



KINGDOM OF CAMBODIA
Nation Religion King

Royal Government of Cambodia

**STANDARD OPERATING PROCEDURES
ON
PROJECT MANAGEMENT

FOR
ALL EXTERNALLY FINANCED
PROJECTS/PROGRAMS IN CAMBODIA**



Updated Version: December 2019

Prepared by the Ministry of Economy and Finance



ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ

រាជរដ្ឋាភិបាលកម្ពុជា

លេខ: ១៨១ អនក្រ.បក

អនុក្រឹត្យ

ស្តីពី

**ការដាក់ឱ្យប្រើប្រាស់នីតិវិធីរួមសម្រាប់គ្រប់គ្រងការរៀបចំ និង
តាមដានការអនុវត្តគម្រោងហិរញ្ញប្បទានពីដៃគូអភិវឌ្ឍន៍**

រាជរដ្ឋាភិបាល

- បានឃើញរដ្ឋធម្មនុញ្ញនៃព្រះរាជាណាចក្រកម្ពុជា
- បានឃើញព្រះរាជក្រឹត្យលេខ នស/រកត/០៩១៨/៩២៥ ចុះថ្ងៃទី០៦ ខែកញ្ញា ឆ្នាំ២០១៨ ស្តីពីការតែងតាំង
រាជរដ្ឋាភិបាលនៃព្រះរាជាណាចក្រកម្ពុជា
- បានឃើញព្រះរាជក្រមលេខ នស/រកម/០៦១៨/០១២ ចុះថ្ងៃទី២៨ ខែមិថុនា ឆ្នាំ២០១៨ ដែលប្រកាសឱ្យ
ប្រើច្បាប់ស្តីពីការរៀបចំ និងការប្រព្រឹត្តទៅនៃគណៈរដ្ឋមន្ត្រី
- បានឃើញព្រះរាជក្រមលេខ នស/រកម/០១៩៦/១៨ ចុះថ្ងៃទី២៤ ខែមករា ឆ្នាំ១៩៩៦ ដែលប្រកាសឱ្យប្រើ
ច្បាប់ស្តីពីការបង្កើតក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ
- បានឃើញព្រះរាជក្រមលេខ នស/រកម/០៥០៨/០១៦ ចុះថ្ងៃទី១៣ ខែឧសភា ឆ្នាំ២០០៨ ដែលប្រកាសឱ្យ
ប្រើច្បាប់ស្តីពីប្រព័ន្ធហិរញ្ញវត្ថុសាធារណៈ
- បានឃើញព្រះរាជក្រមលេខ នស/រកម/០១១២/០០៤ ចុះថ្ងៃទី១៤ ខែមករា ឆ្នាំ២០១២ ដែលប្រកាសឱ្យប្រើ
ច្បាប់ស្តីពីលទ្ធកម្មសាធារណៈ
- បានឃើញអនុក្រឹត្យលេខ ៤៨៨ អនក្រ.បក ចុះថ្ងៃទី១៦ ខែតុលា ឆ្នាំ២០១៣ ស្តីពីការរៀបចំ និងការប្រព្រឹត្ត
ទៅនៃក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ
- បានឃើញអនុក្រឹត្យលេខ ៧៥ អនក្រ.បក ចុះថ្ងៃទី២៥ ខែឧសភា ឆ្នាំ២០១៧ ស្តីពីការកែសម្រួលអនុក្រឹត្យលេខ
៤៨៨ ចុះថ្ងៃទី១៦ ខែតុលា ឆ្នាំ២០១៣ ស្តីពីការរៀបចំ និងការប្រព្រឹត្តទៅនៃក្រសួងសេដ្ឋកិច្ច និង ហិរញ្ញវត្ថុ
- យោងតាមសំណើរបស់រដ្ឋមន្ត្រី ក្រសួងសេដ្ឋកិច្ច និង ហិរញ្ញវត្ថុ

សម្រេច

មាត្រា ១.-

ដាក់ឱ្យប្រើប្រាស់នីតិវិធីរួម សម្រាប់គ្រប់គ្រងការរៀបចំ និងតាមដានការអនុវត្តគម្រោងហិរញ្ញប្បទានពីដៃគូ
អភិវឌ្ឍន៍នានា ដូចមានខ្លឹមសារភ្ជាប់មកជាមួយអនុក្រឹត្យនេះ ជំនួសនីតិវិធីរួមបច្ចុប្បន្នកម្មសម្រាប់ការអនុវត្តគម្រោង

ហិរញ្ញប្បទានពីដៃគូអភិវឌ្ឍន៍ ដែលបានដាក់ឱ្យអនុវត្តដោយអនុក្រឹត្យលេខ ៧៤ អនក្រ.បក ចុះថ្ងៃទី២២ ខែឧសភា ឆ្នាំ២០១២។

មាត្រា ២.-

នីតិវិធីរួម ដែលត្រូវបានដាក់ឱ្យប្រើប្រាស់ក្រោមអនុក្រឹត្យនេះ រួមមាន៖

- ១ - នីតិវិធីរួមសម្រាប់ការគ្រប់គ្រងគម្រោង
- ២ - នីតិវិធីរួមសម្រាប់ការគ្រប់គ្រងហិរញ្ញវត្ថុគម្រោង
- ៣ - នីតិវិធីរួមសម្រាប់ការគ្រប់គ្រងលទ្ធកម្មគម្រោង

ក្រោមក្របខ័ណ្ឌហិរញ្ញប្បទានពីដៃគូអភិវឌ្ឍន៍នានានៅកម្ពុជា។

មាត្រា ៣.-

រដ្ឋមន្ត្រីទទួលបន្ទុកទីស្តីការគណៈរដ្ឋមន្ត្រី រដ្ឋមន្ត្រីក្រសួងសេដ្ឋកិច្ច និង ហិរញ្ញវត្ថុ រដ្ឋមន្ត្រី និងរដ្ឋលេខាធិការ គ្រប់ក្រសួងស្ថាប័នពាក់ព័ន្ធ ត្រូវអនុវត្តអនុក្រឹត្យនេះឱ្យមានប្រសិទ្ធភាពខ្ពស់ ចាប់ពីថ្ងៃចុះហត្ថលេខានេះ តទៅ។

ថ្ងៃ ៤ ខែ មិថុនា ឆ្នាំ ២០១៤
រាជធានីភ្នំពេញ, ថ្ងៃទី ២២ ខែ មិថុនា ឆ្នាំ ២០១៤



សម្តេចអគ្គមហាសេនាបតីតេជោ ហ៊ុន សែន

បានយកសេចក្តីគោរពជម្រាបជូន

សម្តេចអគ្គមហាសេនាបតីតេជោនាយករដ្ឋមន្ត្រី

សូមហត្ថលេខា



អគ្គបណ្ឌិតសភាចារ្យ

អូន ព័ន្ធមុនីរ័ត្ន

កន្លែងទទួល៖

- ក្រសួងព្រះបរមរាជវាំង
- អគ្គលេខាធិការដ្ឋានក្រុមប្រឹក្សាធម្មនុញ្ញ
- អគ្គលេខាធិការដ្ឋានព្រឹទ្ធសភា
- អគ្គលេខាធិការដ្ឋានរដ្ឋសភា
- ខុទ្ទកាល័យសម្តេចអគ្គមហាសេនាបតីតេជោ
- នាយករដ្ឋមន្ត្រី
- ខុទ្ទកាល័យសម្តេច ឯកឧត្តម លោកជំទាវ
- ឧបនាយករដ្ឋមន្ត្រី
- ដូចមាត្រា ៣
- រាជកិច្ច
- ឯកសារ-កាលប្បវត្តិ

[Unofficial Translation]

KINGDOM OF CAMBODIA

NATION RELIGION KING

Royal Government of Cambodia

No. 181 ANK.BK

SUB-DECREE

On

**Promulgating the Standard Operating Procedures
for Implementing All Externally Financed Projects/Programs**

The Royal Government of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia.
- Having seen the Royal Decree No. NS/RKT/0918/925, dated September 6, 2018 on the Formation of the Royal Government of Cambodia.
- Having seen the Royal Kram No. NS/RKM/0618/012, dated June 28, 2018 on promulgating the law on the Organization and Functioning of the Council of Ministers.
- Having seen the Royal Kram No. NS/RKM/0196/18, dated January 24, 1996 on Promulgating the Law on the Establishment of the Ministry of Economy and Finance.
- Having seen the Royal Kram No. NS/RKM/0508/016, dated May 13, 2008 on Promulgating the Law on the Public Finance System.
- Having seen the Royal Kram No. NS/RKM/0112/004, dated January 14, 2012 on Promulgating the Law on the Public Procurement.
- Having seen the Sub-Decree No. 488/ANK/BK, dated October 16, 2013 on the Organization and Functioning of the Ministry of Economy and Finance.
- Having seen the Sub-Decree No. 75/ANK/BK, dated May 25, 2017 on Amendment of Sub-Decree No. 488, dated October 16, 2013 on the Organization and Functioning of the Ministry of Economy and Finance.
- Pursuant to the request of the Minister of Economy and Finance.

Hereby Decides

Article 1:

Promulgate the Standard Operating Procedures for Implementing All Externally Financed Projects/Programs as attached to this Sub-Decree to replace the Updated Standard Operating Procedures for Implementing All Externally Financed Projects/ Programs, which was promulgated by Sub-Decree No.74 ANK.BK, dated May 22, 2012.

Article 2:

The Standard Procedures for Implementing All Externally Financed Projects/ Programs promulgated under this Sub-Decree comprise of:

- 1- Standard Operating Procedures on Project Management for All Externally Financed Projects/Programs in Cambodia.
- 2- Standard Operating Procedures on Financial Management for All Externally Financed Projects/Programs in Cambodia.
- 3- Standard Operating Procedures on Procurement for All Externally Financed Projects/ Programs in Cambodia.

Article 3:

Minister in charge of the Cabinet of the Council of Ministers, Minister of Economy and Finance, Ministers and Secretaries of State of all concerned Ministries and Institutions shall implement this Sub-Decree effectively from the date of signature herein.

Signed and sealed in Phnom Penh on 2nd December 2019

Prime Minister

Samdach Akka Moha Sena Padei Techo HUN SEN

Have submitted to Samdach Akka Moha Sena Padei Techo HUN SEN for signature

Signed and Sealed

AUN Pornmoniroth
Deputy Prime Minister
Minister of Economy and Finance

Recipients:

- Ministry of the Royal Palace
- Secretariat General of Constitutional Council of Cambodia
- Secretariat General of Senate
- Secretariat General of National Assembly
- Cabinet of Samdach Akka Moha Sena Padei Techo HUN SEN, Prime Minister
- Cabinet of Deputy Prime Ministers
- As Article 3
- Archives-Chronicles

ABBREVIATIONS

AH	=	Affected Households
AM	=	Aide Memoire
AWPB	=	Annual Work Plan and Budget
BEC	=	Bid Evaluation Committee
BRP	=	Basic Resettlement Plan
BSP	=	Budget Strategic Plan
BSRS	=	Budget System Reform Strategy
CDC	=	Council for the Development of Cambodia
CDCF	=	Cambodia Development Cooperation Forum
CEC	=	Consultants Evaluation Committee
COM	=	Council of Ministers
CQS	=	Consultant's Qualifications Based Selection
DED	=	Detailed Engineering Design
DMS	=	Detailed Measurement Survey
DP	=	Development Partner
DRP	=	Detailed Resettlement Plan
EA	=	Executing Agency
e-GP	=	Electronic Government Procurement
EIA	=	Environmental Impact Assessment
EIRR	=	Economic Internal Rate of Return
EMP	=	Environmental Management Plan
FBS	=	Fixed Budget Selection
FIRR	=	Financial Internal Rate of Return
FMM	=	Financial Management Manual / SOP
GAP	=	Gender Action Plan
GDB	=	General Department of Budget / MEF
GDICDM	=	General Department of International Cooperation and Debt Management / MEF
GDPP	=	General Department of Public Procurement / MEF
GDR	=	General Department of Resettlement / MEF
GDSP	=	General Department of State Property / MEF
GID	=	General Inspectorate Department
GRM	=	Grievance Redress Mechanism
IA	=	Implementing Agency
ICB	=	International Competitive Bidding

IEE	=	Initial Environmental Examination
IEIA	=	Initial Environmental Impact Assessment
IER	=	Impact Evaluation Report
IPP	=	Indigenous Peoples Action Plan
IPSA	=	Initial Poverty and Social Analysis
IRC	=	Inter-Ministerial Resettlement Committee
IT	=	Information Technology
JCPPR	=	Joint Country Portfolio Performance Review
LAR	=	Land Acquisition and Resettlement
LCS	=	Least Cost Based Selection
LM	=	Line Ministry
M&E	=	Monitoring and Evaluation
MEF	=	Ministry of Economy and Finance
MOD	=	Minutes of Discussion
MOE	=	Ministry of Environment
MOJ	=	Ministry of Justice
MONASRI	=	Ministry of National Assembly-Senate Relations and Inspection
MOP	=	Ministry of Planning
MOU	=	Memorandum of Understanding
MTBF	=	Medium-Term Budget Framework
MTFF	=	Medium-Term Fiscal Framework
O&M	=	Operation and Maintenance
ODA	=	Official Development Assistance
NAA	=	National Audit Authority
NBC	=	National Bank of Cambodia
NCB	=	National Competitive Bidding
NGO	=	Non-Governmental Organization
NOL	=	No-Objection Letter
NSDP	=	National Strategic Development Plan
PAM	=	Project Administration Manual
PCN	=	Project Concept Note
PCR	=	Project Completion Report
PD	=	Project Director
PED	=	Preliminary Engineering Design
PIB	=	Public Information Brochure/Booklet
PIMSRS	=	Public Investment Management System Reform Strategy
PIP	=	Public Investment Program

PIT	=	Project Implementation Team
PIU	=	Project Implementation Unit
PM	=	Project Manager
PMIS	=	Project Management Information System
PMM	=	Project Management Manual / SOP
PMO	=	Project Management Office
PMU	=	Project Management Unit
PPP	=	Public-Private Partnership
PPT	=	Project Preparation Team
PRC	=	Procurement Review Committee
PRF	=	Project Results Framework
PRFs	=	Project Readiness Filters
QBS	=	Quality Based Selection
QCBS	=	Quality and Cost-Based Selection
RCS	=	Replacement Cost Study
RF	=	Resettlement Framework
RGC	=	Royal Government of Cambodia
RFP	=	Request for Proposals
ROW	=	Right of Way
SES	=	Socio-Economic Survey
SME	=	Small to Mid-size Enterprise
SOP	=	Standard Operating Procedures
SOP-LAR	=	Standard Operating Procedures for Land Acquisition and Involuntary Resettlement
SSC	=	Staff Selection Committee
SSS	=	Single Source (Direct) Selection
TA	=	Technical Assistance
TOR	=	Terms of Reference
WACC	=	Weighted Average Cost of Capital

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I. Introduction

A. Purpose

1. The Standard Operating Procedures (SOP) on Project Management, hereafter referred to as the Project Management Manual (PMM), provides guidelines for the identification, preparation, appraisal, implementation, monitoring and evaluation of investment projects and programs financed by the Development Partners (DP) in the Kingdom of Cambodia under the purview of the Ministry of Economy and Finance (MEF). The main purpose of *the PMM* is to improve the efficiency and effectiveness of Cambodia management of the portfolio of externally assisted projects by clarifying the institutional roles, responsibilities, and accountabilities and establishing policies and procedures to facilitate:
 - efficient and timely implementation of projects within budget;
 - delivery of expected development results;
 - improvement of portfolio performance;
 - adherence to principles of economy and efficiency;
 - integrity and good governance;
 - efficient utilization of external assistance.
2. *The PMM* will ensure consistency and compliance with the Royal Government of Cambodia (hereafter referred to as the Government) Royal Decrees, Sub-Decrees and Prakas relevant to public investment management. *The PMM* reflects the best practices in project development and implementation and, where appropriate, refers to the DP policies and procedures.
3. *The PMM* applies to public investment projects, including de-concentrated projects, financed by the DPs and does not cover decentralized projects or Public-Private Partnership (PPP) projects, which are guided by separate Government policies, rules and regulations. De-concentrated projects are implemented through the provincial branches of the line ministries with national responsibilities. Decentralized projects are sub-national projects that are implemented through the provincial authorities and agencies and their implementation arrangements are stipulated in separate Sub-Decrees.
4. While substantial progress has been made to harmonize the policies and procedures of the DPs, differences still exist from DP to DP. The procedures presented in the SOP reflect the best practice and the policies of the DPs. In case a DP requires a particular policy to be followed, that DP policy requirement will be included in the DP Financing Agreement for compliance. Where the SOP conflicts with the policy requirement of the DP, the provisions of the DP Financing Agreement shall prevail.
5. The overriding principle of *the PMM* is to ensure that the line ministries and other Government agencies responsible for the activities in the Project Cycle relating to project identification, preparation, implementation, monitoring and evaluation are aware of their roles and responsibilities as mandated by the relevant Royal Decrees and Sub-Decrees.

B. Project Cycle

6. *The PMM covers the policies and procedures and the roles and responsibilities of the Government and DPs during the complete Project Cycle.*
7. The Project Cycle comprises a set of sequenced phases of activities that starts with project identification and ends with project evaluation. The Public Investment Management System Reform Strategy 2019-2025 (PIMSRS) identifies eight phases in the Project Cycle of Public Investment Projects (hereafter referred as PIM Project Cycle) in line with global practices:
 - Phase 1:** Project Identification and Preparation of Initial Project Proposal
 - Phase 2:** Feasibility Study, Appraisal and Preparation of Formal Project Proposal
 - Phase 3:** Assessment and Evaluation of Project Proposal by Independent Institution
 - Phase 4:** Selection of Project Proposal and Budgeting
 - Phase 5:** Project Management and Implementation
 - Phase 6:** Project Adjustment
 - Phase 7:** Use of Infrastructure Built Under the Project
 - Phase 8:** Assessment of Completion of Project Implementation.
8. When a project is selected for the DP financing, the Project Cycle will include additional phases relating to the DP due diligence, the negotiation of the Financing Agreement and approval of financing by the DP.
9. The key phases in the Project Cycle for public investments financed by the DPs are summarized below:

Project Identification. Public investment projects are identified from sector studies and Sector Master Plans and are prioritized for financing through the Government Public Investment Program (PIP) process. The selected project must be aligned to the Government Rectangular Strategy and National Strategic Development Plan (NSDP). Projects identified for external financing are discussed with the DP and included in the DP Country Assistance Plan for Cambodia. This phase coincides with Phase 1 of the PIM Project Cycle.

Project Preparation and Appraisal. The project preparation and appraisal stage is the feasibility study phase, during which the project components are designed and assessed with regards to technical suitability, economic and financial viability, environmental and social sustainability and implementation arrangements. Once the feasibility study and appraisal of the proposed project is completed, a formal Project Proposal is submitted to the MEF for consideration. This phase coincides with Phase 2 of the PIM Project Cycle.

DP/Government Due Diligence, Negotiation of Financing and Approval. After completion of the feasibility study, the DP will conduct its due diligence to assess the viability and sustainability of the project and to ensure that the prepared project complies with all its policies and procedures. The Government will also conduct its due diligence to ensure that the project meets its criteria for external financing. For activities related to the Government due diligence, this phase coincides with Phases 3 and 4 of the

PIM Project Cycle. The PIMSRS envisages the assessment and evaluation of the formal Project Proposal by an independent agency, separate from the line ministry (proponent of the project) before its approval under Phase 3 of the PIM Project Cycle. This 'gatekeeping' role is played by the MEF before the Project Proposal is approved by the competent authority of the Government and the selection is confirmed at Phase 4 of the PIM Project Cycle. Once the Project Proposal is approved, the draft Financing Agreement and related project documents are negotiated between the Government and DP and submitted for approval by the DP.

Project Implementation and Monitoring. The project is implemented in accordance with agreed implementation, monitoring and reporting arrangements with due regard to integrity and good governance in procurement, financial management and environmental and social safeguards. This phase coincides with Phases 5 and 6 of the PIM Project Cycle.

Project Completion and Evaluation. The project is completed when the construction of the physical components is substantially completed and the facilities are ready for operation. A completed project is evaluated, usually 2 to 3 years after completion, to assess whether the project development objectives have been met. This phase coincides with Phase 8 of the PIM Project Cycle.

10. The policies, procedures and guidelines relating to the various phases in the Project Cycle are detailed in the chapters of *the PMM*. The Project Cycle is illustrated in **Appendix 1**.
11. When the PIMSRS is fully implemented, there will be a common framework for all public investment projects financed by the National Budget, Official Development Assistance and Public-Private Partnership. The phases in the DP-financed Project Cycle will be expanded to include (a) an assessment and evaluation of Project Proposals, (b) selection of Project Proposal and budgeting, (c) project adjustment, and (d) use of infrastructure built. Detailed guidelines and procedures will be issued under a Sub-Decree and Prakas for the implementation of the PIMSRS by the MEF.

C. Users of the PMM

12. *The PMM* is for the use of Government staff involved in the identification, preparation, appraisal, implementation, monitoring and evaluation of projects and programs financed by the DPs. *The PMM* is also for the use of DPs, consultants, development practitioners, non-governmental organizations and civil society.

D. PMM Update

13. The General Department of International Cooperation and Debt Management (GDICDM) in the MEF is responsible for providing guidance, clarification and interpretation on *the PMM* to the users.
14. *The PMM* will be updated periodically by the MEF to reflect lessons learned and any changes to the relevant Government policies, procedures and regulations.

II. Roles and Responsibilities of Key Ministries and Agencies

A. Introduction

15. The identification, preparation, implementation, monitoring, reporting and evaluation of investment projects in Cambodia involve several Government ministries and agencies. The role of these ministries and agencies are defined in the relevant Royal Decrees and Sub-Decrees. The ministries and agencies have varied roles and responsibilities at different stages of the Project Cycle. Collectively, the ministries and agencies are responsible for the (i) delivery of expected socio-economic benefits from the investment projects; (ii) efficient utilization of resources provided through external assistance; and (iii) timely implementation of projects with adherence to economy and efficiency, integrity, good governance, and environmental and social safeguards.

B. Key Players in Investment Projects

16. The key players in the identification, preparation and implementation of investment projects in Cambodia are the (i) Council for the Development of Cambodia (CDC); (ii) Ministry of Planning (MOP); (iii) MEF; (iv) National Audit Authority (NAA); (v) Ministry of Environment (MOE); (vi) Line Ministries and other agencies, including provincial authorities, that are the Executing Agencies (EA) and Implementing Agencies (IA); and (vii) Project Management Units (PMU) and Project Implementation Units (PIU) of the EAs. The DPs, non-governmental organizations and civil society also have important roles to play at various stages of the Project Cycle.

17. The key Government ministries and agencies involved are:

1. Ministry of Economy and Finance

18. The MEF acts as the representative of the Kingdom of Cambodia, as the Borrower of the loans/credits and has overall responsibility for the effective management and administration of public investment projects in Cambodia. It has a wide range of responsibilities throughout the PIM Project Cycle, which are described in this *PMM*. After the project is approved by the DP, it has the responsibility to ensure that the EAs implement the projects in accordance with the terms and conditions specified in the legal Financing Agreements and that the funds are used for the purpose of the loans/credits with economy, efficiency and effectiveness.
19. The GDICDM in the MEF is the nodal agency for interaction with the DP and is responsible for coordinating all activities related to project preparation and implementation.
20. The General Department of Resettlement (GDR) in the MEF is the lead agency for land acquisition and involuntary resettlement and is responsible for the preparation, implementation, monitoring and reporting of Resettlement Plans in accordance with the national laws and mandatory safeguard policies of the DPs.

21. The General Department of Budget (GDB) in the MEF is the lead agency for the preparation of the national budget, which includes the budget for public investment projects.

2. Line Ministries

22. The line ministries and agencies, acting as the EA or IA, are responsible for the identification, preparation, implementation, monitoring and reporting of investment projects in the areas of their mandate as established under their Royal Decree or Sub-Decree. These include their provincial departments, which are responsible for the implementation of the de-concentrated projects. The projects are implemented in cooperation with the MEF.
23. The main roles and responsibilities of the key Government ministries and agencies are listed in **Appendix 2**. The detailed roles and responsibilities in relation to the stages of the Project Cycle are given in **Appendix 18**.

C. Inter-Ministerial and Agency Coordination

24. Inter-ministerial and agency coordination and cooperation is crucial for the effective and efficient planning, preparation and implementation of investment projects. This involves the regular and timely sharing of information, cross-agency participatory meetings, proper record of discussions and decisions taken and awareness of the roles and responsibilities of the concerned ministries and agencies.
25. A summary of inter-agency coordination and collaboration is available in **Appendix 3**.

D. Development Partners

26. The DPs involvement in public investment projects starts at an early stage of the Project Cycle with the identification and inclusion of priority projects in the DP Country Assistance Plan for Cambodia. The DPs regularly finance the project feasibility studies and are actively involved in project preparation. The DPs conduct due diligence to satisfy their requirements regarding the suitability, viability and sustainability of the project and to ensure that the project complies with their policies, procedures and guidelines.
27. During project implementation, the DPs will closely monitor the implementation progress of the project, provide regular guidance and advice regarding compliance with the DP policies and procedures and give timely approvals for various actions relating to the recruitment of consultants, procurement of goods and works, safeguard documents, disbursements and changes in project scope if necessary.

III. Project Identification

A. Introduction

28. A project that is selected for appraisal and subsequent funding by either the Government budget, DP financing or through PPP must be aligned to the Government Rectangular Strategy and the NSDP. When a project is deemed suitable for the DP financing, it is discussed with the DP in relation to the DP Country Partnership Strategy/Framework for Cambodia. The project is then included in the DP Country Operations Business Plan. The process of Project Identification is illustrated in **Figure III.1**.

B. Rectangular Strategy and NSDP

29. The Rectangular Strategy Phase 4 is the Socio-Economic Policy Agenda of the Political Platform of the Royal Government of the Sixth Legislature of the National Assembly. The Government has determined Four Strategic Goals and Four Priority Areas to underline its commitment to further implementation of the Rectangular Strategy Phase 4.
30. The Four Strategic Goals include:
- 1) Ensuring sustainable economic growth of around seven percent (7%) per annum which is resilient to crises through diversifying into new growth sources to widen the growth base and enhance competitiveness while maintaining the macro-economic stability through containing inflation, ensuring a stable exchange rate for the Cambodian Riel, increasing the international reserve on a regular basis and managing public debt vigilantly.
 - 2) Creating more jobs, in terms of both their quality and quantity aspects, for the citizens of Cambodia, especially for the youth through skills training, provision of job market information, improvement in working conditions and promotion of business and investments inside and outside the country.
 - 3) Achieving the poverty reduction target of below ten percent (10%), preventing the return of poverty by focusing on enhancing market participation, implementing the social protection policy, lowering the burden of daily life along with the provision of quality public services and reducing social gaps.
 - 4) Further strengthening the capacity and governance of public institutions, at both national and sub-national levels, to ensure effectiveness and efficiency of public services delivery aimed at serving the people better, as well as improving the business and investment environment.
31. The Four Priority Areas include:
- Rectangle 1 - Human Resources Development:** (a) improving the quality of education, science and technology; (b) vocational training; (c) improving public healthcare and nutrition; and (d) strengthening gender equality and social protection.
- Rectangle 2 - Economic Diversification:** (a) improving the logistics system and enhancing transport, energy and digital connectivity; (b) developing key and new sources of economic growth; (c) readiness for a digital economy and industrial revolution; and (d) promoting financial and banking sector development.

Rectangle 3 – Promotion of Private Sector Development and Employment: (a) job market development; (b) promotion of SME and entrepreneurship; (c) Public-Private Partnership; and (d) enhanced competitiveness.

Rectangle 4 – Inclusive and Sustainable Development: (a) promotion of agricultural and rural development; (b) strengthening sustainable management of natural and cultural resources; (c) strengthening management of urbanization; and (d) ensuring environment sustainability and readiness for climate change.

32. The NSDP is a five-year plan that provides the strategy, including policy actions, for the implementation, monitoring and evaluation of the development goals of the Rectangular Strategy. The current NSDP covers the period of 2019 to 2023.

C. Public Investment Management System Reform Strategy

33. The PIMSRS sets out the overall guiding principles and procedures for preparing, selecting and implementing all public investment projects that are funded from the national budget, externally or through the Public-Private Partnership.
34. The main objective of the PIMSRS is to improve the efficiency of public investment management through improved coordination of all public investment projects and better linkages between planning and execution of projects.
35. The Sub-Decree № 41/ANK/BK, dated 25th March 2020, provides the overall guiding principles of the PIMSRS and includes the following objectives:
- common framework for comprehensive and connected public investment management to ensure that public investments are managed efficiently, effectively, transparently and in an accountable manner;
 - strengthening the link between the Three-year Rolling Public Investment Program and short and medium-term budget preparations;
 - principles for evaluating all public investment projects together with associated decision criteria;
 - standard Project Cycle;
 - clear institutional roles and responsibilities across the Project Cycle;
 - monitoring and reporting requirements;
 - evaluation of completed projects.
36. The MEF is the nodal agency for the implementation of the PIMSRS. Detailed guidelines for each of the above objectives will be issued under separate Sub-Decree(s) and Prakas for the implementation of the PIMSRS by the MEF. Sub-national projects financed from the national budget will also come under the purview of the PIMSRS. The existing guidelines and procedures for the implementation of sub-national projects financed by the national budget will be reviewed and revised to ensure compliance with the PIMSRS.
37. The identification and preparation of the project concept is carried out by the line ministry/agency under Phase 1 - 'Project Identification and Preparation of Initial Project Proposal' of the PIM Project Cycle. An Initial Project Proposal or Project Concept Note (PCN) will be prepared by the line ministries and agencies based on the sector priorities

identified in sector studies and Sector Master Plans and aligned to the Rectangular Strategy and NSDP. The line ministry submits the PCN to the MOP. The criteria for the selection of projects will be developed and issued by the MEF under the PIMSRS to screen the projects proposed by the line ministries to ensure relevance with the Rectangular Strategy, NSDP and other Government priorities and requirements. Through discussions with the line ministries, the MOP will coordinate, prioritize and finalize the list of projects, on a three-year rolling basis, to be included in the PIP. The discussions are necessary to ensure that the line ministry holds ownership of the proposed projects from the planning stage.

