Individual consultants -both national and international-, firms/NGOs, and the combination of their services are expected to be called upon for the implementation of the project.

7. For contracts with individuals for some positions that do not require international experience and for which there are individuals with the qualifications and experience in the national market, the national approach would be used. The international market approach should be considered for contracts that need international experience, in which case hiring international consultants would be beneficial for project implementation.

8. The remaining budget of the project will finance procurement of goods such as vehicles, motorcycles, office equipment, furniture, technical equipment/tools for rural infrastructures management and monitoring, agricultural equipment/tools, seeds, seedling, shelter construction materials, household sanitation and hygiene materials and public awareness activities, such as IEC materials, printing of manual, forms and leaflet, film and video productions. The market research as part of the PPSD showed that there are sufficient potential suppliers/contractors in the country with the capacity to supply these types of goods, except the largest package (procurement of 200 units of DGPSs) which would cost about US\$ 5 million and would be procured following the international competitive approach. Other packages would use the request for bids method for contracts costing US\$ 600,000 and above, the national market approach for contracts between US\$ 100,000 and US\$ 600,000, and the request for quotations method with a national market approach for contracts less than US\$ 100,000. Such national market approach and sub-national level activities will be audited by the external audit firm.

9. **The procurement risk assessment.** The procurement risk is Substantial. Key procurement risks preliminarily identified include (i) delay in project implementation due to travel restriction and social distancing policies related to COVID-19 pandemic ; (ii) limited knowledge and experience of the assigned procurement staff with the World Bank's Procurement Regulations for IPF Borrowers; (iii) both EA and IA have limited experience to handle project's procurement activities, and possible unavailability of qualified procurement and technical consultants when needed; (iv) possible delay of technical inputs for procurement; (v) lengthy government internal procurement reviewing and approval processes that could cause delays in project implementation; (vi) most of the procurement of consulting firms taking significantly longer time than scheduled; (vii) demand-driven nature of the project causing unrealistic scopes and schedules of some procurement activities, particularly the community infrastructure; and (viii) governance risks including corrupt practices in procurement.

10. **The risk mitigation measures proposed.** These include, but are not limited to the following:



- (a) Using the virtual technological solutions, such as audio/video conferences, and/or allow bids to be submitted by electronic means, e.g. scanned and attached to an email during the COVID-19 crisis period;
- (b) The EA and IA will assign their procurement officer;
- (c) The EA and IA will procure qualified individual procurement consultants and other key procurement items following the agreed Procurement Plan. They will need to prepare terms of references, specifications, and procurement documents of the key procurement items needed for starting the project before project effectiveness, and to start the procurement process sufficiently ahead of the need for consultants.
- (d) Put in place an effective procurement monitoring system to ensure an effective internal procurement review process through sufficient delegation of authority to the members of all procurement committees and in compliance with the internally agreed service standard.
- (e) The World Bank will provide procurement training on the basis of need.
- (f) Each procurement document will provide for channels and contacts of both the Government and World Bank through which interested parties can lodge their procurement complaints.
- (g) The EA and IA will establish a joint project website for the publication of procurement opportunities, contract award notices, and receiving possible complaints for this project.
- (h) The EA and IA will assign focal persons for effective coordination within the EA/IA and across the ministries, particularly for the coordination of the procurement of rural infrastructure. A PPSD jointly prepared by the EA and IA identifies similar risks and mitigation measures.

11. **Procurement oversight and monitoring arrangements.** Based on the PPSD, an initial Procurement Plan covering the first 18 months of project implementation has been developed and has agreed with the Bank. The initial Procurement Plan is available as a separate project document that will be updated at least annually, or as needed, to reflect the current status of implementation of each procurement activity/contract or to modify/delete or add activities/contracts. Updates of the Procurement Plan will be submitted to the Bank for its review and approval prior to implementation. Contracts below the prior review thresholds as captured in the approved procurement plan shall be subject to post review by the World Bank team on an annual basis, in accordance with the procedures set forth in the Procurement Regulations. The sampling rate of post review is at least 10 percent of the total Bank-financed contracts awarded across the Bank portfolio that have not been subject to prior review by the Bank. An external auditor engaged by the borrowers will be tasked to carry out the integrated FM audit and procurement ex post review of the procurement activities at the sub-national levels and CFD. STEP will help the World Bank monitor the procurement progress and take appropriate supportive actions in due course.