38. There will be respective mechanisms and modalities established by the Government to review the list of priority projects and by the MEF to determine the most appropriate sources of funding and budgeting for the various types of public investment projects selected from the list of prioritized projects, ensuring their economic efficiency, social equity and availability of required funds, as well as alignment with the national development policy objectives and sustainable development goals at national and sub-national levels.

D. Three-Year Public Investment Program

39. The PIP is the mechanism for identifying and listing specific projects to achieve the broader goals and targets of the Cambodian development agenda specified in the Government Rectangular Strategy and NSDP. The PIP, which is a three-year rolling program, is developed and approved in tandem with the Government budget cycle. The program lists the PIP for the budget year and the following two years. The PIP includes all public investment projects regardless of the source of financing. The line ministries submit priority projects from their Five-year Sector Development Plans to the MOP for consolidation and further prioritization in consultation with the MEF.
40. The key steps and timeline for the preparation and approval of the PIP are given below in **Table 1**:

Table 1: PIP Preparation and Approval Process

Timeline	Activity
January	The MOP issues guidelines for the preparation of Three-year Rolling PIP to ministries and institutions.
January - March	Ministries and institutions prepare new information or edit existing project information in the online database and submit to the MOP.
March	The MOP receives all inputs from ministries and institutions.
March - April	The MOP processes the data and discusses the project list with the MEF.
April - May	The MOP drafts Three-year Rolling PIP.
May	The MOP conducts inter-ministerial meetings to discuss the draft Three-year Rolling PIP.

Timeline	Activity
June	The MOP submits the draft Three-year Rolling PIP for the inter-ministerial and plenary meeting at the Council of Ministers (COM).
July	The draft Three-year Rolling PIP approved by the COM.

E. Annual Public Investment Program and Government Budget

1. Preparation of Budget Strategic Plan (March to May)

41. During the first week of March, the Ministry of Economy and Finance will prepare the Medium-Term Macroeconomic and Public Finance Policy Framework (current practice in effect) along with the Medium-Term Fiscal Framework (MTFF) (to be laid out by the RGC as per the BSRS 2018-2025) consistent with the national policy for development. Based on these frameworks the MEF will also lead the formulation of the Medium-Term Budget Framework (MTBF) (as per the BSRS 2018-2025) and submit them to the Royal Government for approval.
42. During the first week of April, the Minister of Economy and Finance will issue a Circular on the Preparation of the Budget Strategic Plans (BSPs) based on the Medium-Term Macroeconomic and Public Finance Policy Framework, as well as on the forthcoming MTFF and MTBF determined by the Royal Government.
43. Ministers of all ministries, heads of all institutions, similar public entities and Governors of sub-national administrations will prepare the BSPs for ministries, institutions, similar public entities and sub-national administrations based on the Circular on the Preparation of the BSP; along with the vision, purposes, targets of the program(s) and priority action plans of ministries, institutions, similar public entities and sub-national administrations serving the priority policy by sector and national policy for development. These BSPs will be sent to the Minister of Economy and Finance not later than the 15th of May.

2. Preparation of Budget Package (June to September)

44. During the first week of June, the Minister of Economy and Finance will prepare a draft Circular on Budget Preparation Techniques by specifying the budget forms and procedures with attached explanatory notes and relevant documents to be submitted to the Royal Government for review and approval; and then send it to the ministries, institutions, similar public entities and sub-national administrations, in order for them to prepare their detailed budget revenues and expenditures.
45. Ministers of all ministries, heads of all institutions, similar public entities and Governors of sub-national administrations will prepare their detailed Revenue and Expenditure Budget Plans for national and sub-national administrations based on the instructive Circular on Budget Preparation Techniques and their policy priorities. These Budget Plans will be sent to the Minister of Economy and Finance on the 15th of July at the latest.
46. The MEF will combine and sum-up the Revenue and Expenditure Plans submitted by the ministries, institutions, similar public entities, provinces and cities.

47. During the whole month of August, the MEF invites the Ministers of all ministries, institutions and heads of similar public entities together with Governors of all provinces and cities to discuss and defend their budget proposals in order to reconcile all revenue and expenditure plans in accordance with provisions stipulated in the circular on reducing unnecessary spending and to appropriately increase revenues.
48. During the whole month of September, the MEF sums-up all revenues and expenditures to re-balance the budget and then prepares a draft Annual Budget Law (or Annual Law on Financial Management), as well as an Explanatory Note for the Law.

3. Budget Approval (October to December)

49. During the first week of October, the MEF sends this draft Law to the Council of Ministers for review and approval and then submits it to the National Assembly in the first week of November for review and approval. The draft is then submitted to the Senate in the first week of December, so that this draft Law is finally approved before the 25th of December.
50. The key steps for the preparation and approval of the Annual Budget are given in **Table 2** below:

Table 2: Annual Budget Preparation and Approval Process

Timeline	Activity
Stage 1, Preparation of the BSP	
First week of March	The MEF prepares the Medium-Term Macroeconomic and Public Finance Policy Framework (current practice in effect) along with the Medium-Term Fiscal Framework (MTFF) and Medium-Term Budget Framework (MTBF) (to be laid out by the RGC as per the Budget System Reform Strategy (BSRS) 2018-2025).
First week of April	The MEF issues a Circular to the line ministries and institutions on the Preparation of Budget Strategic Plans (BSPs) based on the Medium-Term Macroeconomic and Public Finance Policy Framework and on the forthcoming MTFF and MTBF.
No later than 15 May	Submission of the BSPs to the MEF.
Stage 2, Budget Preparation and Negotiation	
First week of June	The MEF will draft and issue a Circular on Budget Preparation Techniques to provide instructions to the line ministries/agencies/public entities to prepare their own detailed annual Revenue and Expenditure Budget Plans.
No later than 15 July	Line ministries/agencies/public entities will prepare and submit their detailed Revenue-Expense Budget Plans to the MEF.

Timeline	Activity
August	Based on the approved draft PIP the MOP will submit the list of prioritized projects to the MEF for funds allocation and inclusion in the Annual Budget Law (or Law on Financial Management). Budget Plans negotiations between the MEF and line ministries/agencies/public entities at national and sub-national levels.
September	The MEF sums-up the total public revenues and expenses of all line ministries/ agencies/ public entities to revisit the Budget balance and then prepares a draft Budget Law, as well as an Explanatory Note for the Law.
Stage 3, Budget Approval	
October	The MEF sends the draft Annual Budget Law (or Law on Financial Management) to the Council of Ministers for review and approval.
November	On the first week of November the draft Law will be sent to the National Assembly for review and approval. Then the draft Annual Budget Law is adopted by the National Assembly.
December	On the first week of December the draft Law will be sent to the Senate for final approval. The Annual Budget Law (or Law on Financial Management) is adopted by the Senate before the 25 th of December and receives the Royal Assent.

F. Budget System Reform Strategy

51. The Government approved the Budget System Reform Strategy 2018-2025 to implement performance-informed budgeting in accordance with the strategic direction of policy-budget linkages and performance accountability by 2025. Under this system, the budget is prepared based on the program, along with measures that are to be achieved based on a clear performance framework. The budget preparation process will be made more open and transparent and budget reviews by the legislative body will be further enhanced. The budget practice will be made more effective through improvements and simplification of expenditure procedures, timely reporting in conformity with international standards, modernization of internal controls in all Government ministries and institutions, together with an improved Monitoring and Evaluation Framework.

52. The main elements of the reformed budget system are:

Medium-Term Fiscal Framework (MTFF). This framework will determine the amount of total revenue and total expenditure for the medium term, which will form the expenditure ceilings of the four broad sectors, namely, the general administration, national defence and security, economic and social sectors.

Medium-Term Budget Framework (MTBF). This is a tool for allocating budget ceilings to sectors and to line ministries and institutions in line with the Rectangular Strategy and NSDP.

Budget Strategic Plan. This is a Three-year Rolling Plan, which line ministries and institutions prepare annually to link the policy priorities of the ministries to the sectoral goals and the NSDP. The current PIP system, through which public investment projects funded by the DPs are processed for approval, will be integrated into the BSP.

Annual Budget. This will reflect the link between sector policies and the Macro-Economic and Fiscal Framework through the link between the MTBF and BSP.

53. The Budget System Reform Strategy also requires the establishment of a regulatory framework for public procurement to improve transparency. The complaints and grievance handling mechanisms will be improved. The rules, regulations and procedures for public procurement will be harmonized to increase competitiveness, transparency and efficiency.
54. The Rectangular Strategy has made the transformation to the digital economy a priority with the aim to establish the necessary legal framework to support digital development and expand the necessary Information Technology (IT) infrastructure, which will create the enabling supporting infrastructure for the use of Electronic Government Procurement (e-GP) in Cambodia. The Law on Public Procurement envisages the introduction of e-GP when the IT infrastructure is sufficiently strong. The procedures for implementing e-GP will be determined by a Prakas of the MEF.
55. Going forward, e-GP will be an important tool for promoting transparency, competition, efficiency and a mechanism to reduce corruption. A well designed and implemented e-GP system will strengthen oversight and reduce opportunities for the improper exercise of discretion in procurement. The e-GP system in Cambodia will be implemented in a planned manner under the Budget Reform process.

G. Mobilization of Resources for the PIP

56. The CDC uses the approved PIP to mobilize funding from bilateral and multilateral sources for projects and programs identified for the ODA funding. This activity is carried out through the Cambodia Development Cooperation Forum (CDCF). It is the responsibility of the CDC to inform the MEF of the outcomes of the DP pledges following the CDCF.
57. The GDICDM in the MEF is responsible for mobilizing the resources pledged by the DPs to fund the projects in the PIP, which have been identified for external funding. The MEF works closely with the line ministries and agencies, as well as the DPs during this process. The DPs will include projects in their respective Assistance or Business Operations Plans for Cambodia if the project meets with its own development strategy for Cambodia.

H. DP Country Strategy

58. The DP Country Strategy, which is also referred to as the Country Partnership Strategy or Country Partnership Framework, serves as the primary relationship document

between Cambodia and the DP. It provides the strategic and operational framework for the DP involvement in Cambodia.

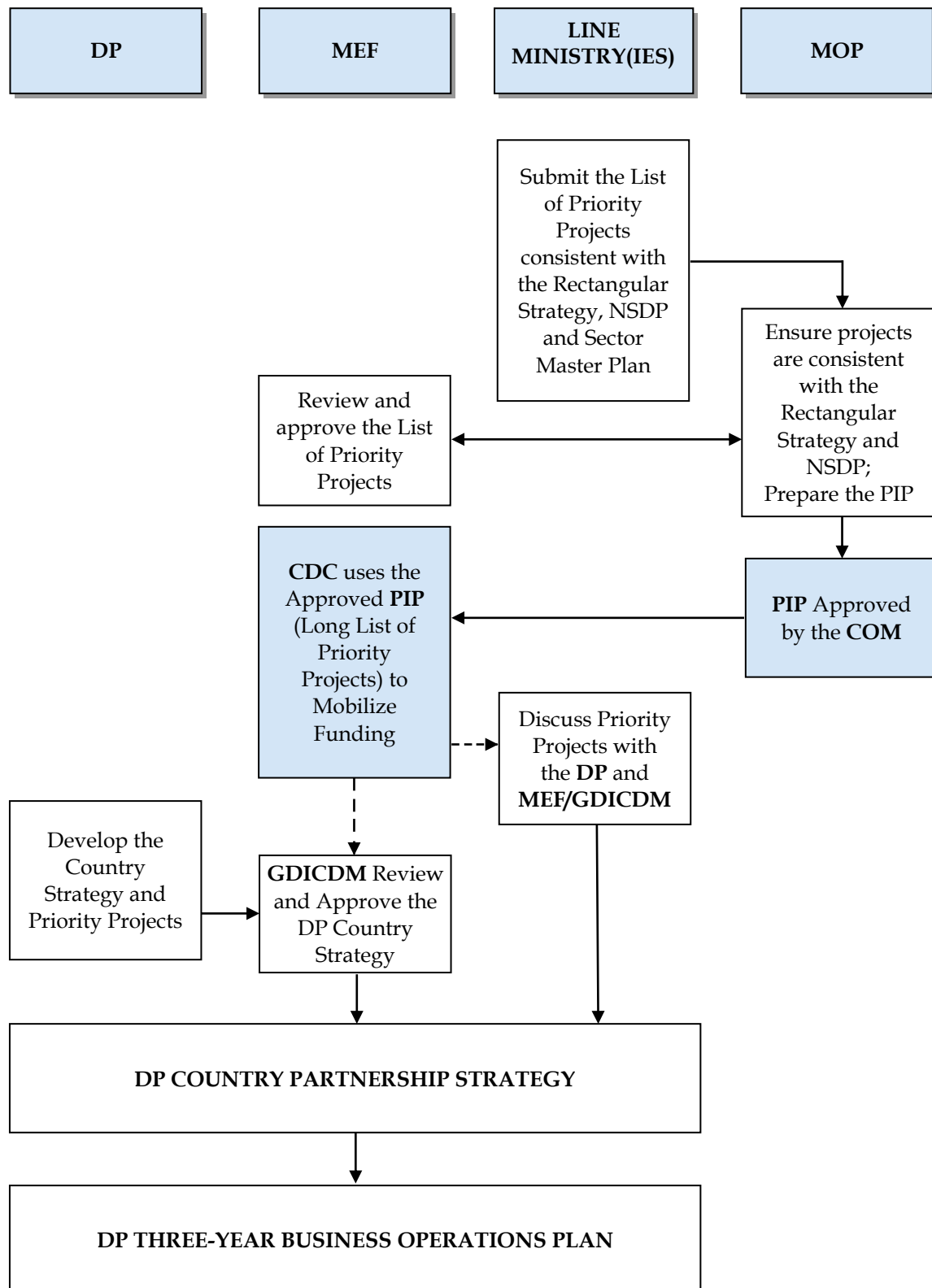
59. To prepare its Country Strategy, the DP will conduct its diagnostic work comprising economic studies and sector assessments. The thematic studies and assessments will cover governance, poverty, environmental and social safeguards, and private sector development. The economic sector studies will cover the sectors, in which the DP is expected to provide support in Cambodia. The DP Country Strategy, which is aligned to the Government Rectangular Strategy and NSDP, is prepared in consultation with the MEF and line ministries. The DP Country Strategy will usually cover a period of three to five (3 to 5) years.
60. The DP Country Strategy is supported by a Three-year Rolling Business Operations or Country Assistance Plan, which comprises the projects that the DP has identified for financing in consultation with the MEF and line ministries. The projects included in the DP Business Operations Plan should be consistent with the approved Government PIP.

I. Appointing the Executing and Implementing Agency

61. The MEF is responsible for identifying the LM or other Government agency as the EA and IA for externally assisted projects. Hereafter in this *PMM*, the reference to the EA includes IA as applicable. The following factors will be considered when appointing the EA:
 - (a) The mandate of the respective line ministry or agency to undertake the project in line with the Royal Decree or Sub-Decree on their establishment.
 - (b) The interest and commitment of the EA to carry out the project.
 - (c) The administrative and managerial skills required to effectively manage and administer the project or at least the willingness and commitment to develop the required skills.
 - (d) The ability to mobilize and commit the human resources required to support the project implementation.
62. When more than one line ministry or agency is involved in the implementation of the project, an agreement is required to designate one (1) line ministry as the EA and the others as the IAs. Alternatively, the MEF may assume the role of EA to provide overall management and coordination. An Inter-Ministerial Steering Committee may also be appointed in exceptional cases to oversee and coordinate the implementation of a project that covers multiple components, sectors and line ministries. The decision on this is reached jointly by the DP and MEF.
63. Once the EA has been identified, an assessment of the required capacity relating to human resources and experience in technical, financial and administrative fields is done in partnership with the DP. After this capacity assessment is completed, the DP may develop an Action Plan to address any constraints or weaknesses identified in the assessment. If necessary, the DP may provide specific assistance to the EA to take corrective measures before the project is formally designated.
64. The MEF will agree on the designation of an LM or agency as the EA and confirm this in writing to the DP. In accepting this role, the designated EA will confirm that it agrees to abide by the relevant Government Royal Decrees and Sub-Decrees relating to project

management and the policies and procedures of the financing DP. In particular, it must agree to implement the project in accordance with the Standard Operating Procedures on Procurement (referred to as *the Procurement Manual*); on Financial Management (referred to as *the Financial Management Manual (FMM)*); and this *PMM*.

Figure III.1 - PROJECT IDENTIFICATION



IV. Project Preparation and Appraisal

A. Introduction

65. The preparation and appraisal of an externally financed public investment project is a collaborative process between the EA, MEF and DP. Close coordination and consultation with stakeholders during the entire project preparation stage is essential to ensure the project is properly designed and prepared to deliver the intended benefits in a sustainable manner.
66. The project preparation and appraisal stage is also referred to as the project feasibility study stage. The feasibility study, which is usually conducted by an outsourced team of consultants, may be financed by the DP through a Technical Assistance grant, trust fund or Project Development Facility. The scope of the feasibility study is to design the project components, carry out preliminary engineering, prepare project cost estimates and Financing Plan, evaluate the economic and financial viability and assess the sustainability of environmental and social safeguard issues. The feasibility study will also prepare project implementation arrangements, including the Procurement Plan and financial management arrangements.
67. Detailed Engineering Design may also be carried out during the project preparation stage if there are sufficient funds available under the Technical Assistance for the preparation of the project or where funds are made available under a Project Development Facility financed either by the DP or the national budget. The EA is responsible for accepting and approving the Detailed Engineering Design.
68. The feasibility study is carried out under Phase 2 - 'Feasibility Study, Appraisal and Preparation of Formal Project Proposal' of the PIM Project Cycle. It is carried out by the line ministry to examine the technical, costing, risk, economic, financial, legal, social and environmental impacts, and the institutional mechanism of project management of the proposed project; and follow the detailed guiding principles and procedures as issued under the Sub-Decree or Prakas for the implementation of the PIMSRS by the MEF. After the completion of the feasibility study and appraisal, a formal Project Proposal must be prepared by the line ministry and submitted for assessment and evaluation by the MEF under Phase 3 of the PIM Project Cycle. The MEF plays the key '**gatekeeping**' role in carrying out the assessment and evaluation based on a clear set of criteria before the Project Proposal can be approved by the competent authority of the Government under Phase 4 of the PIM Project Cycle. The process of Project Preparation and Appraisal is illustrated in **Figure IV.1**.

B. Project Preparation Team

69. The EA will set up a Project Preparation Team (PPT) to prepare the project. A Prakas by the Minister of EA is issued for the appointment of the PPT. The PPT should be appointed and fully staffed before the start of the feasibility study to fully contribute to the project preparation tasks. Establishment of the PPT at an early stage of the Project Cycle will ensure the ownership of the line ministry, starting from the formulation stage of the project. The PPT comprises staff from the EA and other relevant agencies. The PPT should be resourced with the expertise required to deal with all areas of project

preparation and implementation, including the technical, procurement, financial aspects, environmental and social safeguards, and administration.

70. The PPT is responsible for the overall output of the feasibility study consultants. The PPT should work closely with the consultants to ensure the validity, accuracy and acceptability of the assessments and recommendations of the feasibility study.
71. Consultations with all stakeholders, including provincial and local authorities and civil society organizations operating in the project affected areas, are essential to ensure that the project is designed to deliver the expected development results. During the consultation phase particular attention should be paid to the project beneficiaries and those who may be adversely affected by the project.
72. The PPT must collaborate with the DP team and engage with the MEF throughout the project preparation process to ensure that the Government policies and regulations and the DP policies and requirements are appropriately incorporated in the project design.

C. Project Formulation Tasks

1. Project Results Framework

73. One of the first tasks of the PPT in formulating a project is to clearly define the project development objectives. This is done through the Project Results Framework (PRF), which is also referred to as the Design & Monitoring Framework or Results Framework and Monitoring. The PRF is a results-based tool for designing, implementing, monitoring and evaluating projects. The PRF is a matrix containing:
 - hierarchy of results (impact, outcome, outputs) and the means to produce them (activities and inputs);
 - performance targets and indicators at each level that are specific, measurable, attainable, relevant and time-bound ('SMART');
 - data sources and reporting mechanisms for each indicator;
 - assumptions and risks covering external events and actions.
74. The PRF provides structure to the project-planning process and communicates essential information about the project to stakeholders. The PRF establishes quantified, time-bound targets, measurable indicators, and key risks and assumptions used to monitor and evaluate the performance of the project. The key results indicators are closely reviewed during implementation and, when needed, adjusted to reflect changing circumstances or environment.
75. The outline of the PRF is prepared first and then further details are added during the project preparation phase. The PRF may be updated during the implementation phase should there be changes in the conditions or the environment affecting the project. The DPs have their own templates for the Project Results Framework. A sample PRF for a project in Cambodia is shown in **Appendix 4**.

2. EA Capacity Assessment

76. The capacity assessment should cover the technical, financial and procurement expertise and experience of the EA in managing projects. The assessment should also cover the

IAs and other agencies that have been identified as having roles in the implementation of the project. Where the assessment identifies capacity weaknesses, a comprehensive Capacity Building Plan should be prepared and implemented, preferably before the project preparation phase commences.

77. The DPs may provide financing for the Capacity Building Action Plan. In this case, the Capacity Building Action Plan should be recorded in the DP Memorandum of Understanding (MOU), Aide Memoire (AM) or Minutes of Discussion (MOD) and the resources and timing to address the capacity constraints should be agreed between the MEF and DP.

3. Initial Poverty and Social Analysis

78. The Initial Poverty and Social Analysis (IPSA) is prepared to identify the social dimensions of the project. The process of identifying anticipated social dimensions, including potential beneficiaries and people likely to be adversely affected by a project, will start during project identification and will continue with increasing refinement during the project preparation and implementation stages. The IPSA should:
- identify expected poverty and social impacts of the project;
 - identify key social issues (such as participation, gender, involuntary resettlement, indigenous peoples, labor, affordability, and other risks and/or vulnerabilities) that need to be addressed during the project feasibility study and the ensuing project;
 - identify plans and Terms of Reference to assist in project preparation;
 - identify and allocate resources for conducting social analysis during the feasibility study or DP due diligence.
79. Based on the issues identified and process initiated during the IPSA, a social analysis should be carried out during project design to examine opportunities, constraints and likely social impacts of the project, and to identify and formulate design measures and implementation arrangements to maximize the social benefits and avoid or minimize the social risks of the project in a participatory manner. The results of the social analysis, including specific measures to address social and gender issues in the plans such as a Gender Action Plan, Resettlement Plan and Indigenous Peoples' Action Plan, are summarized in the Summary Poverty Reduction and Social Strategy.

D. Project Preparation Tasks

1. Preliminary Engineering Design

80. The preparation of a Preliminary Engineering Design (PED) or Preliminary Project Design is an early task of the PPT and feasibility study consultants. When the PED is not carried out thoroughly or in a timely manner, it would have a negative impact on project implementation and could adversely affect the intended project beneficiaries. Poor project engineering design would cause (a) inaccurate project cost estimates resulting in possible project cost overrun; (b) delayed project implementation because of late recruitment of design consultants and completion of detailed design; (c) adverse environmental impacts; and (d) inadequate consideration of measures to avoid, minimize or mitigate adverse social impacts. The PPT should aim to complete the PED to a stage that will enable them to prepare the bidding documents for at least the first

eighteen (18) months of project implementation activities and draft safeguard documents.

2. Project Cost Estimates

81. A detailed project cost estimate is required to (a) support the evaluation of the economic and financial viability of the project; (b) assess the funding requirements; (c) avoid cost overruns; and (d) serve as a budget tool for cost control. The cost estimates should be broken down by project components and include physical and price contingencies, interest or service charges during construction, land acquisition and resettlement costs, taxes and duties, and, where applicable, Operation and Maintenance (O&M) costs. Generally, the summary project cost estimates are prepared by expenditure category. Detailed project cost estimates are also prepared broken down by project component, by financier and by year of expenditure.
82. All taxes and duties that are payable by contractors, suppliers and consultants should be estimated and included in the project costs.
83. The DPs have their own guidelines for the preparation of project cost estimates. Each DP will have its own categorization of project costs.
84. A sample summary project cost estimates table is included in **Appendix 5**.

3. Financing Plan

85. Once the project cost estimates have been finalized, a Financing Plan is prepared to determine the funding requirements of the project. The Financing Plan should identify each source of financing for the project together with the amount of such financing. This would include loans, credits, equity contributions, grants, counterpart funds from the Government and internally generated funds from the project entity. The sum of financing provided from each source must equal the estimated total project cost.
86. The Financing Plan should identify the source of funding for the estimated taxes and duties payable by contractors, suppliers and consultants. Where the DP financing policy does not allow the financing of taxes and duties, this cost should be included in the counterpart funds to be provided by the Government.
87. A project may be funded by more than one DP. Such co-financing may be in the form of parallel or joint financing. In parallel co-financing each DP finances a different component under the project. In joint co-financing the DPs would finance a proportion of the same project component. The funding sources and the Government counterpart fund contributions will need to be confirmed by the MEF. The EA must determine the impact of the project on its Annual Budget for the O&M and whether these additional future costs will be covered by the Government or the EA to ensure sustainability.

4. Environmental and Social Safeguards

88. The DPs have environmental and social policies, also referred to as the Environmental and Social Framework or Safeguard Policy Statement, to assess and manage environmental and social risks. Specific environmental and social standards are designed to avoid, minimize, reduce or mitigate the adverse environmental and social

risks and impacts of projects. The environmental and social standards, which apply throughout the Project Cycle, cover the following:

- Assessment and management of environmental and social risks and impacts;
- Labor and working conditions;
- Resource efficiency and pollution prevention and management;
- Community health and safety;
- Land acquisition, restrictions on land use and involuntary resettlement;
- Biodiversity conservation and sustainable management of living natural resources;
- Indigenous peoples;
- Cultural heritage;
- Financial intermediaries;
- Stakeholder engagement and information disclosure.

89. The project should be designed, prepared and implemented with due regard to the environmental and social safeguard issues. The PPT is required to evaluate the potential environmental and social safeguard risks and to promote the sustainability of project outcomes by protecting the environment and people from potential adverse impacts of the project. The PPT will evaluate potential environmental risks and impacts in the area of influence of the project. Such thorough screening and/or assessment must be carried out during the project preparation and implementation stages. The environmental screening results will lead to the formulation of an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA), including the Environmental Management Plan (EMP), or stand-alone EMP is developed during the project preparation. The EMP will be required to be implemented and monitored during the implementation and operational stage of the project.

90. The environmental and social safeguard measures are designed to (a) avoid adverse impacts of projects on the environment and affected people, where possible; and (b) minimize, mitigate and/or compensate for adverse project impacts on the environment and affected people when avoidance is impossible.

a. Environment.

91. The objectives of the IEE, EIA and EMP are to ensure the environmental soundness and sustainability of the project and to support the integration of environmental considerations into the project decision-making process.

92. An IEE is carried out at the early stage of project formulation to screen the proposed project for potential impacts and risks and to determine the extent and type of environmental assessment required. An EIA for the project is then carried out during the project preparation phase to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socio-economic and physical cultural resources in the project's area of influence. The key elements of EMP are mitigation measures, monitoring programs, cost estimates, budgets and institutional arrangements for implementation. The EIA process will involve consultations with affected people and informed participation, including women. The consultations with stakeholders will continue throughout project implementation as necessary to address issues related to

the environmental assessment. A Grievance Redress Mechanism (GRM) will be established to receive and facilitate resolution of the affected people's concerns and grievances regarding the project environmental performance. The IEE or EIA and EMP are disclosed to the public in a timely manner in an accessible place and in the local language.

93. The IEE, EIA and EMP are prepared in accordance with the general guidelines and regulations of the MOE and the environmental and social safeguard policies of the DPs. The IEE, EIA and EMP (when finalized) are approved by the MOE before submission to the DP for approval. In the case of inconsistencies between the MOE guidelines and the DP policies and procedures, specific measures to address the gaps must be included in the PAM and DP Financing Agreement. An outline of the topics included in an EIA is provided in **Appendix 6**.
94. The Sub-Decree on Environmental Impact Assessment Process, dated 11 August 1999, (No.72.ANRK.BK) sets out the requirements for the environmental assessment and implementation of the EMPs for projects in Cambodia. An Environmental Impact Assessment (EIA) will be prepared for all public and private projects. The EIA will be reviewed by the Ministry of Environment (MOE) before being submitted to the Government for decision. The MOE will review the Initial EIA (IEIA) and EIA and will submit its findings and recommendations to the project owner (EA) within thirty (30) working-days. The project can be implemented only after the EIA is approved by the MOE. The MOE will conduct surveillance and monitoring of the implementation of the Environmental Management Plan during project construction, operation and closure.
95. The Prakas, dated 2 September 2009, issued by the MOE provides general guidelines for the development of the IEIA and full EIA. Project owners may use consulting services for developing an IEIA or full EIA report following the general guidelines provided in the Prakas. The consulting firm must have sufficient and qualified professional capacity to develop an IEIA or full EIA report. The Prakas requires such consulting firms to be registered with the Ministry of Commerce and be recognized by the MOE. However, where the DP procurement guidelines do not require such registration, the guidelines of the DP will prevail. Project owners, which have in-house qualified professional capacity recognized by the MOE, may develop an IEIA or Full EIA report on its own. The MOE Department of Environmental Impact Assessment or concerned Provincial Departments of Environment will review and comment on the IEIA or full EIA report following the general guidelines.
96. The MOE is responsible for revising or amending the general guidelines and is in the process of issuing revised guidelines. The PPT and DP team involved in the preparation of projects must familiarize themselves with the revised guidelines, as and when they are issued under a new Prakas by the MOE, and ensure these are followed.

b. Involuntary Resettlement.

97. Paying attention to land acquisition and involuntary resettlement issues is essential to ensure that an investment project is designed, prepared and implemented in a timely, efficient and effective manner to realize the intended economic, financial and social benefits to the people of Cambodia. The overall objective of resettlement planning is to avoid or minimize adverse impacts of public investment projects on displaced persons.

98. Resettlement planning is guided by the following principles:
- Avoid involuntary resettlement or when unavoidable, minimize involuntary resettlement by exploring alternative project designs.
 - Mitigate unavoidable adverse social and economic impacts from land acquisition by providing timely compensation for loss of assets at replacement cost and assisting displaced persons in their efforts to restore their livelihoods to at least pre-project levels.
 - Assistance and opportunities to the poor and vulnerable groups of physically displaced persons to improve their living standards.
99. The DPs require the preparation of a Resettlement Plan with time-bound actions and a budget based on an assessment of social impacts caused by the project. Normally, a Resettlement Plan is prepared after the final alignment and demarcation of the land to be acquired is known. In most cases, the land demarcation and detailed designs can only be completed after the DP financing is approved and the Financing Agreement becomes effective. However, some DPs require review and approval of the Resettlement Plan before the approval of financing for the project.
100. At the project feasibility stage, where the land required for the project is not yet clearly demarcated, a Basic Resettlement Plan (BRP) is prepared based on a sample Socio-Economic Survey (SES). Where the project components or sub-projects are not defined or identified before the DP approval of financing, a Resettlement Framework (RF) is prepared. These are prepared by resettlement experts recruited during the project preparation stage under the overall direction and guidance of the GDR. The BRP and/or RF must be approved by the DP prior to the approval of the project. The BRP or RF is updated after the project approval based on a full census and Detailed Measurement Survey, including the SES, after the final alignment is known and detailed designs are completed during the project implementation stage. The updated BRP or RF is referred to as the Detailed Resettlement Plan (DRP). The key tasks for resettlement planning and implementation during the Project Cycle are listed in **Appendix 7**.
101. The key information required for the preparation of a Resettlement Plan includes: (a) socio-economic profile of displaced persons and assessment of social impacts, including gender concerns; (b) information disclosure, consultation and participation; (c) entitlements to compensation; (d) Income and Livelihood Support Strategy; (e) institutional arrangements; (f) Grievance Redress Mechanism; (g) monitoring and reporting; (h) budget; (i) implementation schedules; and, (j) legal framework, including identification of gaps between the national laws and DP safeguard policy requirements.
102. The planning, preparation and implementation of the Resettlement Plan must be carried out in accordance with the Government *Standard Operating Procedures for Land Acquisition and Involuntary Resettlement* (SOP-LAR), approved by the Sub-Decree No. 22.ANK/BK on 22 February 2018. The GDR in the MEF is responsible for the preparation, implementation, monitoring and reporting of the Resettlement Plans and for providing guidance and clarification to users of the Government SOP-LAR.
103. The Inter-Ministerial Committee for Resettlement (IRC), permanently chaired and led by the MEF, has the mandate to review and evaluate the resettlement impact and land acquisition for public physical infrastructure investment projects in Cambodia and exercises the authority of the Expropriation Committee under the Expropriation Law.

The key responsibilities of the IRC include: (a) providing effective oversight and ensuring land acquisition and involuntary resettlement comply with the laws and implementing rules and regulations; (b) ensuring effective coordination between the line ministries, provincial/local authorities and the GDR; (c) providing the overall guidance on implementing rules and regulations for land acquisition and involuntary resettlement; (d) initiating the establishment of a Provincial Grievance Redress Committee, and (e) approving the BRP and RF during the project preparation stage, as well as the DRP and the updated DRP during the project implementation stage.

104. The BRP and RF must be approved by the IRC before submission to the DP for approval. An outline of a BRP is provided in **Appendix 8**. For the outline of the RF, please refer to the SOP-LAR. The PPT and DP team must ensure that the BRP and RF are prepared in accordance with the provisions of the SOP-LAR.

c. Indigenous Peoples Plan and Gender Action Plan

105. Indigenous people are part of an indigenous community who practice traditional lifestyle and use land based on customary rules and collective use. The group of people who are classified as indigenous people is determined by the Government and are classified as a vulnerable group in the context of involuntary resettlement.
106. Gender concerns and issues will be considered in resettlement planning. Gender differentiated benefit-sharing measures are included in the Resettlement Plan to ensure that the women and men of the Affected Households are treated equally.
107. Depending on the results of the EIA and SES, an Indigenous Peoples Action Plan (IPP) and a Gender Action Plan (GAP) may be prepared in addition to the EMP and BRP during the project preparation stage. The IPP and GAP are updated following the completion of the detailed designs.

d. Consultation and Disclosure

108. Consultation with displaced persons, community leaders and members throughout the Project Cycle is required to avoid potential for conflicts, address concerns of the displaced persons to the extent possible, avoid bottlenecks that cause project delays and contribute towards mitigating adverse impacts from involuntary resettlement. Involving the displaced persons and other stakeholders in the resettlement process from the early stage of the project will create an opportunity for the displaced persons and communities to express their concerns and provide inputs into the resettlement planning.
109. The disclosure of information to displaced persons and communities takes place during the consultation process at different stages of the preparation and implementation of the Resettlement Plan. The public disclosure happens after the completion of the BRP prior to the approval of the project by the DP, as well as the DRP and the updated DRP after the approval of the project by the DP during the project implementation stage. The disclosure of relevant information to the displaced persons will be made in a timely manner in places accessible to displaced persons and the communities, in the Khmer language.

e. Complaints and Accountability Mechanism

110. Complaints and grievances are inevitable during the preparation and implementation of the EMP and DRP due to the complexity of the activities involved. At the preparation stage complaints and grievances are addressed during the consultation process carried out in the design of the project, which is handled by the PPT or the EA. During the implementation stage, complaints from project affected persons are handled through the GRM established under the EMP and DRP. In case of resettlement the GRM is established as a locally based arrangement at the provincial level for receiving, recording, assessing and facilitating the resolution of complaints and grievances raised by the displaced persons in relation to their compensation and entitlements. For complaints relating to the EMP, the EA project management will have a mechanism set up to address them.
111. In addition, the DPs have their own independent institutional arrangements referred to as the accountability mechanism, under which the aggrieved persons can lodge their complaints and seek redress. The DP will use inspection mechanism to investigate and determine whether the DP has complied with its operational policies and procedures (including environmental and social safeguards). The compliance review by an independent panel investigates the alleged DP non-compliance with its own operational policies and procedures that has caused, or is likely to cause, direct and material harm to project affected people. Detailed procedures for lodging and resolution of complaints can be accessed from the DP website, where such mechanism exists.

5. Economic and Financial Viability

112. An economic and financial analysis of the project should be carried out to determine the economic and financial viability and sustainability of the project.

a. Economic Analysis

113. The economic analysis comprises a quantitative and qualitative examination in sufficient depth to determine the acceptability of an investment project in terms of its economic efficiency and sustainability. It involves a review of (a) macro-economic context; (b) sector context; (c) demand analysis; (d) identification of project rationale; (e) identification of project alternatives; (f) cost benefit analysis; (g) sustainability; (h) distribution of benefits; (i) sensitivity and risk analysis; and (j) indicators for performance monitoring.
114. The project economic analysis aims to ensure that scarce resources are allocated efficiently and the investment brings benefits to Cambodia and its citizens. An economically viable project requires that (a) it represents the least-cost or most efficient option to achieve the intended project outcomes; (b) it generates an economic surplus above its opportunity cost; and (c) it will have sufficient funding for the O&M and institutional structure to ensure sustainability.
115. The project economic analysis should show that (a) the project is in line with the development agenda of the Government; (b) there is strong rationale for the public sector to finance the project; and (c) the selected project represents the most efficient or least-cost option among all the feasible alternatives for achieving the intended project benefits.

116. The project economic benefits and costs are estimated in the 'with' and 'without' project scenario. The incremental economic benefits and costs are then used to calculate the Economic Internal Rate of Return (EIRR). The project is economically viable when the EIRR is equal to or exceeds the opportunity cost to the economy. For social sector projects with poverty-targeting components or with environmental benefits, a lower minimum EIRR may be considered. The EIRR should be subjected to a sensitivity analysis for changes to the key variables.
117. The DPs have their own guidelines for the economic analysis of projects.

b. Financial Analysis

118. The financial analysis is undertaken to establish the financial viability and sustainability of the project and, in appropriate cases, of the EA.

(i) Revenue Generating Projects

119. The financial viability of a project to an entity is indicated by its Financial Internal Rate of Return (FIRR). The FIRR should be computed for all revenue generating projects. The FIRR is calculated in real terms by discounting the net incremental project cash flows over the estimated economic life of the project facilities. The project cash flows will include revenue generated by the completed project facilities (benefits) less the project capital and operating expenditure (costs). The residual value of the project facilities at the end of the estimated life of the project is included as a benefit.
120. The FIRR is compared with the Weighted Average Cost of Capital (WACC) to determine if the project is viable. The project is financially viable if the FIRR is equal to or exceeds the WACC, which represents the financial cost to the project. The WACC is computed by weighting the cost of each element in the Financing Plan by its proportionate contribution to the overall Financing Plan.
121. The key variables such as forecast revenues, construction cost and completion time, should be subject to a sensitivity analysis to show to what extent the viability of the project is influenced by changes in the variables. The purpose of sensitivity analysis is to: (i) help identify the key variables that influence the project cost and benefit streams, (ii) investigate the consequences of likely adverse changes in these key variables, (iii) assess whether project decisions are likely to be affected by such changes, and (iv) identify actions that could mitigate possible adverse effects on the project.
122. For revenue earning project entities, the preparation of Financial Statements and projections for the EA (especially public sector enterprises and utilities) and the determination of appropriate financial performance indicators are required.

(ii) Non-Revenue Earning Projects

123. The financial analysis of non-revenue earning projects will focus on the EA to ensure sound financial policies, adequate accounting records, proper internal control systems, timely reporting to management, and sound and timely auditing practices.

c. Financial Sustainability

124. If the financial analysis identifies significant risks to project financial sustainability or viability, the DP normally requires that relevant financial performance indicators are incorporated as financial covenants in the project Financing Agreement. These indicators, including the manner in which they are calculated, will be discussed during project preparation with the EA and MEF and recorded in the Project Appraisal MOU, AM or MOD.
125. It is important to prepare an O&M Plan to determine the budgetary requirements for each year of project implementation and operations. The EA should ensure the sustainability of the project within its implementation period and thereafter. The impact of the project on the national budget should be clearly understood and the Government fully aware of its future obligations for the sustainability of the project.

6. Procurement Plan

126. The Strategic Procurement Planning or Project Procurement Strategy for Development requires a review and analysis of the operating environment, market analysis and risk management before a project procurement strategy is developed.
127. Country and sector risk assessments are undertaken during the preparation of the DP Country Strategy for Cambodia. During the project preparation stage, a procurement risk assessment is carried out to assess the market conditions and other relevant factors to establish the procurement strategy comprising the procurement methods, bidding procedures, contracting strategy and the Procurement Plan template. Essentially, the assessment is to provide an adequate justification for the selection methods for the procurement packages. The Procurement Plan is prepared based on the results of this assessment.
128. The Procurement Plan describes how the project procurement activities support the development objectives of the project and deliver 'value for money' under a risk-managed approach. The scope and details of the Procurement Plan take into account, and are proportional to the relevant market, scale, risk, value and country circumstances, including, when applicable, situations of an urgent need of assistance or capacity constraints, and the specific economic, environmental and social objectives of the project.
129. The PPT, together with the DP team, prepare the draft Procurement Plan, which identifies an indicative list of all project civil works and goods contracts and services requirements, and agree on: (a) description of the contract packages; (b) selection method and types of bidding; (c) cost estimates; (d) time schedule for procurement of contracts and recruitment of consultants; and (e) DP review requirements.
130. The draft Procurement Plan provides details of procurement activities to be carried out within the first eighteen (18) months of the implementation of the project. All procurement of goods, works, non-consulting services and recruitment of consulting services shall be done in accordance with the provisions of the *Standard Operating Procedures on Procurement (referred to as the Procurement Manual)* and the DP procurement policy and guidelines. In the event that there is any conflict between the *Procurement Manual* and the DP policy and regulations, the relevant provisions of the DP Financing Agreement shall prevail.

131. The draft Procurement Plan should be discussed and agreed with the MEF and DP team at the end of the DP due diligence or appraisal. The draft Procurement Plan is officially endorsed by the MEF before it is finalized and approved by the DP at negotiations of the Financing Agreement. The Procurement Plan is updated annually by the EA (or more frequently if circumstances require), and approved by the MEF prior to submission to the DP for its approval on each occasion. The annual Procurement Plan is approved as part of the Annual Work Plan and Budget (AWPB) by the MEF. However, if the annual Procurement Plan is required to be approved prior to the submission of the AWPB, it must be submitted to the MEF for approval before seeking the approval of the DP.
132. A template of the Procurement Plan(s) is included in **Appendix 9**.
133. In-depth and complete details on the procurement planning requirements and process are provided in *the Procurement Manual*. The EA must ensure compliance with its provisions.

7. Financial Management and External Audit

134. Financial management systems cover the policies and practices regarding financial planning, accounting, monitoring and reporting, internal control systems, internal auditing, independent external auditing and accounting personnel of a project. Good financial management promotes the overall fiscal discipline and efficient allocation of resources to priority needs.
135. During the project preparation phase, a financial management assessment of the project and EA will be carried out. A Financial Management Action Plan may then be prepared to address the weaknesses and shortcomings highlighted by the financial management assessment.
136. The PPT and DP team will agree on the financial management arrangements for the project. These include the arrangements for staffing, funds flow, maintaining accounting records, reporting, auditing and other fiduciary arrangements. The MEF and EA will be required to:
- maintain separate financial records for the project and prepare the Annual Project Financial Statements in accordance with the financial reporting standards acceptable to the DP;
 - have these Annual Project Financial Statements audited by an independent auditor acceptable to the DP in accordance with the auditing standards that are acceptable to the DP;
 - submit to the DP the audited Financial Statements, including the Auditor's Report and the Management Letter, for each financial reporting period (fiscal year) from the date of financing effectiveness until financial closing;
 - for revenue generating projects, the requirement will include the Financial Statements of the EA or project entity.
137. The DPs normally require an audit of the Annual Financial Statements of the project and, where appropriate of the EA, by an independent external auditor. This requirement will be specified in the DP Financing Agreement. During the project preparation stage, the DP team should come to an agreement with the EA and MEF on the format, content

and timing of the external audit reports; the overall Terms of Reference; and the method of selection of the external auditor. The responsibility for the appointment of an external auditor rests with the MEF.

138. The NAA has the mandate to execute the external auditing functions of the Government under KRAM CS/RKM/0300/10 on the Law on Audit. The Auditor General is empowered to conduct an audit of the transactions, accounts, systems, internal controls, operations and programs of the Government institutions, in accordance with generally accepted auditing standards and the Government auditing standards. This also includes externally financed projects.
139. The audit report and all associated documents produced by the selected external auditor for the project should be made available to the NAA. Project cost estimates should also include the costs of the independent external audit, with the provision that the DP may finance these costs under the Financing Agreement. In case the DP financing is not available, the costs of external audits for non-revenue earning projects will be borne by the MEF and for revenue earning projects by the revenue generating entity.
140. In-depth and complete details of the financial management requirements are available in *the FMM*.

8. Project Risk Management Framework

141. Risks associated with the successful implementation and subsequent sustainability of the project should be clearly identified during the project preparation stage and appropriate measures should be put in place to minimize or eliminate these identified risks. The scope of such risks includes risks that would affect or delay the implementation of the project causing the non-achievement of the intended results.
142. A Risk Management Framework for each project is developed to enable a systematic approach to risk management and mitigation. The categories of risks to be reviewed include:
 - (a) **Stakeholder Risks** – the risks posed by stakeholders who might question or even oppose the project in a manner that could affect the achievement of its development objectives;
 - (b) **EA/IA Risks** - including technical, financial and administrative capacity and financial strengths and weaknesses of management;
 - (c) **Governance Risks** - related to ownership, decision making, accountability and behaviour that could have an adverse impact on implementation;
 - (d) **Project Level Risks** – including risks related to design, social and environmental sustainability or delivery quality; and
 - (e) **Sustainability Risks** – including the provision and allocation of recurrent resources and adjustability of tariffs or service charges.
143. A detailed risk assessment should be carried out at the project preparation stage, from which time-bound risk mitigation measures will be formulated. The identified mitigation measures are an integral part of project design and should be adequately funded.

9. Monitoring and Reporting

144. The project development objectives set out in the PRF, the physical and financial progress of the project and the implementation of the Environmental Resettlement and Social Action Plans should be carefully monitored during the implementation of the project and reported periodically.
145. During the project preparation stage, the DP and EA will agree on the frequency, format and contents of the progress reports to be submitted to the DP. The agreed reporting requirements are reflected in the DP Financing Agreement.
146. For all indicators in the PRF, it is important that baseline data is obtained as early as possible during the project preparation stage, and all such data are gathered prior to the start of the project. During project implementation and after project completion, the project results should be monitored and evaluated against the originally established Results Framework. A dedicated officer should be appointed within the project team with responsibility for the Monitoring and Evaluation (M&E) activities during project preparation and implementation. The M&E Officer will maintain close links to the Planning Department in the EA to ensure that progress and completion data is integrated into the EA overall M&E database. The M&E arrangements should be defined in a way that supports existing Government systems for managing information and measuring performance.

10. Project Implementation Arrangements

147. The EA implements projects using its established institutional arrangements or establishes a dedicated Project Management Unit/Office (PMU/O) or a Project Implementation Unit (PIU) to handle all matters relating to project implementation. All such dedicated arrangements shall be referred to as the PMU.
148. The use of established institutional structures requires well-developed institutional arrangements, regulations and skilled human resources. In the Cambodian context these pre-conditions are evolving and it will take time to develop them to a stage where all projects can be implemented by existing institutional structures.
149. The specific tasks of the PMU during the implementation planning phase include the activities to:
 - prepare project implementation schedules;
 - prepare detailed project costs and operating budgets;
 - prepare schedules for procurement and recruitment of consultants;
 - prepare project staffing schedules;
 - finalize project Results Framework and performance indicators.
150. The PMU structure and Terms of Reference for the key staff positions should be discussed and agreed with the DP and MEF during the project preparation stage. The PMU should be integrated into the general structure of the EA to the extent possible. A Prakas is issued by the Minister of the EA for the establishment of the PMU and the appointment of the key staff. The Prakas must also specify the delegation of powers to the Project Director and Project Manager for signing contracts and approving project

expenditures. The PMU should normally be fully staffed and operational soon after the feasibility study is completed and before the end of the DP due diligence stage.

151. The size and scope of the PMU will depend on the complexity of project. To the extent possible, the core staff of the PMU should be selected from the PPT. This will ensure that there is continuity and consistency between the project preparation and implementation stages. The experience gained during project preparation should be retained and utilized during project implementation.
152. The recruitment of PMU staff should be based on open, transparent and competitive principles following the Government guidelines. The Project Director and Project Manager positions may be filled by a direct nomination in consultation with the MEF and DP. For the rest of the PMU key staff a three-member Staff Selection Committee should be established to select them in accordance with the Government Appointment Guidelines provided in this *PMM*. This does not require prior approval of the DP. For the external candidates referred to as national consultants, including contractual support staff like assistants, the EA will use the consultant recruitment guidelines as specified in *the Procurement Manual*.
153. The Guidelines for the Recruitment and Management of PMU Staff are shown in **Appendix 10**.
154. Generally, a PD should manage a maximum of two projects unless it is determined otherwise by the EA and MEF jointly. The allocation of all project staff must be based on merit and their existing functional roles and performance in the concerned EA. If such staff is not available within the concerned EA, suitably qualified Government staff from other EAs may be assigned by the Government for the duration of the project in order to optimize the use of existing Government resources.
155. In the case of a hybrid project where the LM is the EA but implemented by a Sub-National Administration, the implementation procedures and arrangements must be agreed with the DP and clearly defined in the Project Administration Manual (PAM), which is also referred to as the Project Implementation Manual and Project Operations Manual. In particular, the procurement and financial management procedures must be spelled out in detail. Where necessary, a separate project operations manual can be prepared in close consultation with the sub-national Implementing Agency. It will be absolutely essential to provide training on the operational manuals to the sub-national implementing staff as early as possible, but at the latest by the inception of the project. The necessary capacity enhancement must also be in place to provide project management support during the initial phase of project implementation.

11. Project Administration Manual

156. The PAM is prepared towards the end of the project preparation stage when all the project implementation arrangements have been finalized. Further reference to the PAM in this *PMM* includes the Project Implementation Manual or a similar document. The PAM describes how the EA will implement the project and deliver the results on time, with quality, within budget and in accordance with the Government and DP policies and procedures. It must clearly spell out the roles and responsibilities of the key players involved in the implementation of the project, like the GDICDM and GDR of the MEF, the MOE and others in addition to the EA/IA. The PAM is good practice and a mandatory requirement for some DPs. The PAM should be discussed and agreed with

the DP team at the end of the DP due diligence or appraisal. The PAM is negotiated during the loan/credit negotiations. Further details of the PAM are given in **Chapter VII** of *the PMM*.

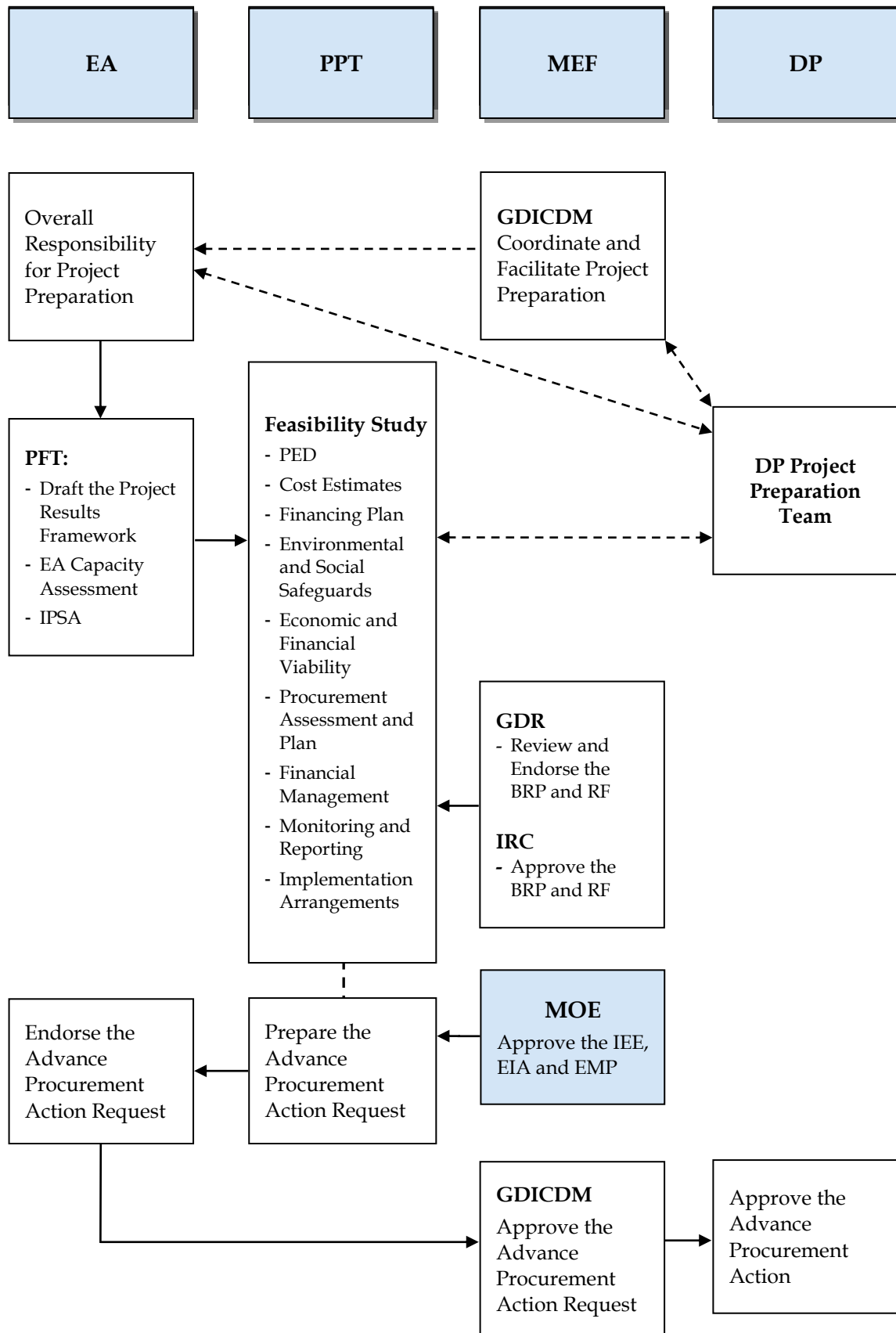
12. Retroactive Financing

157. The DP funds are normally only disbursed for eligible project expenditures incurred after the effective date of the Financing Agreement. Where justified, as in the case of emergency restoration and rehabilitation projects, the DPs may allow the financing of project expenditures incurred in the period between the DP due diligence and the financing effective date. Disbursement of the DP funds for such eligible expenditures, referred to as retroactive financing, will be done through a reimbursement procedure after the DP financing is declared effective. The request for retroactive financing by the EA through the MEF must be made during the preparation of the project and will be recorded in the DP Due Diligence MOU, AM or MOD and approved by the DP. The DPs have a limit on the amount of retroactive financing, which will be specified in the DP Financing Agreement. The necessary Government budgetary and financial arrangements, including the opening of bank accounts, must be in place to enable the pre-financing of project expenditures eligible for retroactive financing by the DP.

13. DP Approval of Advance Actions

158. The DPs may require a formal approval of advance actions to recruit consultants and procure goods and works. In this case, the EA should request through the MEF for the DP approval of such advance actions. The request is normally recorded in the MOU, AM or MOD of the DP Due Diligence Mission. Advance actions for the recruitment of consultants and procurement of goods and works must be done in accordance with *the Procurement Manual* and the DP procurement regulations.

Figure IV.1 - PROJECT PREPARATION AND APPRAISAL



V. Project Readiness

A. Introduction

159. Delays in project implementation result in cost overruns, reduction of intended economic and social benefits to the people of Cambodia and inefficient utilization of resources. Project start-up delay has been identified as one of the main causes for implementation delays. The timely completion of pre-construction activities is essential to avoid implementation delays.
160. The Joint Country Portfolio Performance Review (JCPPR) is carried out annually by the Government and DPs to (a) assess portfolio performance; (b) identify systemic issues and bottlenecks affecting portfolio performance; and, (c) to recommend and monitor the implementation of remedial measures to address portfolio performance problems. The JCPPR has identified the project implementation start-up delays as the key impediment to improved portfolio performance. The Government and DPs agreed on a number of key front-end project implementation actions that should be completed at critical stages of the Project Cycle. This set of pre-construction implementation actions are referred to as the Project Readiness Filters (PRFs).
161. The PRF is a list of key advance implementation actions that is used to assess the readiness of projects during the project preparation and DP financing approval stages. Projects that are well prepared and ready for implementation will enable the contract awards and disbursements to take place soon after the financing is declared effective resulting in efficient utilization of resources. The EA, MEF and DP are required to review the status of project readiness using the agreed PRFs before the DP project documentation is finalized for its approval. The Project Readiness Actions are shown in **Table 3** and **Figure V.1**.

B. Detailed Engineering Design

162. The completion of Detailed Engineering Design (DED) is a key pre-requisite for the start of the physical implementation of projects with civil works components. The DED is required to prepare the procurement bidding documents for the civil works contracts and for the preparation of the EMP and DRP. Without the civil works procurement bidding documents and the EMP and DRP, the physical implementation of the project cannot take place.
163. As good practice, the DED should be completed as part of the project preparation process. Some DPs complete the DED before the approval of financing. Other DPs conduct the DED after the approval of financing. In this case, the advance action to recruit the DED consultants becomes a key project readiness activity to ensure that the recruitment process is completed before the negotiations of the Financing Agreement and the consultant's contract is awarded immediately after the financing is effective. Along with the DED preparation, it must be ensured that the corresponding DRP and EMP are also prepared and approved by the GDR and MOE respectively.