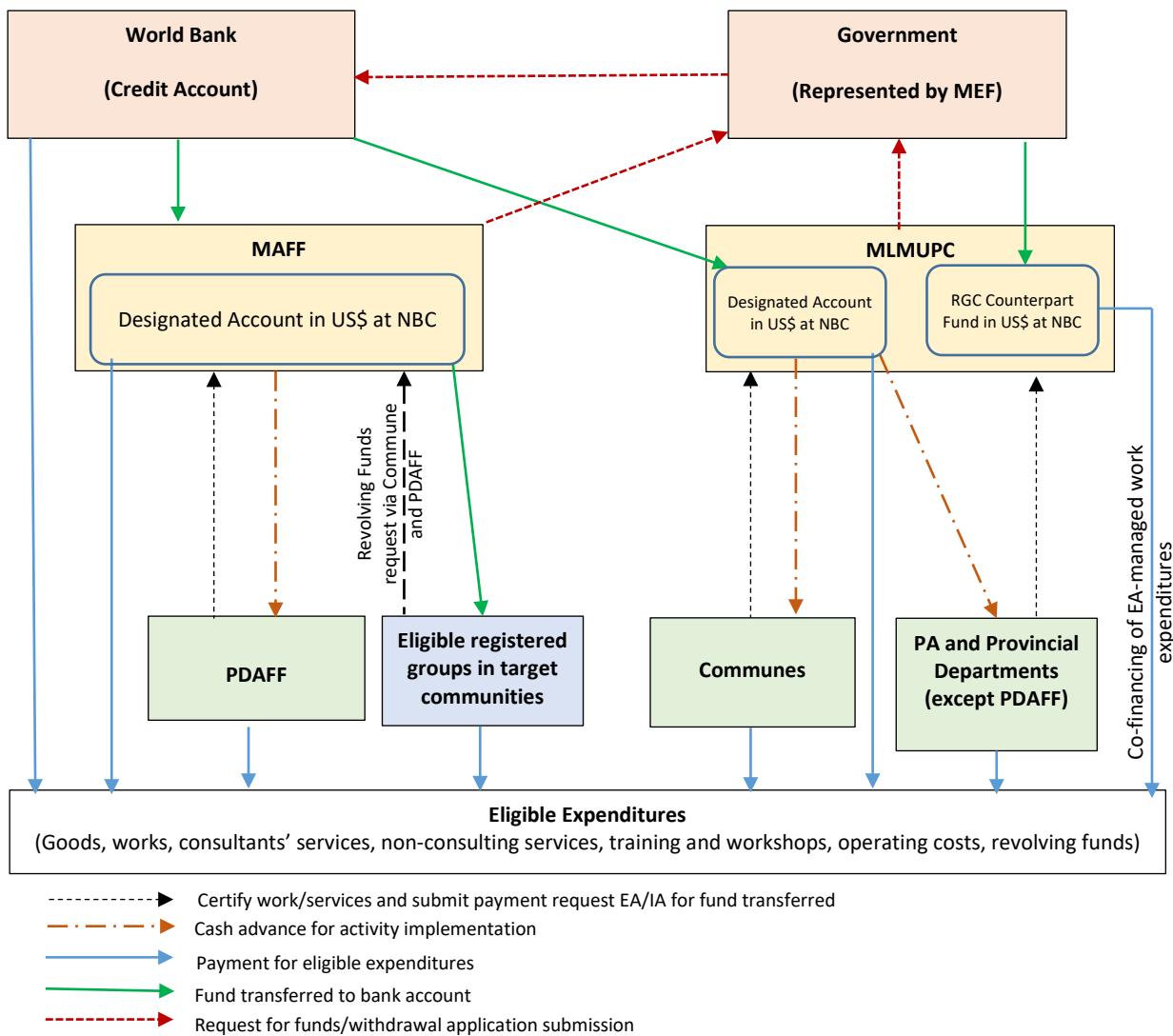
**Annex 7: Financial Management****COUNTRY: Cambodia****Cambodia Land Allocation for Social and Economic Development Project III**

1. **Financial Management (FM) assessment.** An FM assessment was carried out in accordance with Bank Policy/Directive: Investment Project Financing for the Ministry of Land Management, Urban Planning and Construction (MLMUPC) and Ministry of Agriculture, Forestry and Fisheries (MAFF). Subject to satisfactory implementation of FM system enhancement actions, MLMUPC and MAFF are considered to have acceptable FM arrangements and the FM risk is considered as Substantial after mitigating measures.
2. **Internal audit.** As part of their normal internal audit work program, the Internal Audit Departments (IAD) of the MLMUPC and MAFF will include the project activities in their selected samples and report on them in their normal internal audit report for the period. The IADs will report results of the internal audit work on the project to the management of the ministries. Project management will include the internal audit findings in the project progress report to be submitted to the World Bank.
3. The original supporting documents will be retained by the Executing Agency (EA) and the Implementing Agency (IA) for a period of 10 years according to the provision in the Standard Operating Procedures of the government.
4. **Flow of funds.** The EA and IA will be responsible for certifying and approving expenditures incurred during project implementation and will administer the DA's operations. The activity-based cash advances to the Provincial Administrations and all provincial departments will be provided by EA/IA and all original supporting documents for clearance are kept by the respective EA/IA. The fund flow diagram is illustrated in Figure 1. A7.
5. **Revolving Funds.** Revolving funds would be provided under the Community Fund for Development (CFD) on a demand driven basis to registered/qualified community groups in LASED III sites that meet the minimum criteria in terms of basic organizational structure and financial management. The funds will be used by the communities for lending. Repayment amount will remain in the groups and will be managed by communities for subsequent lending to other community members. Clear guidelines and procedures governing the approval of lending have been developed in detail in the Project Implementation Manual (PIM). These include eligibility criteria to be used for the identification and selection and the terms and conditions for approval of loans, steps for preparation of micro investment plans, the related accounting and financial management processes, and recording and financial reporting. Once the groups in the communities are formally registered and recognized by relevant authorities and they are eligible to getting the revolving funds after setting up their organizational structure and accounting system and are capable of managing the funds, MAFF will disburse the amount of revolving funds to the eligible groups' bank accounts maintained at the commercial bank. The World Bank accounts for the eligible expenditures when the revolving funds are received by the registered and qualified community groups so long as they meet the criteria of approved list of expenditures, accountability, transparency, proper financial management system for the funds' management to be included as an Annex to PIM. The utilization of the fund is subject to the independent external auditing as part of the financial statement audits of the project. The Project's