C. Key Advance Actions for Project Readiness

164. The key advance actions for project readiness listed below represent good practice:

- **Establish a Fully Functioning PMU.** The PMU or institutional arrangements should be established and fully staffed by the time the feasibility study is completed and before the end of the DP due diligence or appraisal. This will ensure that experienced staff are available to prepare pre-construction activities, and the project is ready for implementation soon after the Financing Agreement is declared effective.
- **Recruit Consultants.** The TOR for the DED assignment and the Request for Proposals (RFP) should be prepared and approved by the DP during the project due diligence or appraisal stage. The RFP for the DED should be issued as soon as the Financing Agreement is negotiated. This will enable the DED consultants' recruitment to be completed and the consultants mobilized as soon as the Financing Agreement is declared effective.
- **Procure Goods.** The specifications of goods to be procured in the first eighteen (18) months of implementation and the bidding documents should be finalized and approved by the DP at the end of the DP due diligence or appraisal stage. This will allow the bids to be advertised and the evaluation process completed during the period between the DP due diligence and the approval of financing. Then the contract can be awarded when the Financing Agreement is declared effective.
- **Procure Works (where DED is not required).** The draft bidding documents, including the draft Invitation for Bids, should be finalized, approved by the Procurement Review Committee and submitted to the DP for approval during the period between the completion of the DP due diligence and negotiations of the Financing Agreement. After the DP approves the draft bidding documents, the Invitation for Bids can be advertised.

165. Detailed advance actions for the (a) establishment of the PMU, (b) recruitment of consultants, (c) procurement of goods, and (d) procurement of works where detailed design is not required, are given in **Appendix 11**.

D. Enabling Actions for Project Readiness

166. Effective project readiness will require the following enabling actions:

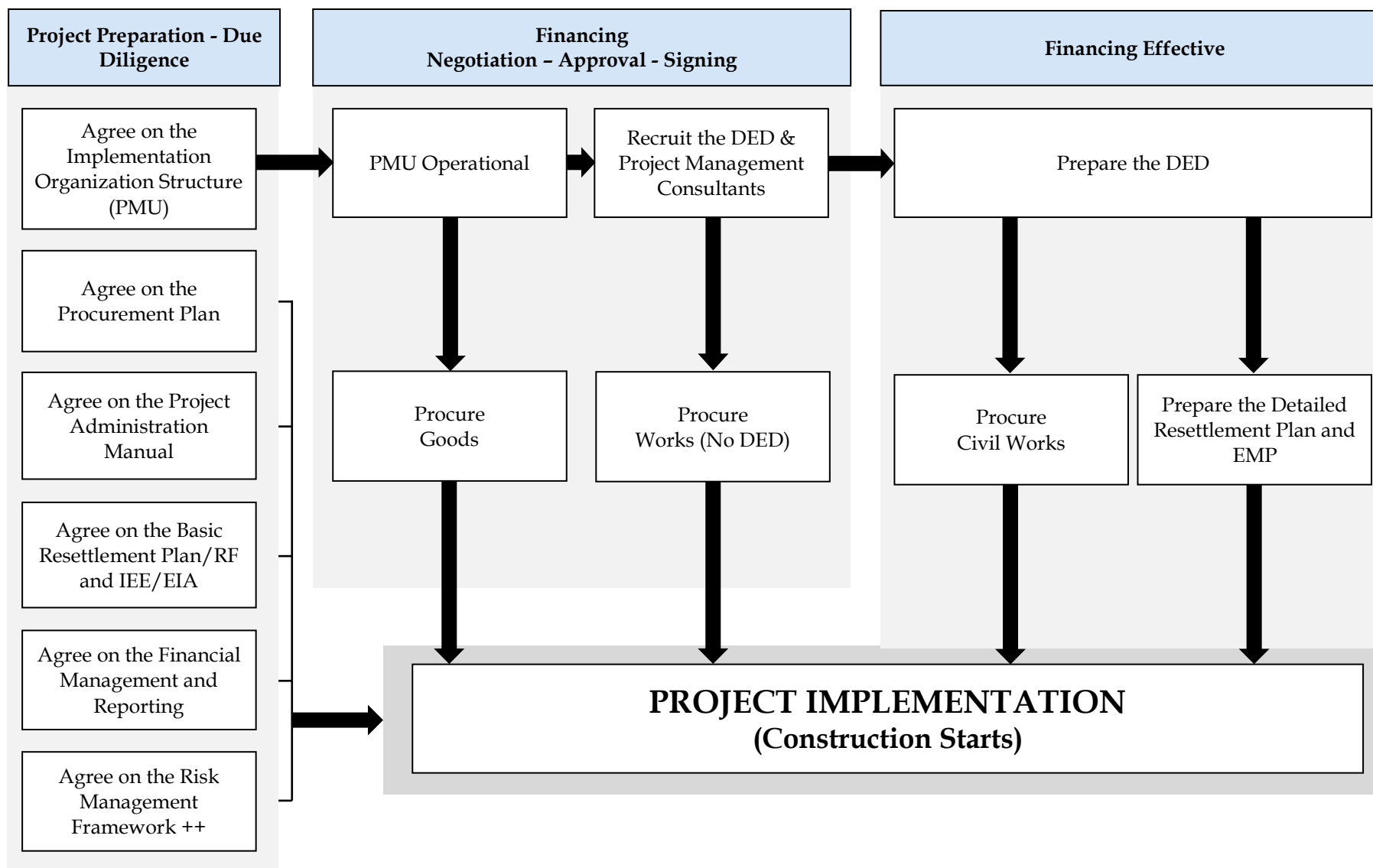
1. Arrangements for funding the incremental staff costs of the PMU and related expenses must be established. The Government may finance this through the Government annual budget allocation or a specially created fund to support project preparation. The DPs could also finance the advance actions through a Project Development Facility or Technical Assistance grant.
2. The financing arrangements, including the opening of project bank accounts, for project readiness advance actions should be discussed and agreed upon by the DP, EA and MEF at the start of the project feasibility study.
3. The TOR of the feasibility study consultants could include the support of advance actions for project readiness.

4. When necessary, the EA/PMU should request the DP approval of advance action for procurement.
5. The DP internal business process should be aligned to the Project Cycle to ensure the necessary approvals for advance actions are granted in a timely manner.
6. Issuance of the necessary Prakas, to appoint the Procurement Review Committee (PRC), the Consultants Evaluation Committee (CEC) and the Bid Evaluation Committee (BEC) when the Procurement Plan is approved.

Table 3: Readiness Actions for Project Implementation

Project Feasibility - Project Preparation - Due Diligence	Financing Negotiations - Approval - Signing	Financing Effective
Mandatory Actions	Advance Actions	Pre-construction Actions
<p>Agree on the Implementation Organization Structure (PMU)</p> <p>Agree on the Procurement Plan</p> <p>Agree on the Project Administration Manual (PAM)</p> <p>Agree on the Basic Resettlement Plan and RF</p> <p>Agree on the Environmental Impact Assessment</p> <p>Agree on the Financial Management and Reporting</p> <p>Agree on the Risk Management Framework</p> <p>Agree on the project development objective indicators for Monitoring and Evaluation</p> <p>Prepare the Annual Work Plan and Budget request</p>	<p>The PMU established, staffed and operational</p> <p>Recruit the Detailed Engineering Design (DED) and Project Management Consultants</p> <p>Procure Goods</p> <p>Procure Works (DED not required)</p> <p>Confirm the audit arrangements</p> <p>Finalize the baseline project data for Monitoring and Evaluation</p> <p>Confirm the Annual Work Plan and Budget availability</p> <p>Identify staff at provincial, district and commune levels</p> <p>Disclose the BRP, RF and IEE/EIA</p>	<p>Carry out the DED</p> <p>Prepare and agree on the Detailed Resettlement Plan</p> <p>Prepare and agree on the EMP</p> <p>Procure Civil Works</p>

Figure V.1 - PROJECT READINESS ACTIONS



VI. Due Diligence and Approval of Financing

A. DP Due Diligence

167. When the feasibility study and project preparation is completed, the DP will conduct its due diligence, which is also referred to as fact-finding or appraisal. The DP due diligence team should have a meeting with the MEF at an early stage of the due diligence to consult and discuss key issues with the MEF during the due diligence process before preparing the MOU, AM or MOD.
168. The DP due diligence team will ensure that the project design, project viability and sustainability assessments, Environmental and Social Safeguard Plans and implementation arrangements comply with all its policies and guidelines. The DP team will also check on the readiness of the project for implementation. The findings of the due diligence and agreements reached in discussions with the EA and MEF will be recorded in a draft MOU, AM or MOD prepared by the DP team. The MOU, AM or MOD will encompass all project details, including assessments, agreed frameworks, action plans and project readiness actions.
169. The draft MOU, AM or MOD will be distributed to all concerned Government agencies at least three (3) working days before it is scheduled for discussion at a wrap-up meeting. The wrap-up meeting is organized and chaired by the EA or if appropriate the MEF. Representatives of all concerned agencies are invited to attend. Following discussions at the wrap-up meeting, the draft MOU, AM or MOD is finalized by the DP team. In the case of an MOU or MOD, the representatives of the EA, MEF and DP will sign the document. In the case of an AM, it is signed only by the DP representative and is subsequently confirmed in writing by the MEF on behalf of the Government. However, the MOU and MOD are still subject to the approval of the higher management of the EA and MEF.
170. The final MOU, AM or MOD forms the basis for the DP internal report to its management and the project documentation that is presented to its Board of Directors for approval. The DP project documentation includes the appraisal report, the draft Financing Agreement and, if necessary, the Project Agreement and subsidiary Financing Agreement. The Financing Agreement sets out the main obligations and assurances of the Government as the representative of the Borrower or Recipient of the grant. The Project Agreement sets out the project and sector related obligations and assurances from the EA or project entity. The subsidiary financing is required when the DP funds are on-lent to the EA or project entity by the MEF as the representative of the Borrower. Throughout this *PMM*, the reference to Financing Agreement includes the Project Agreement and subsidiary Financing Agreement as applicable. The Due Diligence MOU, AM or MOD is also the source for the preparation of the PAM. The details on the Due Diligence carried out during the project preparation leading up to the signing of the Financing Agreement are shown in **Figure VI.1**.

B. Government Due Diligence

171. The Government project financing decision criteria, as issued under the relevant Prakas or Sub-Decree by the MEF for the implementation of the PIMSRS, will be used to

determine whether the project is suitable for external funding. The Government will then conduct its due diligence to ensure the project scope, implementation arrangements and the provisions of the draft Financing Agreement are in accordance with its policies and regulations relating to externally financed projects. The MEF will ensure that the schedules in the draft Financing Agreement relating to procurement are in accordance with the agreed Procurement Plan and *the Procurement Manual*. The MEF will also review the financial management arrangements, financial reporting, audit requirements and disbursement arrangements. The project and sector policy related covenants in the draft Financing Agreement will be reviewed by the EA and MEF to ensure that they are realistic and achievable. The Financing Agreement covenants relating to land acquisition and involuntary resettlement will be reviewed by the GDR. The MOE will review the financing covenants relating to the environment. Prior to negotiations of the Financing Agreement, the agreed PAM is submitted to the DP for confirmation at negotiations.

172. As required under Phase 3 - 'Assessment and Evaluation of Project by Independent Institution' of the PIM Project Cycle, the assessment and evaluation of Project Proposal is conducted by the MEF, independent from the EA (project proponent), as part of its key '**gatekeeping**' role. This due diligence will be carried out at the same time as the due diligence undertaken by the DP. The Project Proposal must meet the Government selection criteria before approval of the project can be granted. The procedures and selection criteria will be spelt out in the relevant Prakas and Sub-Decree issued by the MEF for the implementation of the PIMSRS.
173. As required under Phase 4 - 'Selection of Project Proposal and Budgeting' of the PIM Project Cycle, the MEF will select projects from the priority list of projects, which have passed Phase 3 of the PIM Project Cycle, to determine the source of funding and budgeting. Only projects that meet the established criteria and methodology will be selected from the list of priority projects for budgeting.

C. Negotiation of the Financing Agreement

174. After all outstanding matters discussed in the MOU, AM or MOD have been agreed to, the EA and MEF will confirm them in writing after seeking the approval of their management. The DP will then complete its own internal process, which will include a meeting with its management to ensure that the DP criteria for financing the project have been met. The meeting with its management will also seek the approval for negotiations of the Financing Agreement. The DP invites the Government, represented by the MEF, to negotiate the draft Financing Agreement. The negotiations take place either at the headquarters of the DP or in Cambodia, or through a video conference.
175. The Minister of Economy and Finance or his designated representative is responsible for selecting the Government negotiating team. The MEF delegate will normally lead the Government negotiating team. However, in some cases the Minister of Economy and Finance may appoint another member of the team to lead the delegation. Other representatives of the negotiating team will consist of a senior official of the concerned EA and other officials as deemed necessary by the Minister of Economy and Finance. The GDR may be represented in the Government negotiating team to handle issues relating to land acquisition and involuntary resettlement.
176. At negotiations the Government and DP will discuss and confirm any outstanding matters relating to the implementation of the project. The Procurement Plan and PAM are confirmed during negotiations. The draft Financing Agreement and any

amendments thereto will be initialed by the leaders of both teams after the negotiations are completed.

D. DP Approval of Financing

177. Following the negotiation of the Financing Agreement, the DP project documentation, including the financing and other agreements as applicable, is presented to the DP Board of Directors for approval.

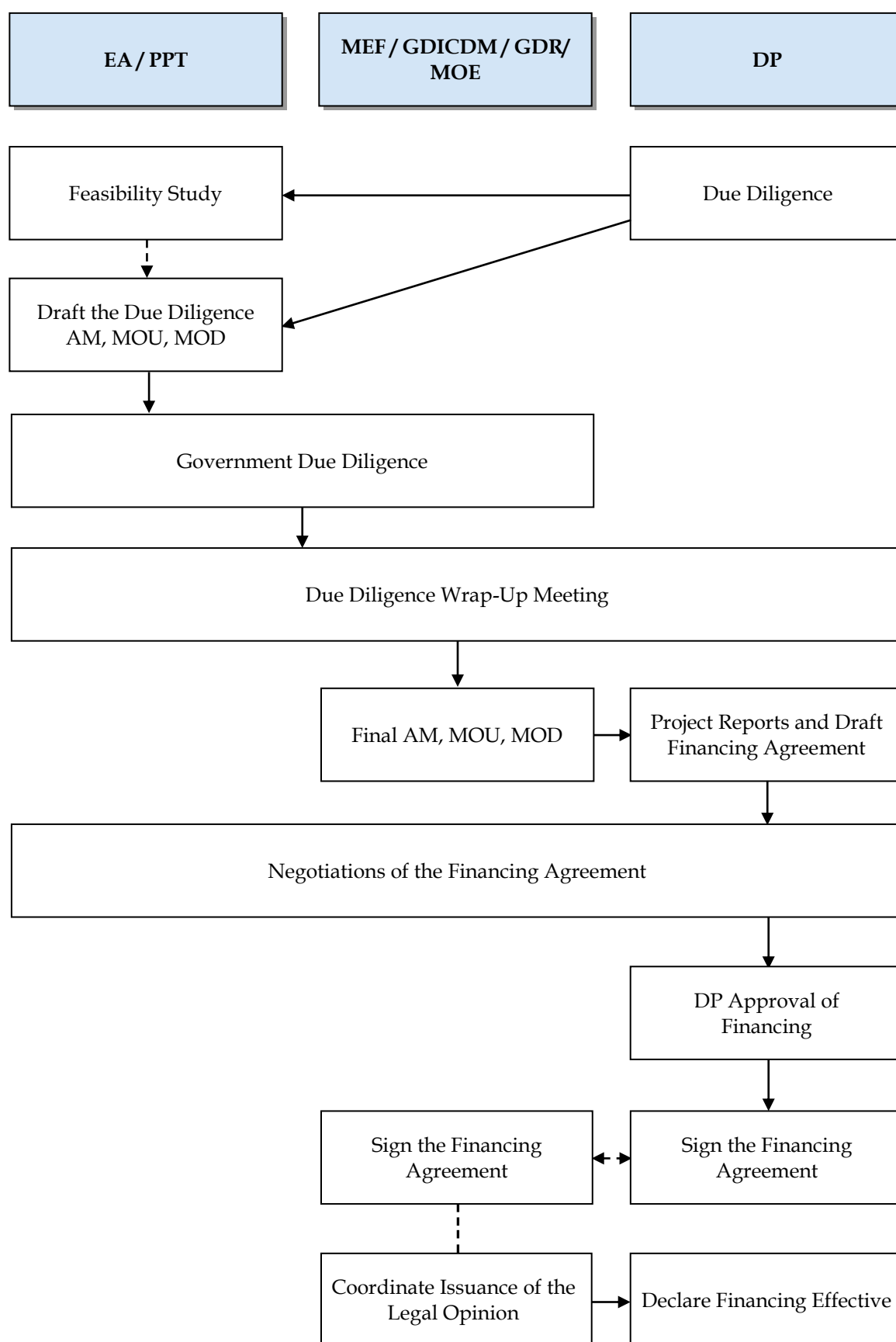
E. Signing of the Financing Agreement

178. The Financing Agreement is signed by the authorized representatives of the DP and MEF, representing the Kingdom of Cambodia as the Borrower. The project or subsidiary Financing Agreement, if any, will require the signature of the authorized representative of the concerned EA or Government agency.
179. The DPs normally specify a time period within which the Financing Agreement must be signed. Failure to sign the Financing Agreement within the specified time period will cause the Financing Agreement to lapse. The EA and MEF should use the time between the negotiation and signing of the Financing Agreement to complete any outstanding actions relating to project readiness or time-bound project assurances specified in the Financing Agreement.

F. Effectiveness of the Financing Agreement

180. Generally, the conditions for effectiveness of the Financing Agreement are limited to the legal requirements such as legal opinion, cross-effectiveness of co-financing and execution of subsidiary Financing Agreements. The requirements and deadline for effectiveness are stipulated in the Financing Agreement. The financing is declared effective after the Government issues its legal opinion on its representative's authority to sign the financing and other agreements as applicable and when conditions for effectiveness specified in the Financing Agreement, if any, have been complied with. The DPs specify a time period, usually ninety (90) days, within which the financing should be declared effective. The time period may be extended at the request of the Government should it require more time to satisfy the conditions for effectiveness. However, delayed effectiveness will result in delayed project implementation. The responsible Government ministries or agencies should provide the necessary documentation and/or take actions required to meet the conditions in a timely manner.
181. For some DPs, the financing becomes effective when the agreement is signed.

Figure VI.1 - DUE DILIGENCE AND APPROVAL OF FINANCING



VII. Project Implementation and Monitoring

A. Introduction

182. Physical project implementation starts when the Financing Agreement is declared effective after all conditions for effectiveness are met by the Government. No funds can be withdrawn from the DP financing account prior to the Financing Agreement is declared effective.
183. Properly executed project readiness actions should enable contract awards and disbursement of the DP funds to happen soon after the effective date. The project is implemented by the EA according to the agreed schedule and procedures specified in the PAM; *the Procurement Manual, FMM and PMM*; and the DP Financing Agreement.
184. Procurement and physical implementation of civil works components of projects cannot start until the DED is completed. For some DPs, the DED is only done after the DP Financing Agreement is declared effective. For projects where the DED is completed prior to financing approval, the procurement of civil works can commence immediately after the effective date. The DED, which provides full details of the demarcation of land required for the project, must also be completed before the EMP and DRP can be prepared. Hence, for projects with a civil works component, the recruitment of DED consultants is a critical activity, which should be advanced so that the DED consultants' contract can be signed immediately after the Financing Agreement is effective.
185. The preparation and approval of the EMP and DRP will be critical to ensure that physical construction of the project can start.
186. Project implementation is carried out during Phase 5 - 'Project Management and Implementation' of the PIM Project Cycle, where the line ministries/agencies (project owners), in cooperation with the MEF and other relevant ministries/agencies, will conduct the procurement starting from the preparation of the plan, implementation of procurement procedures and up to the contract management. In the case of medium, large or complex investment projects, it is necessary for such projects to have their preparation done within the framework of a multiyear budget package, have a clear management structure and implementation timelines to ensure effectiveness in project implementation and avoid or reduce the related potential risks, especially at the phase of procurement implementation.
187. The EA is responsible for ensuring that (a) the project is implemented, managed and administrated by designated officers and staff of the EA or a dedicated PMU in accordance with the DP Financing Agreement and *the Procurement Manual, FMM and PMM*; (b) the project performance is monitored throughout implementation in accordance with procedures agreed to at the project preparation stage; and (c) the required project reports are prepared and submitted to the MEF, DP and other concerned agencies. Further details on the roles and responsibilities of the EA and PMU during project implementation are provided in the following sections. The key roles and responsibilities in Project Implementation and Monitoring are shown in **Figure VII.1** and Change in Project Scope and/or Reallocation of Loan Projects in **Figure VII. 2**.

B. Project Management Unit

188. The day-to-day implementation and management of the project is the responsibility of the PMU. An example of an organization structure for project implementation is shown in **Appendix 12**.
189. It is necessary to delegate sufficient authority and financial powers to the PMU to ensure that it is able to operate with minimum disruption and interference from the EA. The delegation of powers relating to the procurement and financial approval authority is explained in detail in *the Procurement Manual and FMM* and must be specified in the Prakas for the establishment of the PMU issued by the Minister of the EA.
190. The PMU should maintain integrity, follow good governance practices, learn from project experience and build capacity. Effective coordination and communication with all stakeholders are important. The PMU is guided by the PAM and supported by the implementation consultants, depending on the capacity gaps identified during project preparation. Consultants may be recruited to provide project management services (either individual or firm) or to carry out Detailed Engineering Design and/or construction supervision.
191. At the end of each year, the PMU prepares an Annual Work Plan and Budget (AWPB) for the following year based on the project implementation schedule. The implementation schedule will include the construction of project facilities, delivery of equipment and goods, provision of consulting services and other capacity building, institutional reforms and project management activities. It will also include the annual Procurement Plan. The AWPB includes the Annual Budget Request to fund the anticipated project activities in the Annual Work Plan. The AWPB request is submitted to the EA for endorsement and then transmitted to the MEF for review and approval.
192. The PMU is led by the PD in an oversight role and the PM is responsible for the day-to-day activities. The staff of the PMU are accountable to the PD. Where a PMU arrangement does not exist, the staff assigned with the responsibility for project implementation are managed by the EA. The appointment and removal of the PDs and PMs should be undertaken in close consultation with the MEF. Where required, the DP may be consulted.
193. The responsibilities of PMU staff are defined in their Terms of Reference (TOR). The TOR must follow the sample provided in this *PMM* and are reviewed and endorsed by the MEF. The PMU staff should have adequate professional qualifications, skills and experience to match the responsibilities in the TOR. In case of a specialized position like the Procurement Officer, the selected staff must have prior experience in carrying out procurement activities using *the Procurement Manual* and the policies and guidelines of the DP financing the project. The staff of PMU are required to work full-time on the project except for the PD. For positions that require intermittent inputs, full-time is described as the time required to carry out the assigned tasks under the respective TOR.
194. The key PMU staff positions are:
- Project Director
 - Project Manager
 - Administrative Officer

- Finance Officer
- Technical Officer
- Procurement Officer
- Environmental and Social Safeguards Officer(s)
- M&E Officer.

195. The PMU is responsible for the following key tasks during implementation:
- conduct day-to-day project implementation and management activities;
 - manage and monitor the project results for their delivery within budget and on time;
 - take actions to keep the implementation progress on schedule;
 - carry on actions for the procurement and recruitment of consultants;
 - monitor the contract(s) performance in accordance with *the Procurement Manual*;
 - manage financial resources, including disbursements, in accordance with *the FMM*;
 - manage the implementation of the EMP;
 - coordinate the implementation of the Social Safeguard Plans (DRP, IPP, GAP);
 - manage the M&E activities;
 - manage the project staff and ensure efficient teamwork towards achievement of the project development objectives;
 - prepare and distribute progress reports, including implementation of the environmental and social safeguards, financial reports and other Government and DP reporting requirements;
 - update the PAM for changes in implementation arrangements in consultation with the DP and other stakeholders;
 - coordinate project activities with all stakeholders through regular communication;
 - conduct regular project meetings with stakeholders to review performance, identify problems and resolve issues.
196. The standard TORs for the key PMU staff are listed in **Appendix 13**.

C. Project Administration Manual

197. The PAM or similar project document is a project specific management tool to guide project implementation covering detailed project implementation arrangements, delegation and levels of authority and reporting requirements. The PAM is prepared by the PPT during the project preparation stage in consultation with the DP and MEF and agreement on it is reached during the loan/credit negotiation stage with the DP. The PAM is updated periodically during project implementation. The PAM serves as a guide and is not a mandatory requirement. The PAM supplements *the Procurement Manual, FMM and PMM*.

198. The PAM describes how the EA will implement the project and deliver the results on time, with quality, within budget and in accordance with the Government policies and procedures and the DP requirements. It includes:
- information and schedules describing project implementation, including the Project Readiness Filters, to enable rapid start-up and disbursements;
 - roles and responsibilities of the EA, MEF, consultants and DP for efficient and effective project implementation;
 - concise and accurate details on major aspects of project implementation, including: costs, financing and financial management; procurement and consulting services; safeguards; performance monitoring, evaluation, reporting and communication.
199. An outline of the PAM is provided in **Appendix 14**.

D. Recruitment of Consultants

200. During the implementation of the project, consultants with specialized expertise may be required to supplement the knowledge and experience of the PMU. The need for specific consulting support for activities such as Detailed Engineering Design, construction supervision, environmental and safeguards monitoring and capacity building will be identified during the project preparation stage. The particular contract packages, proposed methods for selecting consulting services and types of proposals, the overall indicative recruitment schedules and budgets for each consulting contract package will be specified in the Procurement Plan and PAM. The EA is responsible for all aspects of the recruitment of consultants, except for the resettlement consultants who are recruited and managed by the GDR. The recruitment process is led by the PMU with the evaluation carried out by the CEC and the selection approved by the PRC. The PMU is also responsible for managing the consultant's contract. The recruitment must be carried out in compliance with *the Procurement Manual*.
201. **Terms of Reference.** After identifying the need for consulting services, the TOR is prepared. The TOR defines the assignment objectives, scope, outputs of the services, and provides background information (including a list of studies and basic data, if available) to assist the consultants in preparing their proposals. The TOR should define the EA counterpart support responsibilities, materials, data and reports that can be made available to the consultants. The cost estimates for the assignment, which normally include remuneration, per diem, transportation and other expenses, are also prepared. Project readiness requires the TOR for the Detailed Engineering Design to be prepared and agreed to by the DP during the project preparation stage.
202. **Shortlist of Consultants.** The EA should ensure that the selection of consultants is made on the basis of an open and fair competition based on merit and competency and in some cases, price. The consultant may be an individual or a firm. The shortlist of consultants should represent a cross section of its member countries in the case of projects financed by the multilateral DPs. The DPs will have their own rules on eligibility with regards to nationality of the individual or firm, which must be followed.
203. **Method of Selection.** The method of selection of the consultants will be specified in the Procurement Plan. The multilateral DPs have a number of methods for selecting firms and the two most used methods are the Quality and Cost-Based Selection (QCBS) and the Quality Based Selection (QBS). The QCBS uses a competitive process among short-

listed firms that evaluates proposals on the basis of the quality of proposal and cost of the services. The QCBS is the most appropriate selection method when the TOR requires team work and contains specific requirements with respect to the team composition, detailed tasks and reporting. Under the QCBS, technical proposals are assigned weights of sixty – ninety percent (60-90%), while financial proposals are assigned forty - ten percent (40-10%). The DPs have their own guidelines for the assignment of weights, which must be followed. The QBS is a selection method based on the evaluation of the quality of technical proposal. The financial proposal and the contract are negotiated with the consulting firm that submits the highest ranked technical proposal. Other methods of selection are described in more detail in *the Procurement Manual*.

204. **Evaluation.** The CEC is responsible for evaluating the proposals while the PRC reviews the evaluation report and approves the award of contract. There are separate committees for the evaluation of proposals and approval of contract award to maintain transparency and avoid a conflict of interest. The MEF is represented in the CEC and PRC. No member of the CEC can be a member of the PRC and members of the PRC are of higher-level position than members of the CEC. Details of the composition responsibilities and accountabilities of the CEC and PRC are set out in *the Procurement Manual*.
205. **DP Approval.** The PMU is required to obtain the approval of the DP at various stages of the consultants recruitment process, starting from the TOR to the award of contract after the necessary approval of the PRC is sought.
206. **Contract Management.** The PMU is responsible for supervising and administering the consultants' contracts signed by the EA. It is important for the PMU to monitor the consultants' progress and promptly discuss any problems that arise. The PMU has to ensure that the consultants deliver the required outputs with the expected quality and within the agreed timeframe. It is very important to monitor that the delivery of the output is accomplished by the consultant in the agreed timeframe. In carrying out this responsibility, the EA and PMU will (a) monitor the consultant's performance in carrying out the TOR; (b) verify the continued validity of the TOR and issue variations, subject to the approval of the PRC, required to address any changes to the needs of project implementation; (c) maximize the transfer of knowledge from the consultant to the staff of the EA and PMU; (d) ensure the consultant meets all its contractual obligations, including the submission of time sheets for work accomplished and regular reports on the progress of work; (e) make payments to the consultant(s) in accordance with the provisions of the contract; (f) in the case of non-performance by the consultant, initiate termination of contract after consulting with and getting the approval of the MEF and DP, and; (g) evaluate the performance of the consultant(s) upon completion of the services. During the services of the consultant if the outputs are not delivered within the agreed time frame specified in the Work Plan, and if the matter is not rectified within fourteen (14) days, the matter must be reported to the MEF to determine if a notice should be issued to the consultant for non-performance.

E. Procurement of Goods and Works

207. The responsibility for the award and administration of contracts for goods and works under a project rests with the EA and PMU. Procurement of goods and works must be carried out in accordance with *the Procurement Manual*. The DPs have a procurement oversight role to ensure that the proceeds of its financing are used for the purposes intended with due attention to considerations of economy and efficiency, fairness and transparency.

208. In-depth and complete details for the procurement of goods and works for externally financed projects in Cambodia are given in *the Procurement Manual*. Where there is a conflict between *the Procurement Manual* and the DP procurement regulations, the relevant provisions in the DP Financing Agreement shall prevail.
209. **Procurement Plan.** The agreed Procurement Plan is the reference for all procurement activities during the implementation of the project. The Procurement Plan provides (a) a brief description of goods and works to be procured; (b) methods of procurement; (c) contract cost estimates; (d) expected advertisement dates; (e) the DP review procedures; and (f) other critical milestones. The requirements are described in detail in *the Procurement Manual*.
210. **Eligibility.** The DP procurement policies may have eligibility criteria with regard to the country of origin of the goods financed and the nationality of the suppliers/bidders and, in the case of civil works contracts, the contractor who is awarded the civil works contract. The eligibility requirements of the DP financing the project must be complied with.
211. **Preparation of Bidding Documents.** The bidding documents are prepared by the PMU and approved by the PRC in accordance with *the Procurement Manual*. Some DPs have standard procurement documents, which must be used. For the procurement under national bidding methods, *the Procurement Manual* provides the standard bidding documents, which are mandatory. Any deviation from the standard bidding documents will required the approval of the MEF which will be provided through its representatives in the PRC. Project readiness requires the bidding documents for the goods and works planned to be procured during the first eighteen (18) months of project implementation to be prepared during the project preparation stage. The bidding documents for civil works requiring Detailed Engineering Design are prepared after the DED consultants have completed their work.
212. **Evaluation of Bids and Approval of the Contract Award.** The BEC is responsible for evaluating the bids while the PRC reviews the evaluation report and approves the award of contract. There are separate committees for the evaluation of bids and approval of the contract award to maintain transparency and avoid a conflict of interest. The MEF is represented in the BEC and PRC. Details of the composition, responsibilities and accountabilities of the BEC and PRC are set out in *the Procurement Manual*.
213. **DP Approval.** The PMU is required to obtain the approval of the DP at various stages of the procurement process, starting from the draft bidding documents to the award of contract. In some cases, where prior review and approval is not required and specified in the Procurement Plan, the approval by the PRC is the final step before the signing of contract. However, all procurement documents must be kept in safe custody by the PMU for post review or audit by the DP.

F. Complaints Handling Mechanism

214. The Government has put in place effective mechanisms for receiving, investigating and taking remedial actions on irregularities found pertaining to any project related activities, including the procurement of goods and services. For the procurement related complaints, all bidding documents have provisions that specify and disclose the complaints handling mechanism. *The Procurement Manual* provides more details on

them. The Grievance Redress Mechanism for complaints relating to the EMP is specified in the contract documents and in case of preparation and implementation of the DRP, these are detailed in the Government SOP-LAR.

215. The General Department for Public Procurement in the MEF is responsible for handling the procurement related complaints when these cannot be resolved to the satisfaction of bidder by the PMU.
216. The Ministry of National Assembly-Senate Relations and Inspection (MONASRI) established under a Sub-Decree is mandated to handle complaints from citizens. The MONASRI was created to promote good governance and carry out investigations on allegations of fraud, corruption and abuse of office. It is led by a Minister and supported by a Secretary of State and Directors General for National Assembly and Senate Relations, State Inspections, and Administration and General Affairs. The primary function of the MONASRI is to promote good governance by (a) increasing awareness amongst citizens of their rights under the existing laws; (b) providing an avenue for citizens to express their complaints; (c) carrying out investigations of reported cases of corruption, abuse of power and misconduct; and (d) drafting new legislation. The MONASRI executes its mandate through its Inspection Department, which conducts inspections across a number of areas, including the national budget and state property inventory as well as the use of national and international aid.
217. Each line ministry has a General Inspectorate Department. Any breaches of the Government rules and regulations are brought to the attention of this department for investigation and a detailed report is submitted to the highest level in the ministry for appropriate action. This also covers complaints received in relation to specific projects.
218. The Cambodia Law on Anti-Corruption No. NS/RKM/0410/004 was enacted on 19 April 2010 to promote effectiveness and good governance in leadership and state management as well as to maintain fairness and justice, which are fundamental for social development and poverty reduction. The purpose of the Anti-Corruption Law is to combat corruption through measures initiated to educate on, prevent and fight against corruption offenses, including public participation and international cooperation. The Law has also established the Anti-Corruption Commission and vested it with the powers to enforce the Law. Further details are given in *the Procurement Manual*.
219. The DPs have strict regulations against corrupt, fraudulent, coercive, collusive and obstructive practices and conflict of interest in project related activities. Abuse, which is theft, waste or improper use of assets related to the DP-funded activity, either committed intentionally or through reckless disregard, can also be subject to an integrity violation investigation. Some DPs have a common framework for receiving and reviewing complaints and conducting independent investigations of allegations of integrity violations. The DPs also conduct project procurement related reviews of ongoing projects to identify and address the integrity risks. The responsibility for these tasks is usually with an independent anti-corruption and integrity office established within each DP.

G. Financial Management

220. The responsibility for proper financial management and accounting for the financial resources used by the project rests with the EA under the overall guidance of the MEF.

The PMU shall maintain proper records and accounts of all transactions related to the implementation of the project. The PMU must manage the financial resources of projects with due diligence, prudence and sound financial management practices consistent with *the FMM*. The responsibilities of the MEF, EA and PMU in the financial management of externally financed projects are shown in **Appendix 15**.

a. Project Accounts, Reporting and Audit

221. The DP Financing Agreement requires the EA to maintain proper project accounting systems and records and to have the project Financial Statements audited annually by an independent external auditor acceptable to the DP. The independent external auditor is normally the constitutional supreme auditing authority in the country and in the case of Cambodia this is the NAA. However, in most cases, the Government and DP have agreed to use the services of private sector audit firms to audit the project Financial Statements. These DPs require the private audit firms to meet a set of qualifying criteria. For revenue generating projects, the Financial Statements of the EA or project entity should also be audited and submitted to the DP.
222. The MEF is responsible for the appointment of external auditors for the DP-financed projects. The MEF as representative of the Borrower ensures full compliance with the accounting and financial management provisions of the DP Financing Agreement. The MEF should also ensure that any financial assurances in the Financing Agreement relating to the project, sector or EA are complied with in a timely manner. The responsibility for the safe keeping of all financial records for the project, including all contractual records, rests with the Finance Officer of the PMU under the supervision of the PM. It is essential that all project-related records are kept for a minimum period of two years after the completion of the project at a central location. *The FMM* provides further details on the form of accounting records to be maintained and the monthly, quarterly and annual reporting requirements.

b. Project Bank Accounts

223. The MEF establishes and operates the project bank account, which is opened at the National Bank of Cambodia (NBC). Funds disbursed by the DPs are deposited in the project bank account maintained at the NBC. The EA is responsible for opening and operating the sub-advance project bank account(s) or project sub-account at an approved commercial bank. Funds from the project bank account are transferred to the sub-advance project bank account(s) as an advance to cover eligible payments for project expenditures. All project transactions are managed and administrated by the authorized staff of the MEF and EA. A separate bank account is opened and maintained by the EA for counterpart funds, which are disbursed from the national budget. All the arrangements for opening and operating project bank accounts are specified in *the FMM* and must be followed.

c. Disbursements

224. The DPs have different methods of paying for eligible project expenditures depending on the type of contract, the size of contract payment and the terms of payment under the contract. The DP disbursement procedures for the withdrawal of financing proceeds are detailed in *the FMM*. The four disbursement procedures most frequently used by the DPs are:

- **Reimbursement procedure** where the DP pays to the MEF account for eligible expenditures, which have been incurred and paid for by the project out of its budget allocation or its own resources.
 - **Advance fund (formerly called 'imprest fund') procedure** where the DP makes an advance disbursement for deposit in an advance account to be used exclusively for the DP share of eligible project expenditures.
 - **Direct payment procedure** where the DP pays a designated contractor, supplier or consultant directly for eligible goods and services delivered to the project. This payment procedure is also referred to as the Transfer Procedure.
 - **Commitment procedure** where the DP provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit for goods required for the project.
225. Most bilateral DPs use the direct payment procedure for disbursements. Some DPs have their own special disbursement procedures, which must be followed.
226. A diagram showing the flow of funds from the DP to consultants, contractors and suppliers is shown in **Appendix 16**.

d. Internal Audit

227. As provided in the Audit Law, all line ministries responsible for implementing externally financed projects have an independent internal audit unit. This unit must be adequately staffed with well-qualified and experienced staff. The internal audit unit must carry out regular reviews of the internal control system and procedures of the project. The internal audit findings should be reported to the highest levels of management in the line ministry and NAA, and should also be shared with the external auditors of the project.

H. Environmental and Social Safeguards

228. The DRP is prepared by the GDR when the project locations have been identified, the detailed designs or land demarcation have been completed and the full impacts following the Detailed Measurement Survey are known. The DRP contains detailed actions and procedures that will be taken to mitigate the negative impacts of involuntary resettlement under the project. The DRP covers a full range of displaced persons, their entitlements to compensation, including the levels of assistance for relocation and livelihood support of displaced persons; and must comply with the safeguard policies of the DP, which have been harmonized with the Government legal framework and policies in the SOP-LAR. The DRP is approved by the IRC and DP before the physical implementation can proceed. The DRP may be required to be updated when there is a change in scope of the project or in the detailed designs, which must be agreed by the EA and MEF, during the physical implementation of the project if the change causes additional impacts.
229. The DRP is normally completed and compensation paid to the affected persons prior to the commencement of the physical works.

230. The GDR is responsible for implementing, monitoring and reporting all land acquisition and resettlement activities in compliance with the approved DRP and the Government SOP-LAR.
231. The EMP is also prepared or finalized after the project locations are identified and the detailed designs are completed. The MOE approves the EMP and the PMU is responsible for monitoring and reporting the implementation of the EMP.
232. The PMU will coordinate the implementation of the EMP, IPP and GAP with the relevant responsible agencies. In case of the DRP, the implementation will be carried out by the GDR and, where requested and required, assistance is provided by the PMU.

I. Project Performance Monitoring

233. Project performance monitoring and reporting is at the core of sound portfolio management. It is the responsibility of the EA and PMU to ensure that all performance management requirements are agreed to with the DP and MEF at the project preparation stage and are strictly followed. The PRF is the key tool for project performance monitoring, management and reporting. The PRF sets out (a) the development objectives of the project, (b) the inputs and activities required to achieve the project outputs and outcomes, (c) the indicators and targets to measure project outputs and outcomes, and (d) the monitoring and reporting system to collect and analyze data relating to the project results.
234. The baseline data required for the Monitoring and Evaluation of project performance should be collected and finalized before the start of the project by the PMU.
235. The EA and PMU are required to report about project performance to the MEF and DP through regular reports and periodic project performance review meetings. The PMU should take appropriate actions to meet shortfalls in project targets and if warranted, reach an agreement with the MEF and DP to revise the project results. The MEF also plays a key role in the monitoring of project performance. The MEF portfolio management team is required to conduct regular quarterly project performance review with the PMU to assess the performance against agreed targets/outputs, identify bottlenecks hampering implementation and prepare a time-bound action plan for remedial actions. In case of problem projects and potential problem projects, as classified by the DPs, the portfolio management team will conduct more regular performance review meetings with the PMU and report the findings to the management of the MEF when there is slow progress in the resolution of identified problems.
236. The MEF is responsible for establishing and maintaining a Project Management Information System (PMIS) for monitoring its portfolio of externally financed projects, based on the information it collects from the EA and PMU. The PMIS includes performance-based management information on: (i) project implementation; (ii) procurement performance and outcomes; (iii) ongoing contracts performance; (iv) summary of financial performance, including projected and actual contract awards and disbursements; (iv) utilization of financial resources; and (v) schedule of issues and recommendations for management review and decision.
237. Under Phase 6 - 'Project Adjustment' of the PIM Project Cycle, the line ministry/agency and MEF have the task of monitoring the project implementation by comparing the project progress with the plan adopted for project implementation. The monitoring will

determine if time extensions are required or if project expenditures exceed the plan. In case the expenditures exceed an established ceiling, the MEF has the right to suggest that the line ministry/agency reviews the possibility of re-assessment of the project in order to adjust the composition, activities, size of the project or terminate the financing of the project. If necessary, a new additional project is prepared to complete the implementation and to accomplish the project goals. The detailed procedures for project adjustment will be set out in the Prakas and Sub-Decrees issued by the MEF for the implementation of the PIMSRS.

J. Progress Reporting

238. The EA is required to provide the DP with periodic, usually quarterly, progress reports to monitor project implementation so that the DP can be aware of problems that are encountered during implementation, and assess whether the immediate project objectives will be met. The monitoring report of the implementation of the DRP will be provided by the GDR. The EA and PMU should agree on the content, format and timing for submitting progress reports during the project preparation stage. The progress report should include an executive summary of detailed progress reports of contractors and consultants, charts to illustrate the implementation progress (actual vs planned expenditures) and the relationship between physical and financial performance. The progress report will include the status of project performance in terms of achieving the project's development objectives. The Procurement Monitoring and Tracking Form, shown in **Appendix 9**, must be included as an attachment to the progress report. The main reporting subjects are:

- Project development objectives;
- Implementation progress;
- Status of contract awards and disbursements;
- Recruitment of consultants and procurement;
- Financial management;
- Implementation of the EMP, IPP, GAP;
- Implementation of the DRP, where necessary (provided by the GDR);
- Compliance with the DP Financing Agreement conditions;
- Submission of the audited Financial Statements.

239. An outline of a quarterly progress report is provided in **Appendix 17**. In case of the implementation of the DRP, the GDR has prescribed a standard format of the progress report, which is used for the reporting of progress to the DP.

K. Change in Project Scope and Reallocation of Financing Categories

240. During project implementation, if priorities or circumstances surrounding the project change, it may be necessary to introduce corresponding changes to the project design or its implementation arrangements. The EA discusses any proposed change with the DP supervision team to agree on the need for the change and to determine how to effect the change, including any required modifications to the DP Financing Agreement. Any such changes require the prior approval of the MEF. The project change may be deemed major or minor, depending on the DP guidelines, and the procedure for approval by the DP will depend accordingly. The proposed change will be reflected in the

AM/MOU/MODs of the DP supervision team. The MEF will provide its in-principle agreement or otherwise when confirming the AM/MOU/MODs. Once the in-principle approval has been granted by the MEF, a detailed proposal will be prepared by the EA and submitted to the MEF for its final approval. The detailed procedures for project adjustment issued in the Prakas and Sub-Decree for the implementation of the PIMSRS will need to be followed for any major change in project scope. The MEF will submit a formal request for the proposed change in scope to the DP. Where the change involves land acquisition and involuntary resettlement, this must be discussed with and endorsed by the GDR prior to seeking approval of the MEF.

241. Reallocation of funds involves the transfer of an unutilized amount under a certain financing category to another category within the total financing amount to accommodate the project needs identified during implementation. Reallocation may be required when financing categories need to be adjusted due to changes in the project scope or implementation arrangements, contract variations or fluctuation of the contract currency against the currency of the financing. The need for reallocation is initially discussed between the EA, DP supervision team and MEF. A formal request with justification for the reallocation is sent by the EA to the MEF for approval. The request for reallocation is sent by the MEF to the DP for approval.

L. DP Supervision

242. The DP through its project supervision team will monitor the implementation of the project in close coordination with the EA, PMU and project consultants. The DP supervision team will conduct regular field visits to review the progress, discuss implementation problems with the EA, PMU and project consultants, and propose remedial actions. For the review of the implementation of land acquisition and involuntary resettlement activities, the DP supervision team will engage with the GDR in the MEF. In all cases, the DP must seek prior approval of the MEF, EA and GDR, where a safeguard review will be carried out, by/for these missions. The main types of reviews carried out by the DP are in the forms described below.
243. **Review or Supervision Mission.** The main tasks are to (a) review the overall implementation of the project and update, in consultation with the EA, the project implementation schedule; (b) examine implementation problems and work out measures with the EA to resolve them; (c) review the implementation of the EMP and DRP and, where required, consult with non-governmental organizations and project affected persons; (d) check the availability and timeliness of budgetary allocations and counterpart funding; (e) review project expenditures and estimate whether the project can be completed within the original cost estimates; (f) identify cost overruns or savings and the need to reallocate financing proceeds or cancel surplus financing proceeds; (g) review the progress of procurement and disbursement; (h) review the Government and EA compliance with the financing conditions and discuss the proposed remedial measures for non-compliance or delay; (i) assess the likelihood of attaining the project's immediate development objectives; (j) examine the need to extend the financing closing date and, where required, work out with the EA the most suitable closing date based on a revised implementation schedule and advise the EA and Government to submit a formal request for extension to the DP.
244. **Mid-term Review.** The objective of the Mid-term Review Mission is to assess whether the attainment of a project's immediate objective in terms of the project outcomes and outputs in the PRF is still likely, and to determine whether the project requires corrective

actions in the form of restructuring or reformulating. The main tasks are to: (a) review the institutional, administrative, organizational, technical, environmental, social, economic and financial aspects of the project; (b) review the covenants to assess whether they are still relevant or need to be changed, or waived due to changing circumstances; (c) assess the need to restructure or reformulate the project and the effects on project development objectives; and (d) update the project PRF.

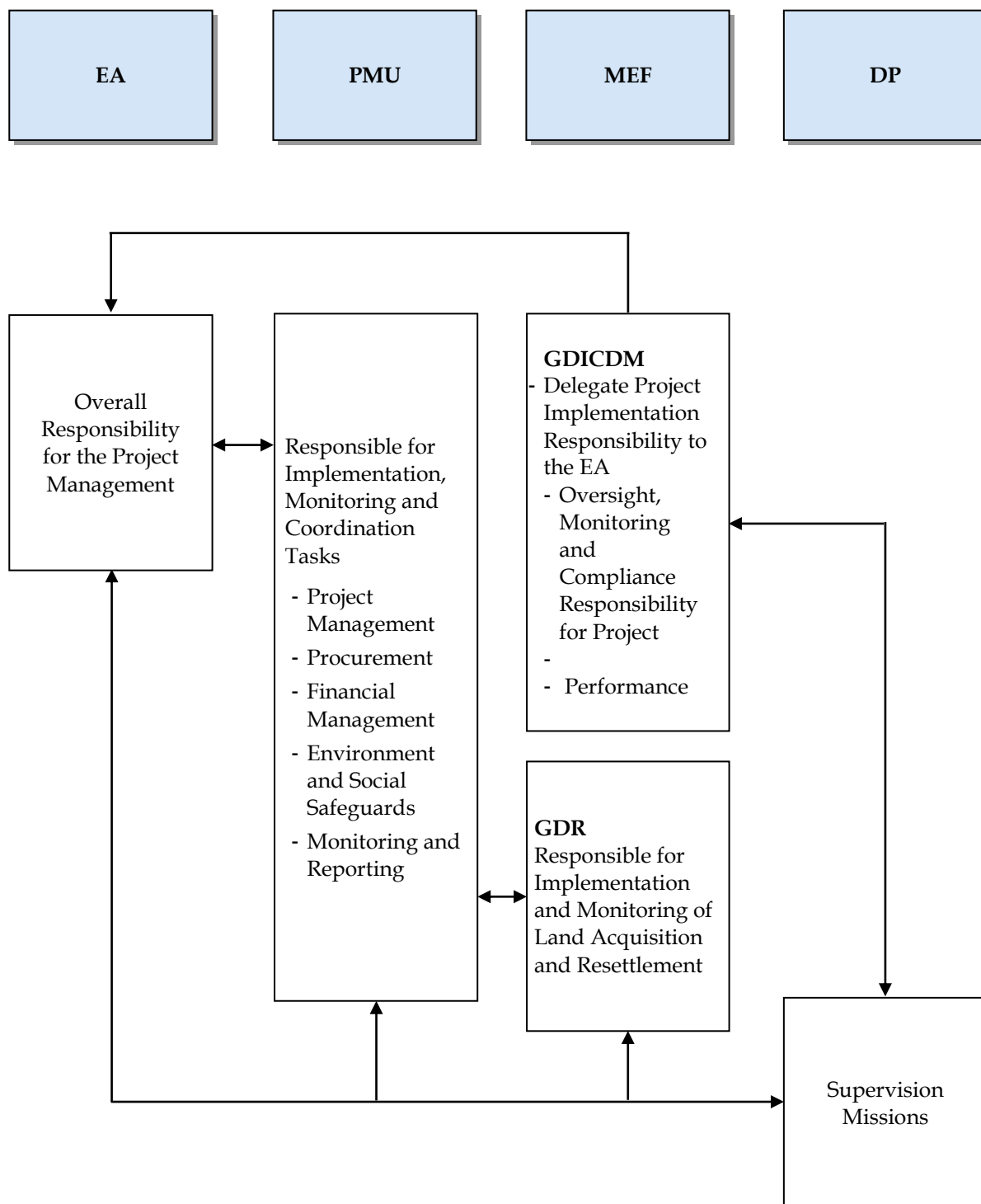
M. Portfolio Management

245. **Government Portfolio Performance Review.** The MEF, EA and DP conduct the quarterly portfolio performance reviews for each DP portfolio of projects. These are sometimes referred to as the tripartite portfolio performance reviews and chaired by the MEF, which is represented by the GDICDM. The MEF as the representative of the Borrower plays the key oversight and decision-making role. The objective of the review is to identify problems affecting portfolio performance at the project level and agree on remedial measures through an action plan. Each project progress is reviewed with a major focus on problems hindering the achievement of contract awards and disbursements, and on measures to address them. Other aspects of project implementation are also discussed, particularly in the case of problem or potential problem projects, as classified by the DP project rating criteria. In addition to the quarterly reviews, there may be a need in special sector portfolio performance reviews where the sector portfolio is poorly performing and special attention is required to address the problems hindering the implementation.
246. **Joint Country Portfolio Performance Review (conducted jointly by the MEF and DPs).** The objective of the JCPPR is to identify systemic issues and bottlenecks affecting effective project implementation, and to recommend corrective actions. The main tasks are to: (a) assess the overall portfolio performance in achieving development results; (b) identify cross-cutting constraints (development results, procurement, disbursement, financial management, social safeguards, governance etc.) to portfolio performance and recommend actions to address constraints; and (c) recommend specific actions to address the poor performing projects. This is a major policy level review undertaken under the chairmanship of the MEF management.

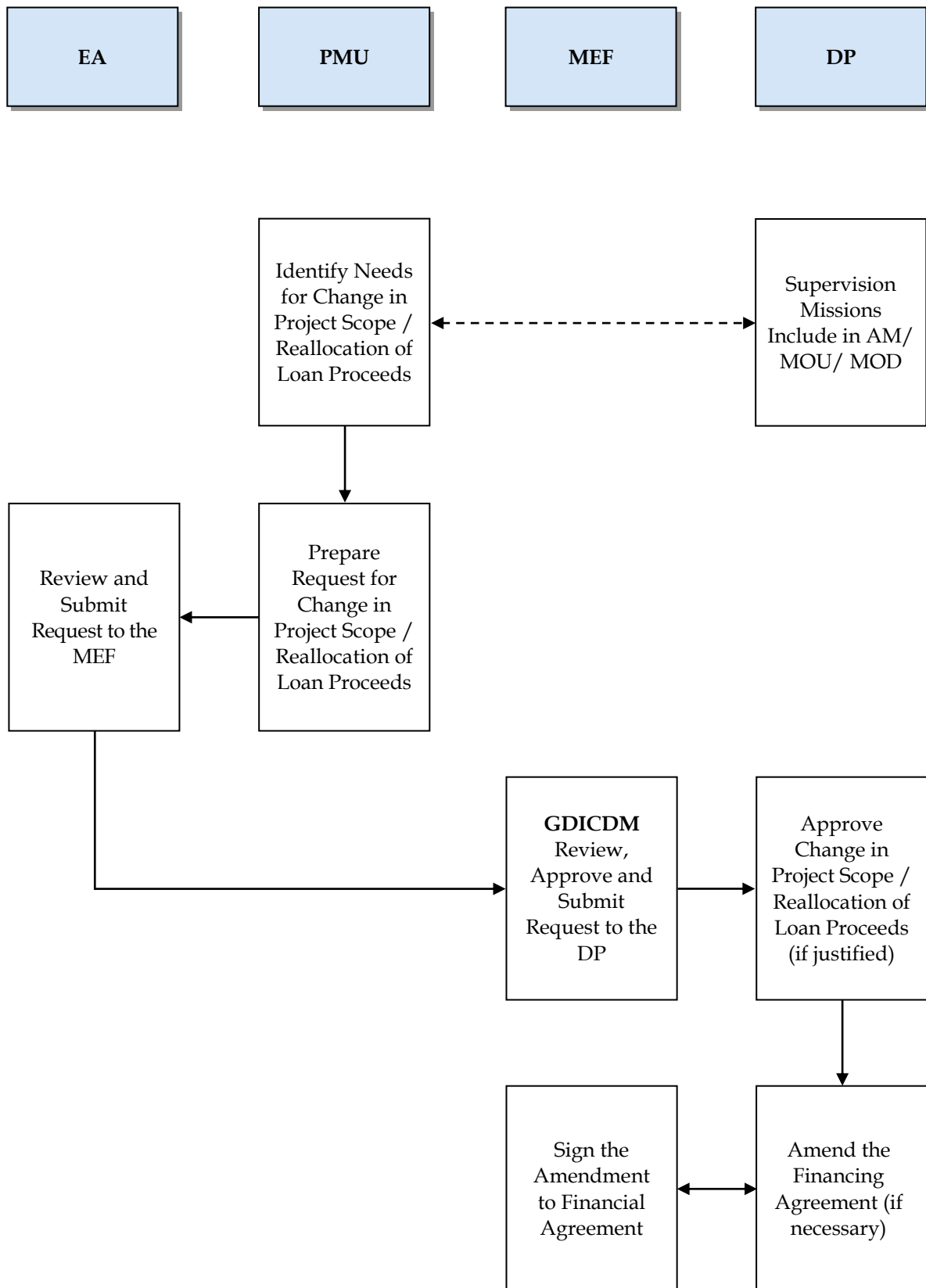
N. Asset Management

247. The financing of projects often includes the procurement of vehicles and equipment for use by the PMU during the implementation of the project. Such assets and other assets created under the project must be subject to careful asset management like any other Government property. The EA is responsible for:
- Maintaining a complete register for all non-consumable assets procured;
 - Maintaining all durable assets in good working order during and after the implementation of the project;
 - Ensuring that the assets purchased are used for their intended purpose and used only by the intended persons; and
 - Ensuring that no assets are diverted away from the project for use by individuals or other project offices, unless approved in writing by the DP and MEF.
248. The roles and responsibilities of the MEF, EA, PPT, PMU and other Government agencies during the Project Cycle are shown in **Appendix 18**.

Figure VII.1 - PROJECT IMPLEMENTATION AND MONITORING



**Figure VII.2 - CHANGE IN PROJECT SCOPE AND/ OR
REALLOCATION OF LOAN PROCEEDS**



VIII. Project Completion and Evaluation

A. Introduction

249. A project is deemed completed when the equipment has been delivered, and all the project components have been constructed and are ready for operation. However, the responsibilities of the EA and PMU are not completed until the project assets are handed over to the Government after the warranty or defects liability period. The rules and responsibilities and the activities carried out during the Project Completion and Evaluation are shown in **Figure VIII.1**.

B. Closing Date of the DP Financing

250. The DP Financing Agreement will specify a closing date, which is the last date for the Government to withdraw funds from the DP financing account. The Government and DP can agree to extend the closing date at any time with proper justification. The closing date is extended after discussions between the PMU, EA, MEF and DP to ensure that arrangements are in place for completing the project and achieving its objectives within the extended time. Any extension of the closing date must be approved by the DP. The holding of retention money is not a justifiable reason for requesting an extension of the closing date of the DP financing. *The FMM* explains how the disbursements for the retention money can be made prior to the loan/grant closing date.
251. No withdrawals may be made after the Financing Agreement closing date. Some DPs allow a grace period of three months to complete disbursements for eligible project expenditures incurred prior to the closing date. If at the closing date an amount has not been withdrawn from the financing account, that amount is cancelled. Any unused amount in the project advance (formerly called imprest) account and any disbursements for ineligible project expenditures should be returned to the DP before the financing account is closed.