finance team and applicable internal auditors of the EA and the IA will regularly review the fund's implementation to ensure compliance with applicable policies and controls in PIM.

Figure 1. A7. Overall Fund Flow



6. **Disbursement deadline.** The project will have a disbursement deadline date of four months after the closing date of the project.



Annex 8: Team List

COUNTRY: Cambodia
Cambodia Land Allocation for Social and Economic Development Project III

Name	Role	Title	Specialization	Unit
Mudita Chamroeun	Team Leader (ADM Responsible)	Senior Rural Development Specialist	Task Team Leader	SEAAG
Reaksmeay Keo Sok	Financial Management Specialist (ADM Responsible)	Financial Management Specialist	Financial Management	EEAG2
Bunlong Leng	Environmental Specialist (ADM Responsible)	Senior Environmental Specialist	Environmental	SEAE2
Alkadevi Morarji Patel	Social Specialist (ADM Responsible)	Senior Social Development Specialist	Social Development	SEAS1
Sirirat Sirijaratwong	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	EEAR1
Alassane Sow	Team Member	Consultant	Project Preparation; Agriculture Economist	SEAAG
Andreas Groetschel	Team Member	Consultant	M&E; Institutional; Costing; Operations	SEAAG
Anne Marie Provo	Team Member	Nutrition Specialist	Nutrition	HEAHN
Borja Castro	Team Member	Consultant	GHG	SEAAG
Dzung Huy Nguyen	Team Member	Senior Disaster Risk Management Specialist	Disaster Risk Mgt and Resilience	SEAU2
Erik Caldwell Johnson	Reviewer	Senior Social Development Specialist	Gender	SEAS1
George William Cooper	Team Member	Consultant	Legal	SEAAG
Ioannis Vasileiou	Reviewer	Agriculture Economist	Co-Benefit	SAGGL
Jonathan Mills Lindsay	Peer reviewer	Lead Counsel	At ROC	LEGEN
Keith Clifford Bell	Team Member	Senior Land Policy Specialist	Land Registration and Geospatial Information	SURLN
Kimsun Tong	Team Member	Economist	Poverty	EEAPV
Kofi Nouve	Peer reviewer	Program Leader	At PCN	AFCW2
Kunduz Masylikanova	Team Member	Senior Economist	Economic, EFA	FAO
Ladisy Komba Chengula	Peer Reviewer	Lead Agriculture Economist	At ROC	SEAAG
Lyden Kong	Team Member	Consultant	Operations	SEAAG
Martin Henry Lenihan	Peer Reviewer	Senior Social Development Specialist	At PCN, QER and ROC	SEAS1
Martin Wallner	Team Member	Consultant	GHG	SEAAG
Maly Prak	Team Member	Program Assistant	Administrative and Logistic	EACSF
Mika Peteri Torhonen	Peer reviewer	Lead Land Administration Specialist	At PCN	GSULN
Nkulomo Zinyengere	Reviewer	Young Professional	EFA, GHG	SAGGL
Patrick Verissimo	Peer Reviewer	Lead Agriculture Economist	At QER	SDSSO
Parmesh Shah	Peer Reviewer	Lead Rural Development Specialist	At QER, ROC	SEGDR
Samnang Hir	Team Member	Consultant	Infrastructure and Resilience	IEAT1
Saroeun Bou	Team Member	External Affairs Officer	Communications	EAPEC
Svend Jensby	Social Specialist	Senior Social Development Specialist	Social Development	SEAS1
Tam Thi Do	Team Member	Program Assistant	Program Assistant	SEAAG
Thao Thi Do	Finance	Finance Office	Disbursement	WFACS
Thu Ha Le	Counsel	Associate Counsel	Counsel	LEGES
Vivianti Rambe	Consultant	Environmental Specialist	Environmental	SEAE1
Vanna Pol	Team Member	Program Assistant	STEP	EACSF
Virak Chan	Team Member	Water Resources Management Specialist	Water and Irrigation	SSAW2
Zubair Khurshid Bhatti	Reviewer	Senior Public Sector Specialist	Public Sector, ICT	EEAG2



Annex 9: Map IBRD 44755/June 4, 2020

COUNTRY: Cambodia

Cambodia Land Allocation for Social and Economic Development Project III