C. Closing Project Accounts

252. The EA is required to close the sub-advance project bank account(s) and ensure that all outstanding payments to consultants, contractors and other project expenses are settled. In the case of contractors, the EA must ensure that it holds the retention money until the expiry of the defects liability period, as provided for in the contract, or has an unconditional bank guarantee from a reputable bank for the amount of the retention.
253. Prior to closing the project bank account and the sub-advance project bank account(s), a reconciliation of the accounts will be done and the accounting records updated. All advances from the DP must be liquidated and unused funds must be returned to the DP. The MEF is responsible for closing the project bank account. When all the project bank accounts are closed, the DP is advised of the closure. Once all outstanding payments to contractors, consultants and suppliers have been approved and sent to the DP for payment, the MEF will request the DP to close the financing account.

D. Retention Money

254. The final payment of retention money under the civil works, and supply and installation contracts is usually made at the end of the defects liability period or commissioning period, or against an acceptance certificate of the commissioned facility. The schedule of payment of the retention money will be specified in the Conditions of Contract of the contract signed between the EA and the contractor. Some or all of the retention money may be used by the EA to remedy any defects that the contractor fails to rectify in accordance with the Conditions of Contract. In such cases, only the balance of the retention money will need to be disbursed. Where payment of any portion of the retention money is due beyond the DP financing closing date, and no extension of the date is intended:
- The EA, with prior approval of the MEF, may disburse the retention money to the contractor prior to the closing date against an unconditional bank guarantee provided by the contractor to the EA.
 - The guarantee must be issued by a reputable bank in Cambodia in the form approved by the MEF and in accordance with the Government financial regulations.
 - If the contract does not have a provision for the payment of retention money against an unconditional bank guarantee, the EA and MEF must agree on the arrangements to disburse the retention money. An amendment, variation order or side letter to the contract will be required to record the revised payment arrangements.

E. Handover and Registry of Assets

255. All assets acquired for the project, which are left over at the end of the project, are the property of the Government. In accordance with the established rules of the Government, such assets should be inventoried and handed over to the General Department of State Property (GDSP) in the MEF.
256. At the end of the warranty or defects liability period an Inspection Committee led by the EA will inspect and accept the handover of asset(s) from the contractor or supplier. The EA then informs the GDSP to register the property. The EA ensures that the GDSP is given a copy of the schedule of assets and documents relating to the transfer of assets, including a clear description of the location and usage of assets.
257. The handover and registry of assets is carried out under Phase 7 - 'Use of Infrastructure Built under the Project' of the PIM Project Cycle, which requires the line ministry/agency to evaluate the completion of infrastructure construction for its handover and recording as a state asset following the procedures in force. In addition to the handover, the responsibility for the management of the infrastructure should be determined and the line ministry budget estimates to ensure the operation and maintenance of the infrastructure should be prepared and agreed.

F. Project Completion Report

258. Some DP Financing Agreements require the EA to prepare a Project Completion Report (PCR), usually within three (3) to six (6) months of project completion. The EA PCR should cover all aspects of project design, project preparation and implementation, and

an assessment of implementation performance. The main purpose of the PCR is to learn lessons from the experience of the project implementation activities and to be better prepared for implementing projects in the future. Assistance in preparing the EA PCR is usually included in the TOR of the project implementation consultants.

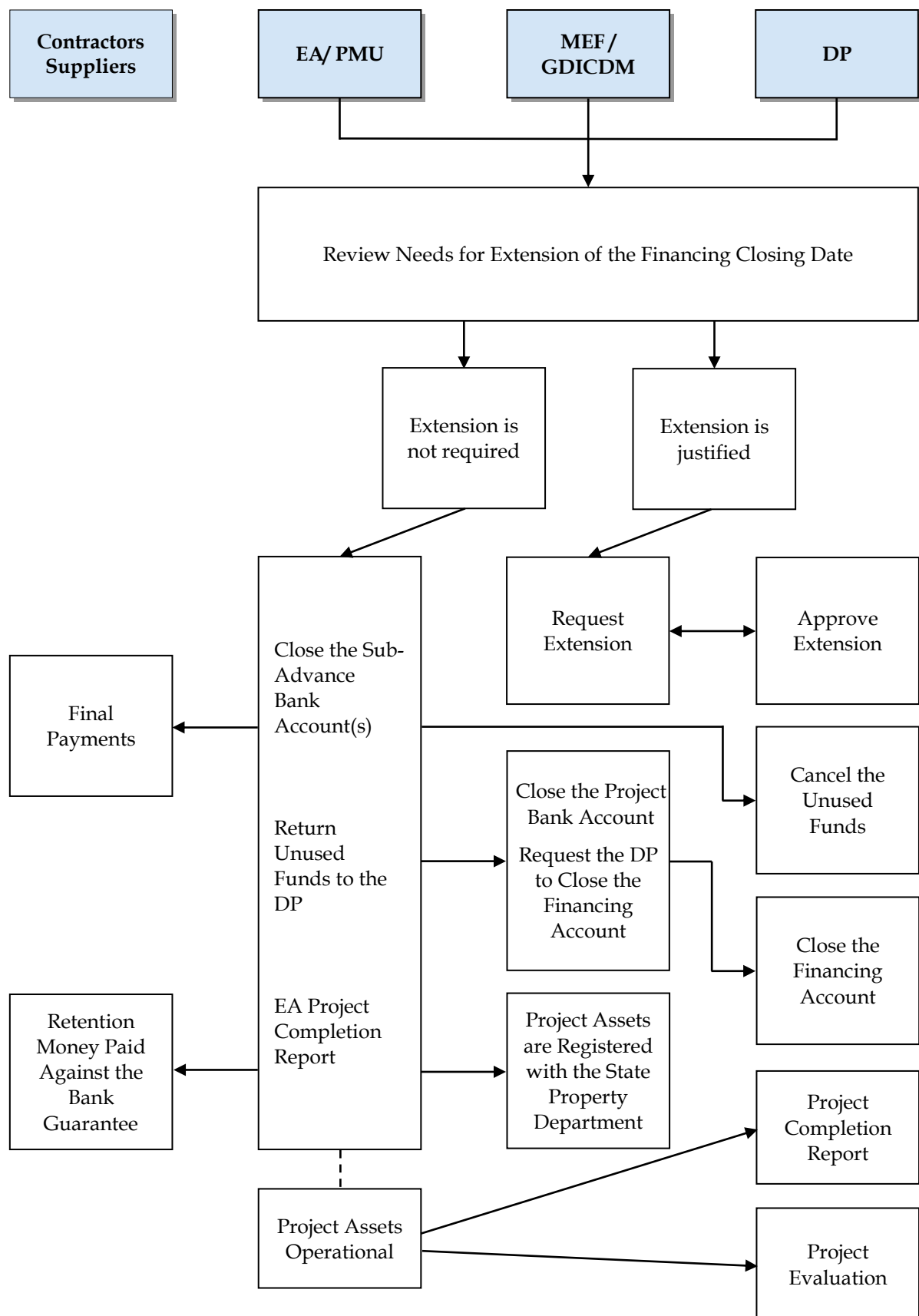
259. An outline of an EA PCR is given in **Appendix 19**.
260. The DP will also prepare its own PCR, usually six to 24 months after project completion. The main objective of the DP PCR is to learn from the experience of the country and the EA and to use the lessons to improve the performance of ongoing and future projects in Cambodia. The DP PCR will cover:
- (a) evaluation of the adequacy of project design, preparation, implementation and overall performance of the EA and DP;
 - (b) problems encountered during implementation and how these were resolved;
 - (c) preliminary evaluation of the initial operation as well as achievement and sustainability of benefits;
 - (d) preliminary evaluation of the achievement of project development objectives;
 - (e) suggested follow-up actions during project operations;
 - (f) lessons learned and recommendations for future projects.

G. Evaluation

261. An independent project impact evaluation to assess the project outcomes is prepared by some DPs two or more years after project completion. The impact evaluation, also referred to as the project performance evaluation, is prepared by a team within the DP that is independent of the DP operations team that was involved with the preparation or implementation of the project. The focus of the impact evaluation is on important issues affecting implementation performance, assessment of initial operations, development effectiveness, sustainability, remedial actions and lessons for future operations. The likely achievement of the development objectives and indicators in the PRF will be assessed.
262. The baseline data collected and established during project preparation and monitored during implementation will be used to evaluate the impact of the project.
263. An Impact Evaluation Report (IER) is prepared for selected projects based on the DP selection triggers such as disputes over the DP PCR rating during the validation process, upcoming country assistance program evaluations and special interests. The IER is generally self-contained, but may refer to the PCR. The IER focuses on important issues affecting implementation performance and assesses the individual operation according to a consistent set of criteria. Public sector operations rating criteria include relevance, effectiveness, efficiency and sustainability. An assessment of the impact and performance of the DP and EA is also conducted, but is not taken into account in the performance rating. Other major considerations when preparing the IERs are focused on identifying key issues, highlighting remedial measures and drawing meaningful lessons that can improve the DP future policies and operations. The draft IER is submitted to the Government for comments before finalization. For some DPs, the IER is then presented to their Development Effectiveness Committee for review and discussion.

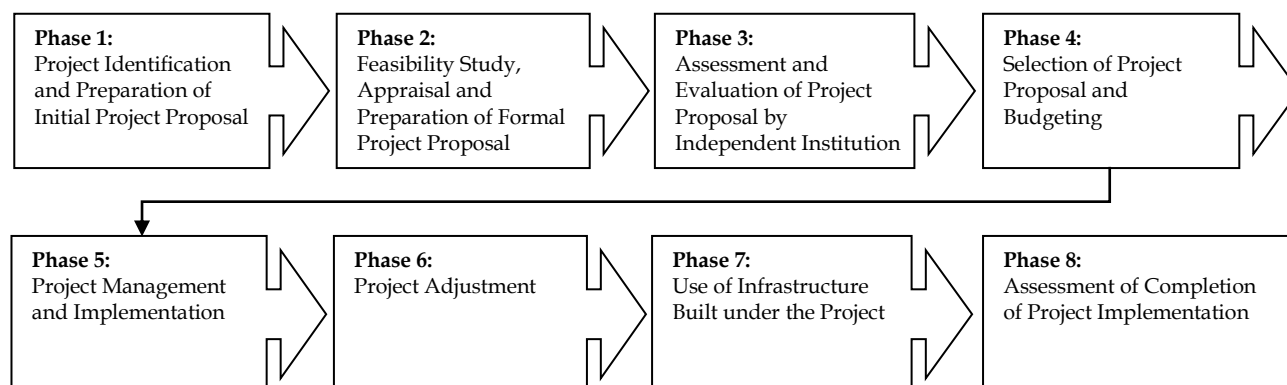
264. The Project Completion Report and evaluation are carried out under Phase 8 - 'Assessment of Completion of Project Implementation' of the PIM Project Cycle. The EA managing the project implementation or a third party separate from the EA will collect data on the project expenditure summary, the achieved results and the time-frame compared to the initial planning, anticipated results and goals of the project. The final evaluation of the project should be done immediately upon the completion of the project or within a period not exceeding two - three (2-3) years after the project is completed. A report is prepared on the outcomes achieved and not accomplished during the implementation of the project, including the final results. The evaluation will include the challenges in project implementation as experience gained for the preparation and implementation of future public investment projects. The detailed procedures for project completion assessment will be provided in the Prakas and Sub-Decree issued by the MEF for the implementation of the PIMSRS.

Figure VIII.1 - PROJECT COMPLETION AND EVALUATION

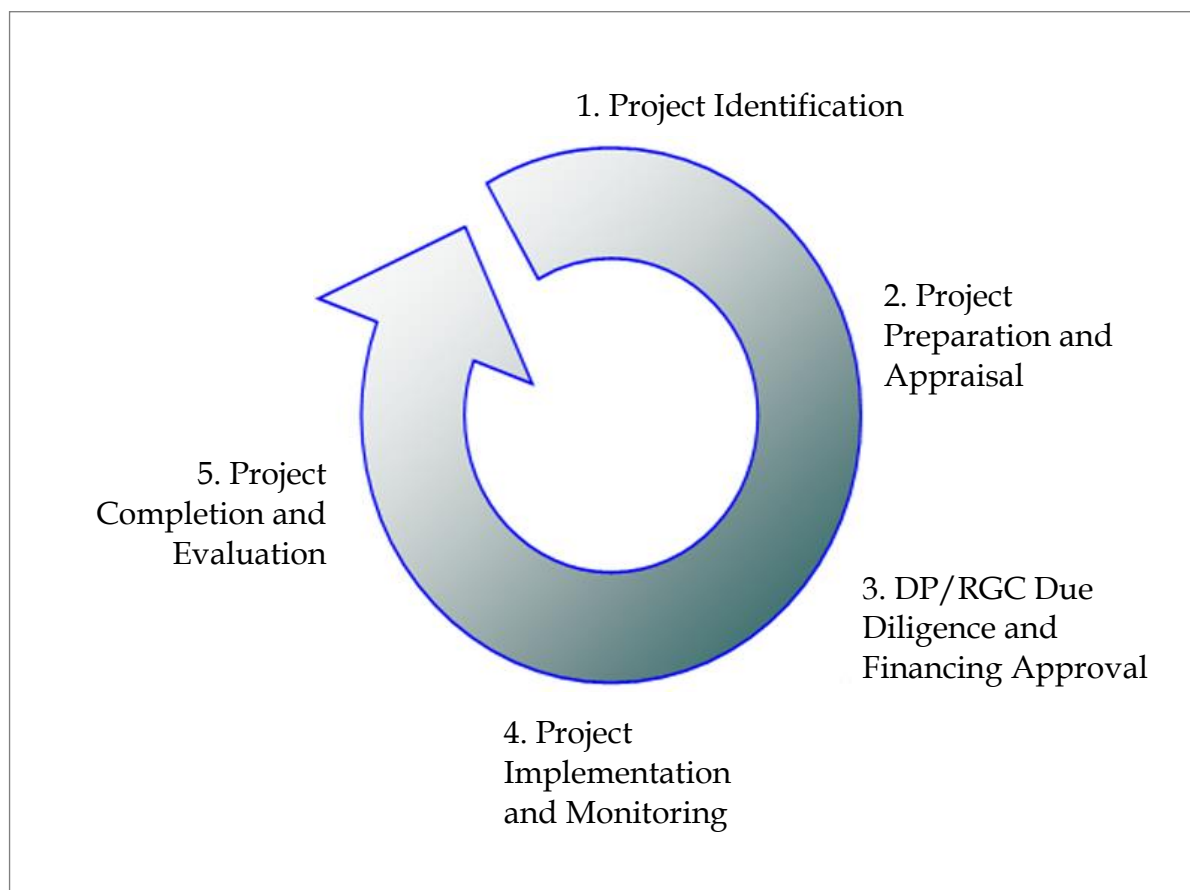


APPENDIX 1: Project Cycle

Phases of Public Investment Management Project Cycle under the PIMSRS



Project Cycle of the DP-Financed Projects



APPENDIX 2: Responsibilities of Key Ministries and Agencies

A. Ministry of Economy and Finance

The MEF plays an important role on behalf of the Government when entering into contractual arrangements for the financing (loan/credit/grant) and TA support from the DPs, and in the implementation of the project in addition to its '**gatekeeping**' role in the selection and budgeting of projects. Its main role and responsibilities, which are largely carried out through the GDICDM, are to:

- (a) Assess and evaluate Project Proposals before their approval by the Government;
- (b) Negotiate and sign the Financing Agreement, Project Agreement and TA agreement with the DP. In the case of autonomous agencies, the MEF signs the Financing Agreement and the agency signs the Project Agreement;
- (c) As the representative of the Borrower ensure that the loan funds are used for the purposes of the project and in compliance with the provisions of the Financing Agreement, and *PMM, Procurement Manual and FMM*;
- (d) Consider and approve amendments to the Financing Agreements, including reallocation of loan/grant funds and extension of the closing date;
- (e) Have accountability to the National Assembly and the Council of Ministers with regards to all financial aspects of the project and TA activities. Also ensure that the line ministry complies with all financial covenants and other obligations in the Financing and TA Agreements;
- (f) Attend all wrap-up meetings between the EA and DP missions and endorse all AMs/MOUs/MODs;
- (g) Ensure the effective management and administration of loans/credits/grants and TA grants provided to Cambodia;
- (h) Provide a focal point for Land Acquisition and Resettlement, which is carried out by the GDR in the MEF;
- (i) Identify the EA/IA for the project following (i) the mandate of the concerned line ministry, as articulated in the Royal Decrees and Sub-Decrees establishing the LM; (ii) the commitment; (iii) the technical capacity of the LM or agency; and (iv) ability to mobilize staff resources;
- (j) Delegate appropriate types and levels of authority, responsibility and accountability to the EA/IA to enable it to effectively execute its duties and responsibilities relating to the project, as mandated under the relevant Royal Decree or Sub-Decrees;
- (k) Monitor the performance of each DP portfolio of projects;

- (l) Lead quarterly portfolio performance meetings with the EAs and DPs to review and assess the performance of the DP portfolio of projects, identify key bottlenecks hampering implementation and agree on a time-bound action plan with a clear line of responsibilities to resolve the identified problems;
- (m) Lead the JCPR meetings with the EAs and DPs to assess portfolio-wise performance of each DP; identify the key generic problems across the whole portfolio hampering implementation; and agree on policy and high level actions to resolve generic issues;
- (n) Approve all major contract variations and changes in project scope on behalf of the Government and submit them to the DPs for approval as necessary;
- (o) Participate in and be accountable as a member of the PRC and CEC for the review and approval of procurement undertaken by the EA, in accordance with *the Procurement Manual*;
- (p) Develop and maintain policies and Standard Operating Procedures for externally financed projects;
- (q) Monitor the performance of each project and conduct a regular quarterly project performance review with the PMU to assess its performance; identify problems hampering the achievement of agreed targets/outputs; agree on a time-bound action plan; and monitor the implementation of the action plan on a monthly basis;
- (r) Coordinate project management, procurement and financial management training and provide learning opportunities for the Government line ministries and agencies;
- (s) Develop budgets for counterpart funds and their timely transfer to projects; and
- (t) Review and approve the Annual Work Plan and Budget.

B. Ministry of Planning

The MOP under the Sub-Decree No. 55 on its organization and functioning has the following roles and responsibilities:

- (a) Act as the Government arm in formulation of concepts, strategies, policies and in determining priorities for national development in order to ensure the sustainability and balance between development, equity and social justice; and between economic development and social and cultural development; between urban and rural areas; between exploitation and regeneration of natural resources; and between development and environmental protection;
- (b) Guide and manage methodologies and procedures used in the formulation of socio-economic development plans according to the decentralized system in the whole country;
- (c) Prepare long-term, medium-term and short-term sectoral plans by coordinating with all relevant ministries/institutions in the provinces and regions in Cambodia. In consultation with the concerned Government ministries/institutions, produce

the NSDP and ensure that the NSDP and Rectangular Strategy of the Government are implemented;

- (d) Monitor the implementation of plans, national programs and projects in all sectors and make assessment and propose measures to correct those plans and programs as needed;
- (e) Work with the concerned ministries/institutions in formulating strategies and policies and identifying priorities for investments both in the public and private sectors in order to promote efficiency and optimize the use of internal and external resources;
- (f) Collaborate with the MEF in fixing the amount and in allocating the Annual Budget for public investments; and
- (g) Work with relevant ministries/institutions to formulate strategy(ies), policies, and identify priorities in order to ensure that the socio-economic, technological and cultural co-operation with foreign countries is consistent with the national development objectives and policies.

C. Ministry of Environment

The MOE is responsible for the assessment and approval of the IEIA and EIA of all projects in Cambodia. The MOE is also responsible for the overall monitoring of the implementation of the approved EMP. General guidelines and requirements for the assessment of the EIA and implementation of the EMP are set out in the Sub-Decree on Environmental Impact Assessment Process, dated 11 August 1999, and the MOE Prakas, dated 2 September 2009. The MOE is responsible for revising or amending the general guidelines.

D. Line Ministries Acting as Executing Agencies

As set out in the DP Financing Agreement, the line ministries or other Government agencies are designated as the EA or IA. The EA assumes responsibility for the implementation, management and administration of projects under their area of expertise and function, as mandated to them under the respective Royal Decrees or Sub-Decrees. The EA carries out specialized functions with the following key responsibilities:

- (a) Identify priority projects consistent with the Rectangular Strategy, NSDP and Sector Master Plan for inclusion in the PIP and in the DP Country Assistance Plan.
- (b) Act on behalf of the Government to prepare and implement the project in accordance with the Government rules and regulations, the DP requirements and the Financing Agreement.
- (c) Participate as a member in the loan/credit/grant negotiation team and, if required by the MEF, lead the negotiation team.
- (d) Implement the project assigned to it.

- (e) Carry out all project procurement activities in accordance with *the Procurement Manual* and the DP guidelines; and carry out contract management of all contracts under the project.
- (f) Be accountable for all financial aspects of the project in accordance with *the FMM* and ensure compliance with the financial covenants and other obligations in the DP Financing Agreement.
- (g) Monitor the progress of project implementation and submit regular reports, as required in the DP Financing Agreement.
- (h) Establish the PPT and PMU under a Ministerial Instruction (normally a Prakas) with the authority delegated to the Project Director and Project Manager in order to carry out the project in an efficient, effective and timely manner.

Detailed roles and responsibilities of the key ministries and agencies in relation to the various stages of the Project Cycle are given in **Appendix 18**.

APPENDIX 3: Inter-Ministerial and Agency Coordination

With numerous agencies and staff involved in externally financed projects it is important to have effective inter-ministerial and agency coordination.

A. Project Identification

Projects are identified for financing by external sources through the PIMSRS and PIP process. This requires close coordination and collaboration between the LM, MEF, MOP and CDC.

B. Project Preparation and Appraisal

During the project preparation phase, the LM or EA works closely with the DP and MEF to ensure that the project is prepared in accordance with the Government rules and regulations and the DP policies and procedures. There will be extensive consultations between the EA PPT, MEF and DP before the project design, scope and implementation arrangements are finalized and recorded in the Due Diligence or Appraisal MOU, AM or MOD. Coordination with the MOE on environmental issues will also be required.

C. Project Implementation

Effective project management requires close monitoring and regular meetings between the EA, PMU, MEF and the project management or supervision consultants. Depending on the nature of the implementation issue, the DP will also participate in the meetings listed below.

- (a) The EA/PMU conducts regular and scheduled project management meetings to review progress, identify implementation issues and find remedial actions.
- (b) The MEF conducts regular portfolio performance review meetings where the EA/PMU has the opportunity to discuss and resolve issues requiring the attention of higher-level officials in the Government and DP.
- (c) The DPs, MEF and EA/IAs conduct an Annual Country Portfolio Performance Review to identify and resolve systemic portfolio bottlenecks, to achieve better portfolio performance and delivery of development objectives.
- (d) Technical and issue-specific meetings are held between the DP Supervision Mission and EA/PMU to discuss and resolve project issues. The EA/PMU organizes and manages these meetings with the participation of the MEF and GDR where necessary.
- (e) The EA/PMU also schedules an inception and a wrap-up or final meeting between the DP Supervision Mission and MEF at the start and completion of each Supervision Mission. These meetings are held to inform the Government about the purpose, findings and recommendations of the Supervision Mission.

- (f) Following the guidelines specified in *the Procurement Manual*, the PMU organizes the PRC meetings necessary for the procurement of goods and civil works. For the selection and engagement of consultants for services the PMU organizes the CEC and PRC meetings.
- (g) The MEF participates in the PRC and CEC meetings as a member.
- (h) The EA/PMU is required to document agreements reached in the meetings held to discuss project implementation issues. This is normally issued in the form of an MOU, AM or MOD. Each meeting must be concluded by Minutes of the Meeting stating the purpose of the meeting, names of attendees, issues discussed and agreements reached with emphasis on defining any follow-up actions and the timetable for completion of any such action along with the person or organization responsible for carrying out the follow-up action. Copies of the MOU, AM, MOD or Minutes are circulated to all participants, the MEF and concerned agencies.
- (i) Communication amongst stakeholders in project implementation and portfolio management constitutes and underpins the possibility of success or failure in all development initiatives. The articulation and recording of these communications and consultations are an important part of project management, including the records of contractual agreements, approvals, variations and commitments. It is essential that proper records of all correspondence are maintained by the project authorities.
- (j) All agencies participating in the implementation, management and administration of externally financed projects must maintain a complete and comprehensive record of all project related correspondence. The record must clearly identify the (a) project concerned; (b) date sent or received; (c) recipient or sender; (d) action to be taken; (e) person responsible for the remedial actions; and (f) persons to whom it is forwarded for information and action.
- (k) The EA/PMU/MEF must establish and maintain an action-tracking system to ensure that an appropriate response is made for important correspondence. The tracking system must identify the (a) correspondence; (b) person responsible for the remedial action(s); (c) action(s) taken; and (d) turn-over time.

APPENDIX 4: Sample Project Results Framework, Road Improvement Project in Cambodia

<p>Impact of the Project is Aligned with: Transport infrastructure to enhance national competitiveness and develop people’s welfare (National Strategic Development Plan 2014-2018)</p>
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Transport infrastructure to enhance national competitiveness and develop people's welfare
(National Strategic Development Plan 2014-2018)

[illegible]

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
B. Sustainability 2. Axle load control enhanced	By 2024 2a. At least six weigh stations refurbished (2018 baseline: 0) 2b. At least two weigh scales and vehicles for two mobile teams provided (2018 baseline: 0)	2a-2b. Project progress report	A: The RGC remains committed to enforcing axle load control program
C. Capacity Building 3. Institutional capacity of MPWT improved with regards to quality control	By 2024 3a. More than 50% of material quality control testing performed on RGC-funded roads (2016 baseline: Not applicable) 3b. Quality assurance audit annually conducted on 20% of on-going road works of MPWT starting in 2022. (2018 baseline: 0 audits conducted)	3a-3b Project progress report	
D. Road Safety 4. Road safety enforcement in project communes improved	By 2024 4a. At least 10 safe school zones established (2018 baseline: 0) 4b. At least 50,000 residents with increased awareness of traffic safety, of which 30% are women. (2018 baseline: 0)	4a-4b Project progress report	

Key Activities with Milestones

1. Safe and climate-resilient national roads delivered

- 1.1 Complete land acquisition and compensation payments for involuntary resettlement by Q1 2020.
- 1.2 Award civil works contracts by Q2 2020.
- 1.3 Complete all civil works contracts by Q4 2024.

<p>2. Axle load control enhanced</p> <p>2.1 Commence procurement of civil works contracts by Q1 2020.</p> <p>2.2 Commence procurement of equipment by Q1 2020.</p> <p>2.3 Provide training for staff in weigh station and mobile teams by Q4 2020.</p> <p>2.4 Operationalize weigh stations and mobile teams to control vehicle overloading by Q2 2021.</p> <p>3. Quality assurance for civil works in the Ministry of Public Works and Transport strengthened</p> <p>3.1 Undertake detailed design and prepare bidding documents for the construction of laboratory buildings by Q1 2020.</p> <p>3.2 Commence procurement of civil works contract for laboratory buildings by Q2 2020.</p> <p>3.3 Complete civil works for laboratories by Q2 2021.</p> <p>3.4 Commence procurement of laboratory equipment by Q2 2020.</p> <p>3.5 Complete installation of equipment and training of staff by Q2 2021.</p> <p>3.6 MPWT approves the standard operating procedure for a laboratory network by Q2 2021.</p> <p>3.7 Commence operation of regional laboratories and a quality assurance wing in MPWT by Q2 2021.</p>
<p>Key Activities with Milestones</p> <p>4. Road safety enforcement in project communes improved</p> <p>4.1 Recruit a consulting firm by Q1 2020.</p> <p>4.2 Carry out a community-based road safety program by Q3 2024.</p> <p>4.3 Provide safe school zones along the project roads by Q4 2023.</p> <p>Project Management Activities</p> <p>Start recruitment of project implementation and supervision consultants (advance action): August 2019.</p> <p>All PMU staff appointed by August 2019.</p> <p>Inputs</p> <p>Development Partner: \$70.00 million (loan)</p> <p>Royal Government of Cambodia: \$6.70 million</p>
<p>A: Assumptions R: Risks</p>

APPENDIX 5: Sample Summary Cost Estimates by Expenditure Category

Items	Total Cost \$ million	Percentage of Total Base Cost %
A. Investment Cost		
1. Civil Works	80.0	79.2
2. Plant, Equipment & Vehicles	10.0	9.9
3. Consulting Services		
a. Detailed Engineering Design	2.4	2.3
b. Construction Supervision	4.0	3.9
c. Capacity Building and Monitoring	0.5	0.4
4. Land Acquisition and Resettlement	2.0	1.9
B. Recurrent Cost		
1. Operation & Maintenance	2.0	1.9
Total Base Cost	100.9	
C. Contingencies		
1. Physical	10.1	10
2. Price	5.0	4.9
Total Contingencies	15.1	
D. Financial Charges During Implementation		
1. Interest/Service Charge	1.5	1.4
Total Project Cost	117.5	

Notes:

1. Base cost is stated in prices applicable at the time of project preparation/feasibility study stage.
2. Physical contingencies are at 10-15% of the base cost depending on the nature of project and DP guidelines.
3. Price contingencies are computed based on the international and domestic inflation rates and the DP guidelines.
4. Base cost includes the applicable taxes and duties payable by contractors, suppliers and consultants. Depending on the DP guidelines, taxes and duties may be shown as a separate line item below the base cost.

APPENDIX 6: Outline of an Environmental Impact Assessment Report

An Environmental Impact Assessment (EIA) report is required for all environmental Category A and B projects. Its level of detail and comprehensiveness is commensurate with the significance of potential environmental impacts and risks. A typical EIA report contains the following major elements, and an Initial Environmental Examination may have a narrower scope depending on the nature of the project.

A. Executive Summary

This section describes concisely the critical facts, significant findings and recommended actions.

B. Policy, Legal and Administrative Framework

This section discusses the national and local legal and institutional frameworks within which the Environmental Assessment is carried out. It also identifies the project-relevant international environmental agreements to which the country is a party.

C. Description of the Project

This section describes the proposed project; its major components; and its geographic, ecological, social and temporal context, including any associated facility required by and for the project (for example, access roads, power plants, water supply, quarries and borrow pits, and spoil disposal). It normally includes drawings and maps showing the project's layout and components, the project site and the project's area of influence.

D. Description of the Environment (Baseline Data)

This section describes the relevant physical, biological and socio-economic conditions within the study area. It also looks at current and proposed development activities within the project's area of influence, including those not directly connected to the project. It indicates the accuracy, reliability and sources of the data.

E. Anticipated Environmental Impacts and Mitigation Measures

This section predicts and assesses the project's likely positive and negative direct and indirect impacts to physical, biological, socio-economic (including occupational health and safety, community health and safety, vulnerable groups) and gender issues, and impacts on livelihoods through environmental media and physical cultural resources in the project's area of influence, in quantitative terms to the extent possible; identifies mitigation measures and any residual negative impacts that cannot be mitigated; explores opportunities for enhancement; identifies and estimates the extent and quality of available data, key data gaps and uncertainties associated with predictions, and specifies topics that do not require further attention; and examines global, trans-boundary and cumulative impacts as appropriate.

F. Analysis of Alternatives

This section examines alternatives to the proposed project site, technology, design and operation, including the 'no project' alternative, in terms of their potential environmental impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training and monitoring requirements. It also states the basis for selecting the particular project design proposed and justifies recommended emission levels and approaches to pollution prevention and abatement.

G. Information Disclosure, Consultation and Participation

This section: (i) describes the process undertaken during project design and preparation for engaging stakeholders, including information disclosure and consultation with affected people and other stakeholders; (ii) summarizes comments and concerns received from affected people and other stakeholders, and how these comments have been addressed in project design and mitigation measures, with special attention paid to the needs and concerns of vulnerable groups, including women, the poor and indigenous peoples; and (iii) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for carrying out consultation(s) with affected people and facilitating their participation during project implementation.

H. Grievance Redress Mechanism

This section describes the Grievance Redress Framework (both informal and formal channels) setting out the time frame and mechanisms for resolving complaints about environmental performance.

I. Environmental Management Plan

This section deals with the set of mitigation and management measures to be taken during project implementation to avoid, reduce, mitigate or compensate for adverse environmental impacts (in that order of priority). It may include multiple management plans and actions. It includes the following key components (with the level of detail commensurate with the project's impacts and risks):

- (i) Mitigation: (a) identifies and summarizes anticipated significant adverse environmental impacts and risks; (b) describes each mitigation measure with technical details, including the type of impact to which it relates and the conditions under which it is required (for instance, continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; and (c) provides links to any other mitigation plans (for example, for involuntary resettlement, indigenous peoples or emergency response) required for the project.
- (ii) Monitoring: (a) describes the monitoring measures with technical details, including parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits and definition of thresholds that will signal the need for corrective actions; and (b) describes the monitoring and reporting procedures to ensure early detection of conditions that necessitate particular mitigation measures and document the progress and results of mitigation.

- (iii) Implementation arrangements: (a) specifies the implementation schedule showing phasing and coordination of the overall project implementation; (b) describes the institutional or organizational arrangements, namely, who is responsible for carrying out the mitigation and monitoring measures, which may include one or more of the following additional topics to strengthen the environmental management capability: Technical Assistance programs, training programs, procurement of equipment and supplies related to environmental management and monitoring, and organizational changes; and (c) estimates the capital and recurrent costs and describes the sources of funds for implementing the Environmental Management Plan.
- (iv) Performance indicators: describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets or acceptance criteria that can be tracked over the defined time periods.

J. Conclusion and Recommendation

This section provides the conclusions drawn from the assessment and provides recommendations.

Note: Further guidance on the preparation of the EIA and EMP is given in the Ministry of Environment Sub-Decree and Prakas.

APPENDIX 7: Land Acquisition and Involuntary Resettlement Key Tasks During the Project Cycle

Project Cycle Stages	Key Tasks/Activities	Responsibility
Project Preparation/Feasibility Study	Establish the Involuntary Resettlement Categorization. Inform the IRC of assigned category(ies).	EA/GDR/IRC/DP
	Preparation of the BRP by the EA in consultation with the GDR	
	Agree on parameters for a draft BRP. Inception meeting with the IRC. Agree on the scope of study and arrangements for field visits to conduct surveys. Identify the ROW and the Corridor of Impact. Visit the project areas, consult with AHs and discuss all aspects of resettlement, including the entitlement matrix with affected persons. Verify the Cut-Off Date in agreement with the GDR. Conduct a census, inventory of losses and Socio-Economic Survey (sample basis) of AHs. Identify social impacts from the involuntary resettlement.	EA/GDR/Feasibility Study Consultants
	Prepare a zero draft BRP or RF.	EA/Feasibility Study Consultants
	Submit the zero draft BRP/RF to the GDR for review.	EA
	Review and prepare a draft BRP/RF.	GDR
	Submit the draft BRP/RF to the DP for review and comments.	
	Review and comment on the draft BRP/RF.	DP
	Review the institutional arrangements for resettlement implementation in agreement with the GDR.	DP/GDR/EA
	Prepare proposed assurances on the LAR for the DP Financing Agreement.	
	Agree and record details in the MOU, AM or MOD.	
	Prepare the final BRP and seek approval of the IRC.	GDR
	Approval of the BRP/RF by the IRC.	IRC
	Approval of the BRP/RF by the DP.	DP
	Disclose the BRP/RF to the public (post on the DP website).	EA/GDR/DP
	Negotiations of the DP Financing Agreement	Agree on the Financing Agreement provisions/covenants relating to the LAR at negotiations.
Detailed Design/ Land	Preparation of the DRP by the GDR	

Project Cycle Stages	Key Tasks/Activities	Responsibility
Demarcation	<p>Establish the GDR team for the preparation and implementation of the DRP.</p> <p>Establish various IRC Working Groups at national and sub-national levels.</p> <p>Establish the GRM.</p> <p>Submission of request to commence preparation of the DRP after completion of the DED.</p>	<p>GDR</p> <p>EA</p>
After Completion of the DED	<p>Conduct the DMS based on the DED</p> <p>Consult with AHs on the Compensation Policy and Entitlements, and purpose of the DMS.</p> <p>Conduct the RCS.</p> <p>Analysis of data from the DMS.</p> <p>Prepare a draft DRP, including the entitlement matrix and livelihood support program(s).</p> <p>Submit the DRP to the DP for review.</p> <p>Approval of the DRP by the IRC.</p> <p>Approval of the DRP by the DP.</p>	<p>GDR</p> <p>Independent Consultant GDR</p> <p>IRC</p> <p>DP</p>
Implementation of the LAR	<p>Prepare the budget and request for approval.</p> <p>Approval of the budget.</p> <p>Signing of Contracts with AHs.</p> <p>Make compensation payments.</p> <p>Implementation of Livelihood Support Programs.</p> <p>Handling of grievances.</p> <p>Vacation of Land (thirty (30) days' Notice Period).</p> <p>Handover letter for acquired land to the Line Ministries.</p> <p>Commence the construction of civil works.</p>	<p>GDR</p> <p>MEF</p> <p>GDR/AHs</p> <p>GDR/Provincial Working Groups</p> <p>Provincial Authorities/GDR GDR</p> <p>EA/Contractor</p>
	Monitoring and Reporting	
	<p>Internal Monitoring.</p> <p>External Monitoring (where required).</p>	<p>GDR</p> <p>Consultants (recruited by the GDR)</p>

APPENDIX 8: Sample Outline of a Detailed Resettlement Plan

Note: *The level of detail and comprehensiveness will depend on the significance of the resettlement impacts and risks.*

A. Executive Summary

This section will provide a concise statement of the project scope, key survey findings, entitlements and recommended actions.

B. Project Description

- (i) Describe the project and project components that result in land acquisition, involuntary resettlement or both, and identify the project area.
- (ii) Describe the measures to be taken to void or minimize resettlement.

C. Legal Framework

- (i) Describe the national and local laws and regulations that apply (including the SOP-LAR).
- (ii) In the case of a DP-funded project, describe the DP safeguard policy and an analysis of the gaps between the DP policy, SOP-LAR and regulations referred in point (i); along with measures to close the gaps (*presented in a tabulated form*).

D. Scope of Land Acquisition and Resettlement

- (i) Discuss the project's potential impacts and include maps of the areas or zone(s) of impact of project components or activities.
- (ii) Describe the key principles that will be followed in the implementation of the Involuntary Resettlement under the Project.
- (iii) Describe the scope of land acquisition.
- (iv) Describe the methodology used in the Inventory of Losses, the public consultation with APs and the Cut-Off-Date for eligibility.
- (v) Include the Replacement Cost Study and Unit Rates.
- (vi) Include the DMS.
- (vii) Summarize the key effects in terms of assets acquired and displaced persons (*Encompass all **categories of the assets** - Land and Structures, Crops and Trees, Businesses; along with all **categories of the APs** - Non-Poor, Poor and Vulnerable; Indigenous and Ethnic Minorities, and Women*).

E. Socio-Economic Information and Profile

This section will outline the results of the social impact assessment from the one hundred percent (100%) SES and the census survey with information and/or data disaggregated by gender, vulnerability and other social groupings, as follows:

- (i) Describe the methodology used for the SES.
- (ii) Define, identify, and enumerate the people and communities to be affected.
- (iii) Provide the summary of socio-economic status in tabulated form (*income level, income/livelihood sources and other relevant data collected in the SES Questionnaire*) disaggregated by gender, vulnerability, widow/women headed and other social groups.
- (iv) Describe the impacts on AHs and Communities.
- (v) Describe the impacts on poor, vulnerable, indigenous people and ethnic minorities, and other vulnerable groups.

F. Information Disclosure, Consultation and Participation

- (i) Describe the consultation and participation mechanisms used during the preparation of the DRP.
- (ii) Describe the contents of the PIB.
- (iii) Summarize the results of consultations with affected persons (including host communities) and discuss how concerns raised and suggestions made were addressed in the Resettlement Plan.
- (iv) Confirm the disclosure of the draft Resettlement Plan to affected persons and include arrangements to disclose any subsequent updated plans if needed.

G. Grievance Redress Mechanisms

- (i) Describe the legal framework for Grievance Redress.
- (ii) Describe the Mechanism for Grievance Redress for the Project (*Step-by-step process*).
- (iii) Describe the composition of the Provincial Grievance Redress Committee.
- (iv) Mention the Guidelines for the GRM Procedures (*Refer to the relevant **Appendix** of the SOP-LAR*).

H. Entitlements, Assistance and Benefits

- (i) Describe the legal framework for compensation policy.
- (ii) Define the entitlements and eligibility.
- (iii) Describe the public and AH consultations.

- (iv) Provide the Entitlement Matrix.
- (v) Describe the special/additional assistance for the poor and each category of vulnerable groups.
- (vi) Describe the income support program, if any (*optional when more than 500 AHs are relocated*).

I. Relocation (if any)

- (i) Describe the need for relocation, criteria for selection and the number of AHs to be relocated.
- (ii) Describe the alternatives for resettlement sites considered and the basis for selection of sites for the project (*give location*).
- (iii) Describe the availability of access to schools, health centers, water, power, markets, employment/livelihood opportunities, road connectivity. Also describe the host communities.
- (iv) Describe the size of land plot, legal arrangements for regularizing tenure and land title, and the plans for provision of basic civic infrastructure.
- (v) Describe the entitlements (*transport allowances, income support/income support program*).
- (vi) Provide the schedule for site development and relocation, if any.

J. Resettlement Budget and Financing Plan

- (i) Indicate the budget estimates and breakdown for all resettlement activities.
- (ii) Describe the flow of funds.
- (iii) Include the Financing Plan/Source.

K. Institutional Arrangements

- (i) Describe the institutional arrangements, and role and responsibilities (*Refer to the SOP-LAR as the guide*).
- (ii) Describe the implementation capacity and implementation support, if any.

L. Implementation Schedule

Provide the implementation schedule for key resettlement activities.

M. Monitoring and Reporting

- (i) Describe the institutional arrangements for monitoring and reporting.
- (ii) Describe the internal monitoring.
- (iii) Describe the external monitoring, if any.

APPENDIX 9: Procurement Plan(s) Templates

Introduction

This **Appendix** shows the templates for the Project and Specific Procurement Plans, and the Procurement Monitoring and Tracking Form. These should be completed in an Excel format unless the EA uses a full project monitoring system. The templates can be obtained from the MEF or downloaded from the MEF website at the start of the project. The Specific Procurement Plan is a working document, which will provide the time-line data for the Procurement Plan and the Procurement Monitoring and Tracking Form. These documents are described in detail in *the Procurement Manual*.

Sample Project Procurement Plan

Project Procurement Plan									
Project Name:									
Loan/ Credit/ Grant No:									
Date:									
I. Goods and Works									
Contract Package No.	Description of Contract Package	Total Estimated Cost (USD)	Method of Procurement (ICB/ NCB/ Shopping etc.)	Review by DP(Prior/ Post)	Estimated Date of Invitation for Bids	Estimated Contract Signing Date	Estimated Contract End Date	Comments	
1	Office Furniture (Filling Cabinets Working Desks, PC Desks)	\$50,000	Shopping	Post	Jan-18	Mar-18	Apr-18		
2	Equipment (Package comprising 3 lots as below)	\$125,000	NCB	Post	Jan-18	Mar-18	Apr-18		
	Lot 1-Office equipment (Photocopy machines and scanners)								
	Lot 2-Computing equipment (Desktop and laptop computers, printers, and computer accessories such as external HDD, flash driver and other accessories))								
	Lot 3-Audio and Visual equipment (LCD, digital and video camera, audio sound recorders)								
Total		\$175,000							
II. Consultant Service									
Contract Package No.	Description of Contract Package	Firm or Individual	Total Estimated Cost (USD)	Method of Procurement (QCBS/ QBS/ LCS, etc for firms and IC for Individuals)	Quality/ Cost Score	Review by DP(Prior/ Post)	Estimated Date of Invitation for Proposals	Estimated Contract Signing Date	Comments
1	National Consultant for identification of production Potential for Enhanced Rice Productivity and Marketing Opportunities	IC	\$18,000	Selection of Individual Consultant	80/70	Post	Mar-18	Jul-18	
2	National Consultant for Assessment of the potential and agri-business opportunities of agriculture cooperative in rice value chains in Cambodia	IC	\$18,000	Selection of Individual Consultant	70/30	Post	Mar-18	Jul-18	
3	National Consultant for the study to map the existing informal farmers' groups, farmer organizations and cooperatives, assess their maturity and their potential for further	IC	\$18,000	Selection of Individual Consultant	60/40	Post	Mar-18	Jul-18	
4	National Consultant for the study to access (i) the number of VAHWs in the five target provinces; and (ii) number of VEWs in the five target provinces	IC	\$12,000	Selection of Individual Consultant	50/50	Post	Mar-18	Jul-18	
5	International consultant for Preparation of Operational Manual	IC	\$6,000	Selection of Individual Consultant	75/35	Prior	Apr-18	Jul-18	
6	International consultant for Preparation of Environment and Social Management Framework	IC	\$18,000	Selection of Individual Consultant	85/75	Prior	Mar-18	Jul-18	
7	International Consultant for Preparation for Resettlement Policy Framework	IC	\$18,000	Selection of Individual Consultant	45/35	Prior	Mar-18	Jul-18	
8	International Consultant for Preparation for Indigenous People Development Plan if applicable	IC	\$18,000	Selection of Individual Consultant	90/85	Prior	Mar-18	Jul-18	
9	Consultant for Socio-economic assessment of small holder productive systems in project areas and baseline survey	Firm	\$75,000	QCBS	75/45	Prior	Mar-18	Jul-18	
TOTAL CONSULTANTS (INDIVIDUAL)		8							
TOTAL CONSULTANTS THROUGH FIRM		1							
TOTAL CONSULTANTS SERVICES		9							
OVERALL PROCUREMENT PLAN		9	\$201,000						

Sample Specific Procurement Plan, Procurement of Goods and Works by ICB/NCB

Project name:_____		As At _____[insert date]		
Contract/Package No.:_____				
DP Loan/Credit/Grant_____		Prior or Post Review_____		
Description of Goods or Works_____		Procurement Method ICB/NCB		
Activity		Time Period Int./Nat	Planned Start	Planned Finish
Preparation	Bidding Document	3w/1w		
	Bidding Document Approved by PRC	1w		
	<i>NOL Issued</i>	1w		
Bidding Period	Specific Procurement Notice IFB Issued	1d		
	Bid Closing Date	6w/4w		
Evaluation	Evaluation of Bids by BEC	4w/2w		
	PRC Review and Approval	2w/1w		
	<i>NOL Issued</i>	1w		
Contract Formation	Standstill Period	10d		
	Notification of Award Issued	1d		
	Performance Security Received	3w		
	Contract Signed	1d		

The activities shown in italics are only applicable when prior review of the DP is required. The above standard time periods are applicable to international procurement. When procurement is undertaken through the NCB the second period is to be used. Pre-qualification will only be used in exceptional cases with the approval of the MEF and the DP 'no objection'.

For contracts that are subject to post review, the above standard times will apply, except for those activities that are shown as requiring a NOL by the DP. In case of post review, no prior approval of the DP is required.

Sample Specific Procurement Plan, Procurement of Services

Project name:_____		As At _____ <i>[insert date]</i>		
Contract/Package No.:_____		Prior or Post Review_____		
DP Loan/Credit/Grant_____		Method of Selection QCBS/QBS/LCS/FBS/CQS/SSS		
Description of Services_____		Estimate Value		
Activity		Time Period Int./Nat	Planned Start	Planned Finish
EOI/TOR	<i>Preparation of TOR</i>	2 w		
	<i>DP's NOL</i>	1w		
	REOI advertised	3d		
	EOI Closing date	3w		
	Evaluation of EOI	1w		
Shortlist and RFP	<i>Preparation of RFP</i>	2w		
	<i>DP's NOL</i>	1w		
	RFP Issued to Shortlisted Firms	1d		
	Proposals Received	4w		
Technical Evaluation	Technical Evaluation of Proposals by CEC	3w		
	<i>DP's NOL</i>	1w		
Financial Evaluation	Financial Evaluation by CEC	1w		
	Selected Firm invited to Negotiate	3w/1w		
Contract Formation	Contract negotiations	1w		
	Draft Contract Approved/Initialed	1w		
	<i>Draft Sent to DP</i>	1d		
	<i>DP's NOL</i>	1w		
	<i>Standstill Period</i>	10 d		
	Contract Signature	3w/1w		

The activities shown in italics are only applicable when prior review by the DP is required. The above standard time periods are applicable to international procurement. When procurement is undertaken only with national consulting firms the recommended time period is shown as the second period.

For contracts that are subject to post review, the above standard times will apply, except for the activities that are shown as requiring a NOL by the DP.

Sample Specific Procurement Plan, Procurement of Goods and Works by Shopping

Project name: _____		As At _____ <i>[insert date]</i>		
Contract/Package No.: _____		Prior or Post Review _____		
DP Loan/Credit/Grant _____		Method of Procurement _____		
Description of Goods or Works _____		Estimated Value _____		
Activity		Time Period Int./Nat	Planned Start	Planned Finish
Preparation	Draft Bidding Document	1w		
	Bidding Document Approved by PRC	1w		
	<i>NOL Issued</i>	1w		
Bidding Period	Specific Procurement Notice/IFB Issued	1d		
	Closing Date	2 to 3w		
	Opening of Quotations	1d		
Evaluation	Evaluation by BEC	1w		
	PRC Review and approval	1w		
	<i>Evaluation Sent to DP</i>	1d		
	<i>NOL Issued</i>	1w		
	Standstill Period	1w		
	Contract issued-Letter of Notification/Acceptance issues	2d		
	Contract Signed	1w		

The activities shown in italics are only applicable when prior review is required by the DP. For contracts that are subject to post review, the above standard times will apply, except for the activities that are shown as requiring a NOL by the DP.

Procurement Monitoring and Tracking Form – Goods

Procurement Monitoring and Tracking Form																
Goods																
No	Contract No.	Description of Goods	Selection Method	Prior Review (Prior) or Post Review (Post)	Cost Estimate/ Actual Cost	Plan (P)/ Actual (A)	Bidding Document and Bidding Process		Bid evaluation/Contract Award					Contract		
							Approval of Bidding Documents by PRC	Approval of Bidding Documents by DP ⁽¹⁾	Advertisement of IFB	Bid submission Closing/ Public Opening	Completion of Evaluation	Approval by PRC	NOL by DP ⁽¹⁾	Issue of Notification of Award	Contract signing	Signed Contract to DP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
						P										
						A										
						P										
						A										

Note (1): For Post-Review, submissions to DP for approval are not required. The column on DP approval will not be applied (leave blank)

Procurement Monitoring and Tracking Form – Works

Project Name: _____												Loan/Credit/Grant No: _____							
Update: _____																			
Procurement Monitoring and Tracking Form																			
Works																			
No	Contract No.	Description of Works	Procurement Method	Prior Review (Prior) or Post Review (Post)	Cost Estimate / Actual Cost	Plan (P) / Actual (A)	Works					Bid evaluation/Contract Award					Contract		
							Approval of Draft Bid Docs by PRC	Submission to DP for NOL	NOL by DP	Advertisement of IFB	Bid Closing / Bid Opening	Completion of Evaluation by BEC	Submission to PRC	Approval by PRC	Submission to DP	NOL by DP	Issue of Notification of Award	Contract signing	Signed Contract to DP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
						P													
						A													
						P													
						A													

Note (1): For Post-Review, submissions to DP for approval are not required. The column on DP approval will not be applied (leave blank)

Procurement Monitoring and Tracking Form – Consulting Firms

Project Name: _____																								
Update: _____																								
Procurement Monitoring and Tracking Form - Consulting Firms																								
No	Contract No.	Description of Services	Selection Method	Cost Estimate/Actual Cost	Plan (P) / Actual (A)	RFP Stage								Evaluation Stage										
						Advertisement of REOI	Evaluation by CEC	Draft RFP & Short List to PRC	Approval by PRC	Submission to DP	NOL Draft RFP & Short List by DP	RFP sent to shortlist	Opening of Technical Proposals	Completion of Technical Evaluation Report by CEC	Technical Evaluation Report approved by PRC	Submission of TER to DP	NOL from DP	Financial Opening of Qualified Firms	Combined Evaluation Approved by PRC	Completed Draft Negotiated Contract	Submission to DP	Nol by DP	Contract Signing	Signed Contract to DP for Info
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
					P																			
					A																			
					P																			
					A																			

Procurement Monitoring and Tracking Form – Individual Consultants

Project Name: _____											Loan/ Credit/ Grant No: _____				
Update: _____															
Procurement Monitoring and Tracking Form - Individual Consultants															
No	Contract No.	Description of Services	Cost Estimate/ Actual Cost	Plan (P)/ Actual (A)			Evaluation				Contract				
					REOI Advertised	REOI Submission Closing Date	EOI Evaluation by CEC	Approval of Evaluation by PRC	Submission to DP	NOL from DP	Draft Negotiated Contract Initialed	Submission to DP	Nol by DP	Contract Signing	Signed Contract to DP for Info
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
				P											
				A											
				P											
				A											

Note (1): For Post-Review, submissions to DP for approval are not required. The column on DP approval will not be applied (leave blank)

APPENDIX 10: Guidelines for Recruitment and Management of PMU Staff

1. The identification and selection of project implementation staff must be based on open, transparent and competitive principles to ensure that each project management position is staffed with the most competent and suitable candidate for the work involved. Management and technical skills, and personal capabilities are required.
2. The EA (i) allocates project implementation staff in accordance with the manning schedule prepared for the project; and (ii) prepares a detailed TOR for each key project management position and a general job description for all other positions required for project implementation. Where a dedicated PMU is necessary, full-time staff are designated for the roles and functions identified for the PMU. The TOR must conform with the provisions of the project document and must clearly indicate (i) the duties to be carried out by the position; (ii) responsibilities, authorities and accountabilities; (iii) any supervising officer and reporting requirements; (iv) the duration of employment; (v) any special privileges; (vi) preferred qualifications for the position; and (vii) selection criteria for the position.

A. Selection Procedure

1. The DP Project Preparation Team should help the EA identify the different positions and corresponding TOR required for the effective implementation of the project. In cases where external staff are to be recruited, the MEF must review and endorse all project implementation staff positions requiring any form of financial allocations under the project. The MEF endorsement is required for all projects, whether grant, loan or Government-funded.
2. For the selection of key project implementation officers for a PMU, specifically, the (i) Project Director, (ii) Project Manager, (iii) Finance Officer, (iv) Technical Officer, (v) Administrative Officer, (vi) Procurement Officer, (vii) Environmental and Social Safeguards Officer(s), and (viii) Project Monitoring & Evaluation Officer, a Staff Selection Committee (SSC) is established in the EA/IA with at least three members. The positions of the Project Director and Project Manager may be filled in by direct nominations by the EA/IA, in consultation with the DP appraisal team and MEF, when it can be shown that the nominated officers have proven previous experience in implementing similar projects. For the rest of the staff, a three-man SSC must be established comprising representatives from the concerned LM/EA/IA. All these appointments must be made in accordance with the Government Guidelines for Recruitment and Management of PMU Staff provided in this **Appendix 10** of the PMM, and do not require any prior approval of the DP. For the position of Procurement Officer and Finance Officer, the requirement is that they must have completed the necessary training on the *Procurement Manual* and *FMM* respectively. For the position of Procurement Officer, the selected candidate will also be required to satisfy that he/she has previous experience in working on externally financed projects. The selection process conducted by the SSC includes the following main steps:
 - (a) The SSC reviews and approves the detailed TOR, the selection criteria and the internal notice advertising the project officer and staff positions. For Procurement Officer and Finance Officer, the criteria must include completion of training

program in *Procurement Manual and FMM* in addition to experience in the implementation of externally financed projects in case of Procurement Officer.

- (b) The EA issues an internal notice, inviting applicants for the officer or staff positions and allowing a reasonable time of not less than two (2) weeks for potential candidates to submit their applications. Alternatively, staff from the EA can be proposed but the selection will be carried out by the SSC based on the pre-agreed selection criteria.
- (c) The SSC reviews all applications, ranks them and selects the highest ranked candidate for the available position.
- (d) Based on the SSC recommendations, the EA will formalize the appointment under the *Prakas* clearly outlining the duties and responsibilities, and reporting requirements in the Terms of Reference.
- (e) In case of the external candidates, the recruitment will be carried out in accordance with the procedures of consultant recruitment guidelines, as specified in *the Procurement Manual*, except for the contractual staff engaged under the Incremental Operating/Administrative Costs category, which will follow the Government recruitment procedures provided in this **Appendix 10**.

B. Managing Project Staff

1. The EA must ensure that (i) sufficient input of staff to implement the project is available when needed; (ii) designated staff have the necessary qualifications to undertake the assigned tasks and responsibilities, including a prior project experience, and knowledge and understanding of *the PMM, Procurement Manual and FMM* as relevant to the position they will occupy; and (iii) necessary specialist and support staff are available to effectively support project implementation. All staff must participate in training and learning activities to familiarize themselves with project management, project implementation, guidelines, and systems and procedures of the MEF and DP.
2. Where a PMU is established, staff must be appointed according to the agreed manning schedule, starting with a complement of key officers and staff and then gradually building up and adjusting the staff complement to meet actual requirements of the project. The key officers and staff assigned must be available on a full-time basis during the period required and must be capable of focusing exclusively on project implementation during their assignment. In areas where skills shortages exist, the PMU, with the approval of the MEF, may recruit skilled staff on a part-time basis from the open market. A contract of employment clearly outlining the scope of work and engagement arrangements must be entered into between the PMU and the part-time employee. All manning schedules must clearly indicate the nature and duration of the assignment.
3. The MEF and DP must monitor the EA/IA compliance with the requirement of having dedicated and competent personnel available for project implementation and its performance. When the PMU is not performing, the MEF will need to take remedial actions to improve performance, including the recommendation to the EA to change non-performing PMU staff.

APPENDIX 11.1: Advance Actions for Project Readiness, Establishment of a Project Management Unit

Milestones	Implementation Actions	Responsibility
During the Feasibility Study / Project Preparation	<p>Structure, Staffing and TOR of the PMU</p> <p>The Project Feasibility Study recommends the structure, staffing requirements and TOR for project implementation, including the PMU.</p>	EA/DP/Feasibility Study Consultants
During the DP Due Diligence	<p>The PMU Finalized and Prakas Issued</p> <p>Discuss and agree on the structure, staffing and TOR of the PMU with the DP due diligence team.</p> <p>Record the proposed PMU arrangements in a DP Due Diligence Aide Memoire or an MOU.</p> <p>Core staff of the PMU should be from the EA Project Preparation Team.</p> <p>Key PMU positions are the: Project Director, Project Manager, Technical Officer, Procurement Officer, Administrative Officer, Finance Officer, Environmental and Social Safeguards Officer(s) and Monitoring & Evaluation Officer.</p> <p>Sample TOR for the key PMU staff are given in <i>the PMM, Appendix 13</i>.</p> <p>Issue the Prakas for the following:</p> <ul style="list-style-type: none"> (a) Structure of the PMU; (b) Staffing, including the Project Director and Project Manager as well as the other key PMU staff members; (c) Members of the Bid Evaluation Committee, Consultants Evaluation Committee and Procurement Review Committee; (d) Delegation of authority for the signing of contracts; (e) Delegation of power for the approval of expenditures and payments. 	<p>EA/DP/MEF</p> <p>EA/MEF/DP</p> <p>EA/MEF</p>

Milestones	Implementation Actions	Responsibility
Between the DP Due Diligence and Financing Agreement Negotiations	Prepare and agree on the Work Plans with the project staff at provincial, district and commune level.	EA/PMU
At the Financing Agreement Negotiations	Confirm that the PMU is fully operational and the TOR of provincial level staff agreed.	MEF/EA/DP
Between the Financing Agreement Negotiations and Effective Date	Capacity Building Capacity building and training of the PMU staff. Conduct workshops on the PAM, Procurement and Financial Management.	EA/PMU/DP/MEF
Financing Agreement is Signed and Declared Effective	Sign the Financing Agreement. Issue a Legal Opinion.	MEF/DP

APPENDIX 11.2: Advance Actions for Project Readiness, Recruitment of Detailed Engineering Design and Project Management Consultants

Milestones	Implementation Actions	Responsibility
During the Feasibility Study / Project Preparation	<p>Prepare a draft Procurement Plan and draft TOR for the design and management/supervision consultants.</p> <p>Sample TOR should be provided to the feasibility study consultants by the DP team.</p>	EA/DP/MEF/ Feasibility Study Consultants
During the DP Due Diligence	<p>Discuss and agree on the Consultants Recruitment Plan (which is included in the Procurement Plan) with the DP team.</p> <p>Matters to be discussed and agreed to include:</p> <ul style="list-style-type: none"> (a) scope and Terms of Reference of consulting services; (b) cost estimates; (c) method(s) of selection; (d) type of technical proposal(s). <p>Prepare the draft RFP and technical evaluation criteria.</p> <p>Record all details of recruiting consultants (Procurement Plan) in an Aide Memoire, MOU or MOD with the DP team.</p> <p>Advertise consulting assignment on the DP website (Consulting Services Recruitment Notice) and local newspapers.</p>	<p>EA/PMU/DP</p> <p>EA/PMU/Feasibility Study Consultants</p> <p>EA/MEF/DP</p> <p>EA/PMU/DP</p>

Milestones	Implementation Actions	Responsibility
Between the DP Due Diligence and Financing Agreement Negotiations	<p>Receive the Expression of Interest.</p> <p>Prepare a long list of consulting firms and shortlisting criteria.</p> <p>The CEC meets to prepare a shortlist and finalize the RFP.</p> <p>The shortlist and draft RFP approved by the PRC.</p> <p>Submit the shortlist and draft RFP to the DP for approval.</p> <p>Receive the DP approval of the shortlist and RFP.</p>	<p>EA/PMU</p> <p>EA/PMU/MEF</p> <p>EA/PMU/DP</p>
After the Financing Agreement Negotiations	<p>Issue the RFP to shortlisted firms.</p>	EA
Between the Financing Agreement Negotiations and Effective Date	<p>Public opening of technical proposals.</p> <p>Technical evaluation of proposals by the CEC.</p> <p>The PRC reviews and approves the Technical Evaluation Report.</p> <p>Submit the Technical Evaluation Report to the DP for approval.</p> <p>Receive the DP 'No-Objection Letter' (NOL).</p> <p>Public opening of financial proposals.</p> <p>Financial evaluation and overall ranking of proposals by the CEC.</p> <p>The PRC reviews overall ranking and evaluation and approves the ranking.</p> <p>Submit the Financial Evaluation Report to the DP for information.</p> <p>Negotiate the Consultant's Contract.</p> <p>Submit the draft negotiated Consultant's Contract to the DP for approval.</p> <p>Receive the DP 'NOL' for the draft negotiated Consultant's Contract.</p>	<p>EA/PMU/MEF</p> <p>EA/PMU/DP</p> <p>EA/PMU/MEF</p> <p>EA/PMU/DP</p> <p>EA/MEF/Consultants</p> <p>EA/PMU/DP</p>

Milestones	Implementation Actions	Responsibility
Financing Agreement is Signed and Declared Effective	Sign the Consultant's Contract and issue the Notice to Proceed.	EA/Consultants

APPENDIX 11.3: Advance Actions for Project Readiness, Procurement of Goods

Milestones	Implementation Actions	Responsibility
During the Feasibility Study / Project Preparation	<p>Prepare a draft Procurement Plan and draft tender documents for goods (equipment) to be procured in the first eighteen (18) months of implementation.</p> <p>Sample bidding documents should be provided to the feasibility study consultants by the DP team.</p>	<p>EA/DP/MEF/Feasibility Study Consultants</p> <p>EA/DP/Consultants</p>
During the DP Due Diligence	<p>Discuss and agree on the details of the Procurement Plan for the project with the DP team.</p> <p>The Procurement Plan discussion should include:</p> <ul style="list-style-type: none"> (a) brief description of goods and works to be procured; (b) details of goods to be procured in the first eighteen (18) months of implementation; (c) method(s) of procurement; (d) contract cost estimates; (e) project threshold values; (f) expected advertisement dates; (g) the DP review procedures; (h) other critical milestones. <p>Review the need for advance contracting approval from the DP based on the stage of project preparatory actions and the project implementation schedule.</p> <p>Record details of the agreed Procurement Plan and the request for approval of advance contracting (if justified) in the AM, MOU or MOD.</p> <p>Finalize the specifications of goods and bidding documents.</p> <p>Receive the DP 'NOL' for the advance action on procurement of goods/contracting (if justified).</p>	<p>EA/PMU/MEF/DP</p> <p>EA/MEF/DP</p> <p>EA/PMU/MEF/DP</p>
Between the DP Due Diligence and Financing Agreement Effective Date	<p>Advertise bids.</p> <p>The BEC meets to evaluate bids.</p> <p>The PRC meets to review the Evaluation Report and approve the Contract(s) award.</p>	<p>EA/PMU</p> <p>EA/PMU/MEF</p>

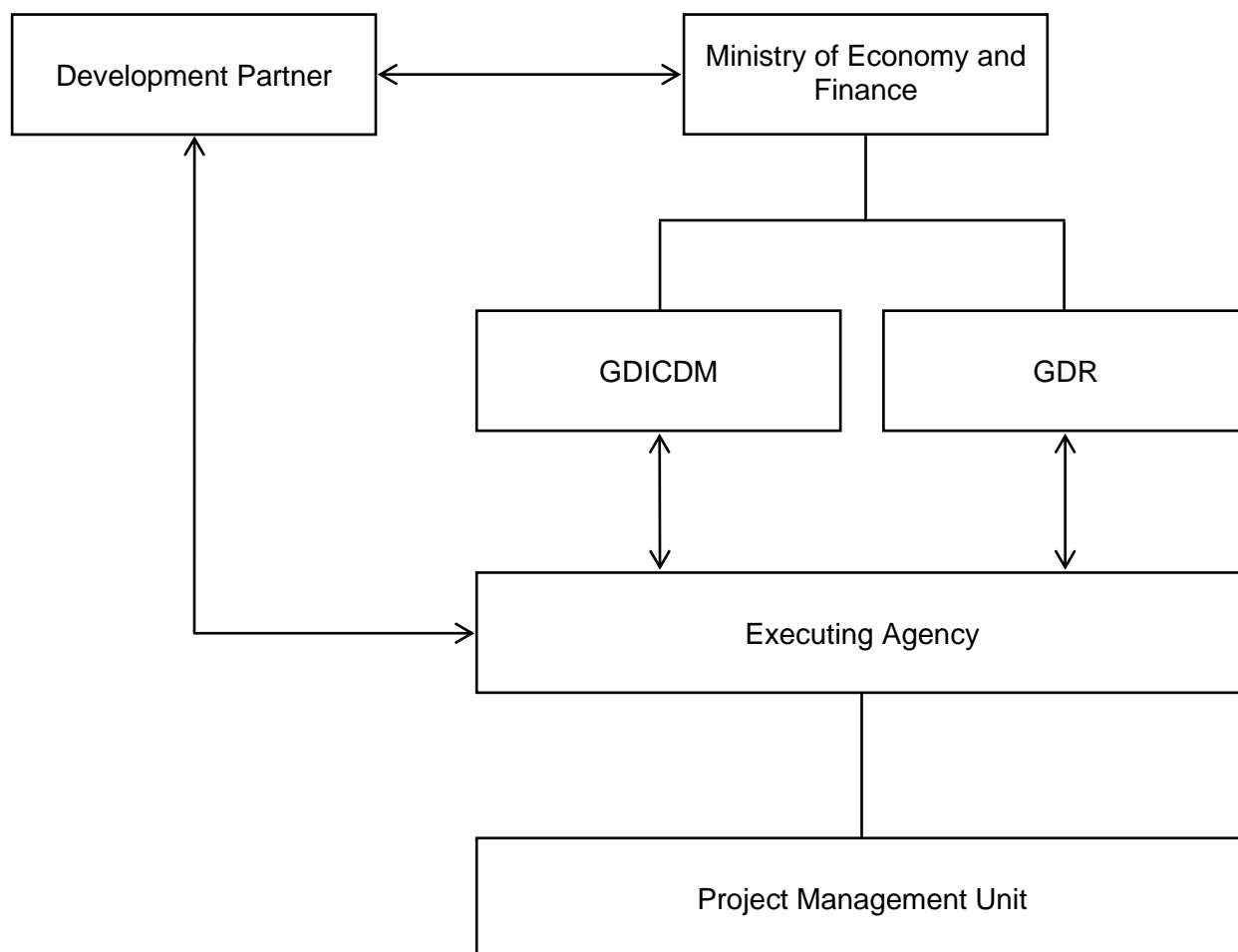
Milestones	Implementation Actions	Responsibility
Financing Agreement is Signed and Declared Effective	Award the Contract(s).	EA/PMU

APPENDIX 11.4: Advance Actions for Project Readiness, Procurement of Works (Detailed Design Not Required)

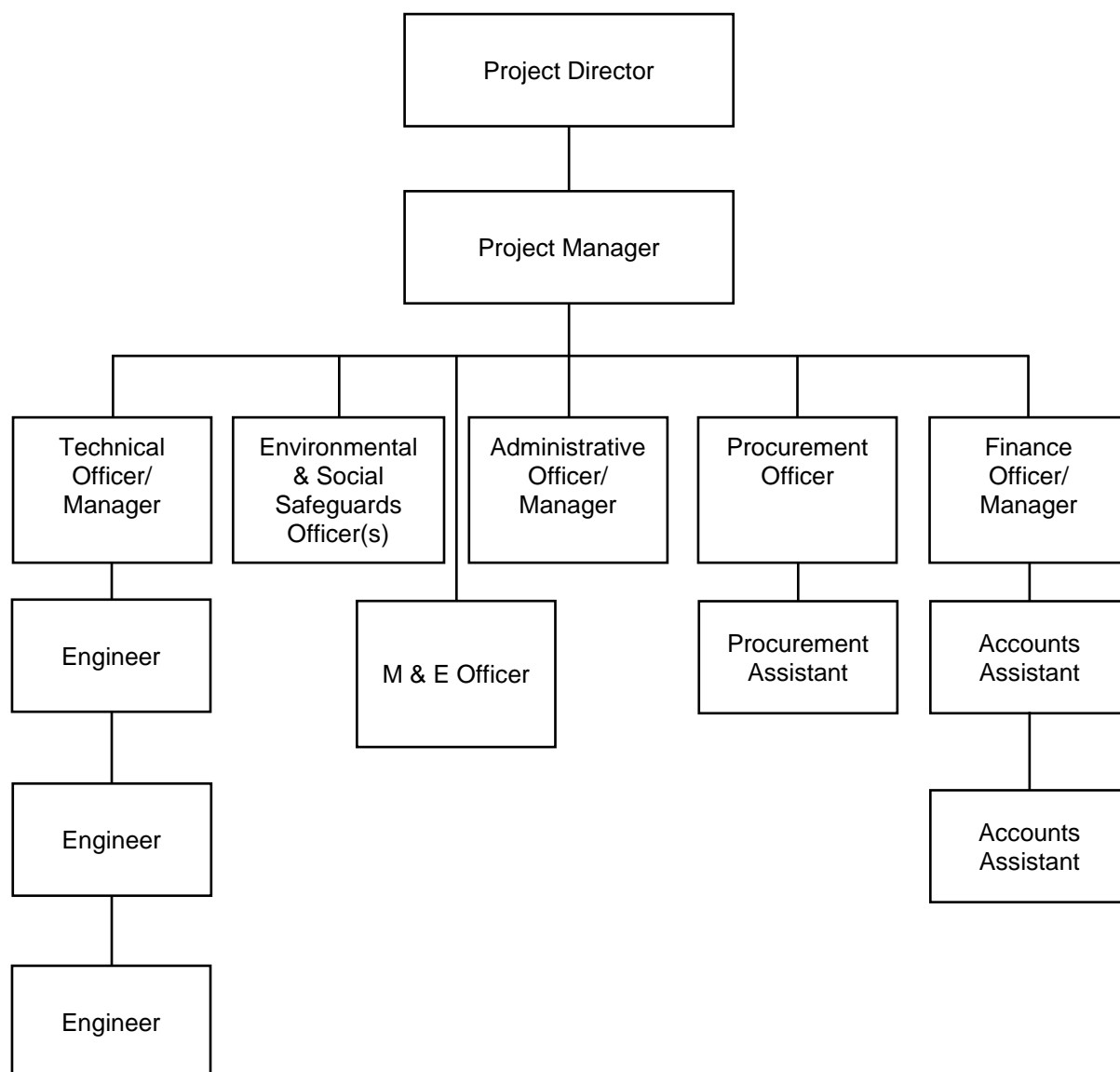
Milestones	Implementation Actions	Responsibility
During the Feasibility Study / Project Preparation	<p>Prepare a draft Procurement Plan and draft tender documents for works.</p> <p>Sample master bidding documents should be provided to the feasibility study consultants by the DP team.</p>	<p>EA/DP/MEF/Feasibility Study Consultants</p> <p>EA/DP/Consultants</p>
During the DP Due Diligence	<p>Discuss and agree on the details of the Procurement Plan and the master bidding documents for the procurement of works with the DP team.</p> <p>The Procurement Plan should include:</p> <ul style="list-style-type: none"> (a) brief description of goods and works to be procured; (b) details of works packages to be procured in first eighteen (18) months of implementation; (c) method(s) of procurement; (d) contract cost estimates; (e) project threshold values; (f) expected advertisement dates; (g) the DP review procedures; (h) other critical milestones. <p>Review the need for advance contracting approval from the DP based on the stage of project preparatory actions and the project implementation schedule.</p> <p>Record details of the Procurement Plan and the request for approval of advance contracting (if justified) in the AM, MOU or MOD.</p>	<p>EA/PMU/MEF/DP</p> <p>EA/PMU/DP</p> <p>EA/MEF/DP</p>

Milestones	Implementation Actions	Responsibility
Between the DP Due Diligence and Financing Agreement Negotiations	<p>The DP approves the Advance Action for Procurement of works (if justified).</p> <p>Finalize the list of ICB contract packages.</p> <p>Finalize the draft Invitation for Bids and draft bidding documents for the ICB contract(s) using the agreed master bidding documents.</p> <p>Submit the draft bidding documents to the PRC for approval.</p> <p>Submit the draft bidding documents to the DP for review and approval.</p>	<p>EA/PMU/MEF/DP</p> <p>EA/PMU</p> <p>EA/PMU/MEF</p> <p>EA/PMU</p>
At the Financing Agreement Negotiations	<p>The DP approves the draft bidding documents.</p>	<p>DP</p>
Before the Financing Agreement Effective Date	<p>Advertise the Invitation to Bid.</p>	<p>EA/PMU</p>

APPENDIX 12.1: Sample Project Implementation Organization Structure



APPENDIX 12.2: Sample Project Management Unit Structure



APPENDIX 13: Terms of Reference of the Key PMU Staff

A. Project Management Unit

The main responsibilities of the PMU are:

- (a) Act as the focal point for project implementation and carry out the day-to-day project management and administration.
- (b) Mobilize, manage and administer the human, physical and financial resources necessary for implementing the project.
- (c) Prepare an Annual Work Plan and Budget for the year based on the project implementation schedule.
- (d) Submit the Annual Work Plan and Annual Budget Request to the EA for endorsement and then to the MEF for review and approval.
- (e) Enter into contracts with contractors for civil works, suppliers of goods and consultants for services needed for project implementation.
- (f) Manage and administer the project implementation process to ensure the objectives, goals and targets are met on time and within budget.
- (g) Monitor the financial performance against the budget and provide regular reports to the MEF and DP.
- (h) Manage stakeholders' relations through the exchange of information, and scheduled and non-scheduled reporting.
- (i) Ensure compliance with the guidelines, systems and procedures of the DP and Government.
- (j) Plan project implementation, by preparing and maintaining, among others:
 - detailed project implementation schedules;
 - detailed costs and budgets;
 - detailed schedules for the procurement of goods and services;
 - detailed manning and staffing schedules;
 - performance indicators and Project Results Framework to monitor the progress and operational performance.
- (k) Maintain and disseminate relevant project implementation plans to stakeholders, including NGOs where they are involved in project implementation activities.
- (l) Ensure that the project development objectives are achieved within the budget and period specified, and that the project outcomes and results are monitored in line with the Project Results Framework agreed to at the commencement of the project.

- (m) Take decisive actions and proactive initiatives to maintain the implementation plans and schedules, and ensure that the progress adheres to schedules and budgets.
- (n) Initiate, manage and administer all actions and activities for the procurement of services, goods and civil works, including management and performance monitoring of contracts in accordance with the guidelines, systems and procedures outlined in *the Procurement Manual*.
- (o) Manage and administer the financial and other resources made available to the project in accordance with the guidelines, systems and procedures outlined in *the FMM*. Be accountable to the EA/IA for all financial aspects of the project and TA activities, and ensure compliance with all financial covenants and other obligations in the Financing, Project and TA Agreements.
- (p) Manage and administer personnel to ensure that all members of the Project Implementation Team, project management, consultants and project staff work together as a team towards the achievement of common objectives and goals.
- (q) Prepare and distribute project progress, financial, procurement and other reports, and information generated for the project.
- (r) Take responsibility for regularly updating the PAM in consultation with other stakeholders.
- (s) Initiate and coordinate effective communication between all stakeholders in the project, including the:
 - EA/IA;
 - MEF and other agencies of the Government, where necessary;
 - Beneficiary stakeholders;
 - DP and its Monitoring and Supervision Missions; and
 - General public and non-governmental organizations concerned.
- (t) Ensure that guidelines for inter-agency and external communication with the DPs and other agencies are strictly followed.
- (u) Conduct regular and scheduled project management meetings among the EA/IA, PMU members and project management consultants to identify, discuss and resolve project issues.
- (v) Invite the MEF to all wrap-up meetings with the DP Supervision Missions. Brief the MEF on financial issues and obtain the MEF agreement to proposed actions arising from the DP Supervision Missions.
- (w) Organize and conduct meetings for the procurement of civil works, goods and services for the project.

B. Project Director

- (a) Assume responsibility for the overall management and administration of the project.
- (b) He/she is the most senior executive in the project management hierarchy.
- (c) Approve and sign contracts and other important project documents within the delegated authority as assigned by the EA/IA and MEF.
- (d) Approve expenditures within the delegated authority.
- (e) Ensure that implementation tasks and responsibilities are carried out on time, within budget and in accordance with the basic principles of good governance.
- (f) Ensure that the EA/IA coordinates effectively with the MEF and DPs in accordance with the established guidelines and procedures.
- (g) Receive instructions from, and report directly to the Minister, Secretary of State or similar top-level official in the concerned ministry; in the case of autonomous agencies he/she reports to the Board of Directors.
- (h) Allowed to hold a maximum of two Project Director positions for investment projects, but can hold more than two Project Director positions in exceptional cases where it can be demonstrated to the DP and MEF that benefits will accrue to the projects if the same Project Director is appointed to more than two projects. In all these cases, it must be demonstrated that the Project Manager of each project is highly qualified and experienced to manage the day-to-day implementation activities. In the case of a TA project, a person can be a Project Director for more than two projects.
- (i) The selection and removal from office of a Project Director should only take place in consultation with the DP and MEF.
- (j) When the Project Director is absent from his position for any reason for more than a day, his authority and responsibilities should be delegated to the Project Manager.
- (k) Ensure proper financial management of project and TA activities, and ensure compliance with all financial covenants and other obligations in the Financing, Project and TA Agreements.
- (l) Ensure that finances and resources are only used for approved project purposes by authorized personnel.
- (m) Regularly monitor project performance and initiate actions to address variations to plans.
- (n) Have the authority delegated from the Minister and can be directly contacted by the DPs on all project issues, including meetings, workshops, seminars and introduction to consultants.

C. Project Manager

- (a) Bear responsibility for the day-to-day activities of project implementation.
- (b) Ensure that the project development objectives and goals are realized on time and within budget and are in line with the Project Results Framework, as agreed between the DP and Government at the commencement of the project.
- (c) Assume responsibility for all procurement activities in the project in accordance with *the Procurement Manual*.
- (d) Approve and sign contracts and other procurement documents within the delegated authority.
- (e) Approve expenditures within the delegated authority.
- (f) Ensure that effective financial systems and procedures for accounting and financial management of the project or TA activities are maintained in accordance with *the FMM*.
- (g) Be responsible for the employment and management of project staff.
- (h) Supervise and maintain a high level of performance by the project and its staff.
- (i) Supervise and manage all contracting related to the project done by the EA/ IA.
- (j) Maintain effective channels of communication with all stakeholders.
- (k) Ensure that all reports, papers and other information are made available in an orderly and timely manner.
- (l) Ensure that the M&E activities generate the information necessary to support the project management. The M&E is based on the Results Framework that was agreed to between the Government and DP at the time of project preparation.
- (m) Ensure that management actions are proactive, adequate and effective in responding to monitoring information and changing circumstances.
- (n) Receive instructions from and report directly to the Project Director.

D. Administrative Officer

- (a) Be responsible for personnel management and administration.
- (b) Manage and administer project assets and facilities, and ensure that they are only used for approved project purposes by authorized personnel and are properly secured and maintained.
- (c) Prepare and coordinate regular scheduled and non-scheduled meetings related to administration of the project.
- (d) Coordinate the reporting and exchange of information.

- (e) Undertake any other duties and responsibilities assigned by the Project Manager.
- (f) Receive instructions from and report directly to the Project Manager.
- (g) Ensure that project documents are properly maintained and retained for project activities.

E. Finance Officer

- (a) Manage and administer the financial affairs of the project in accordance with financial policies and procedures described in *the FMM*. Ensure all financial covenants and other financial obligations in the Financing, Project and TA Agreements are complied with.
- (b) Establish and maintain the budgets for the project ensuring that the project is included in the Public Investment Program (PIP) of the Ministry/Agency leading to financial commitments in the Budget Strategic Plan (BSP) and Annual Budget Plan (BP).
- (c) Establish and maintain the project accounts (accounting and financial management systems and records) in compliance with the policies and procedures detailed in *the FMM*.
- (d) Maintain proper internal controls within the financial operations of the project, particularly for bank accounts and cash advances.
- (e) Supervise the management and administration of all financial transactions under the project.
- (f) Approve expenditure within the delegated authority.
- (g) Prepare and distribute the financial reports and information necessary for effective and responsible financial management and decision-making.
- (h) Carry out any other financial and accounting duties and responsibilities assigned by the Project Manager.
- (i) Receive instructions from and report directly to the Project Manager.
- (j) Prepare Financial Statements and reports for audit and facilitate the conduct of audits of the project.

F. Technical Officer

- (a) Manage and administer the technical aspects of the project implementation process.
- (b) Establish and maintain the project implementation schedules.
- (c) Manage and administer the implementation of contracts.

- (d) Monitor and evaluate the progress and performance of technical staff, consultants and contractors. Certify the progress for payments.
- (e) Prepare and distribute technical reports to different stakeholder groups.
- (f) Carry out any other technical functions and responsibilities considered necessary by the Project Manager.
- (g) Receive instructions from and report directly to the Project Manager.

G. Procurement Officer

- (a) Assume responsibility for taking the lead in carrying out the steps of the procurement process for all project procurement activities, including civil works, goods and services, and for obtaining the required Government approvals, including the PRC, to ensure compliance with the policies and guidelines of the DP and *the Procurement Manual*.
- (b) A more comprehensive list of responsibilities is specified in *the Procurement Manual*.
- (c) Receive instructions from and report directly to the Project Manager.

H. Environmental and Social Safeguards Officer(s)

- (a) The Environmental Officer is responsible for monitoring and reporting the implementation of the EMP.
- (b) The Social Safeguards Officer is responsible for coordinating the implementation of land acquisition and involuntary resettlement with the GDR and consultants.
- (c) The Social Safeguards Officer is responsible for the implementation, monitoring and reporting of the IPP and GAP.
- (d) Receive instructions from and report directly to the Project Manager.

I. Monitoring & Evaluation Officer

- (a) Take responsibility for all project M&E activities, including the monitoring of project development objectives as well as all other targets that have been agreed to during the project formulation stage.
- (b) Receive instructions from and report directly to the Project Manager.

J. Other Project Officers and Staff

- (a) Depending on the size and nature of projects, other officers and support staff may be required. Such additional staff must be mobilized as and when required by the project or appropriately qualified consultants must be recruited, if necessary.
- (b) The Project Director and Project Manager are responsible for ensuring that the PMU is adequately staffed. They must also ensure that the different positions are filled with competent and qualified staff. Where none is available, the EA/IA must

develop the necessary skills and capabilities within their own staff, and/or hire competent staff from the open market, on a contractual basis for the duration of the project.

APPENDIX 14: Outline of a Project Administration Manual

The PAM describes the essential administrative, management and technical requirements for project implementation.

A. Project Description

This section will describe the project objectives, scope and components.

B. Implementation Plan

This section will provide the detailed project implementation schedule by project components and status of the project readiness actions.

C. Project Implementation Arrangements

This section will provide the Terms of Reference of the key staff positions of the PMU; the names and contact details of the key persons responsible for project implementation at the EA and DP; and the project implementation organization chart(s).

D. Costs and Financing

This section will provide the following information:

- (a) Detailed cost estimates, including assumptions made, broken down by the project expenditure categories, year of expenditure and source of funding (the DP and Government);
- (b) Allocation of the DP financing to the various project expenditure categories and the percentage of withdrawal for the DP financing in accordance with the DP Financing Agreement;
- (c) Projection of contract awards and disbursements, including the 'S curves'; and
- (d) Funds flow diagram.

E. Financial Management

This section will provide the financial management assessment and the disbursement arrangements for the DP and counterpart funds.

F. Procurement and Consulting Services

This section will include the advance actions, Procurement Plan, including the bidding documents to be used for the procurement, and the outline Terms of Reference for all consulting services required for project implementation.

G. Safeguards

This section will give details of the Environmental Management Plan and the Resettlement Plan, including the implementation schedules.

H. Gender and Social Dimensions

This section will include the Gender Action Plan and Indigenous Peoples' Action Plan.

I. Performance Monitoring, Evaluation, Reporting and Communication

This section will include the Project Results Framework, the reporting requirements agreed with the DP and the stakeholder communications strategy.

J. DP Anti-Corruption Policy

This section will briefly state the DP Anti-Corruption Policy and the EA actions to comply with the policy, including the disclosure requirements.

K. DP Accountability Mechanism

This section will describe the methods through which project stakeholders can complain to an independent forum about non-compliance with the DP policies and procedures during the project implementation period.

L. Record of Changes to the Project Administration Manual

This section will record the key milestone dates in the preparation, approval and updating of the PAM.

APPENDIX 15: Financial Management Responsibilities

The financial management of projects is the responsibility of the Government and its agencies. Within the Government, the main agencies responsible for the financial management of externally financed projects are:

A. Ministry of Economy and Finance

The MEF, on behalf of the Government, has an overall responsibility for overseeing the financial performance of all DP-financed projects. The specific responsibilities of the MEF are:

- Develop and maintain financial management policies and regulations, as set out in the *Financial Management Manual*.
- Identify and designate the EA and IA, and provide appropriate authority and delegation to the EA, IA and project teams.
- Ensure the EA/IA carries out all financial management functions in accordance with the *Financial Management Manual*.
- Ensure that funds are used for the purposes of the project and for eligible expenditures.
- Review and approve the Annual Budget (as part of the AWPB).
- Ensure that appropriate bank accounts are established with the National Bank of Cambodia and other approved financial institutions, including commercial banks, and monitor the authorized bank account signatories.
- Provide budget for counterpart funds and make counterpart funds available to projects on a timely basis.
- Provide support and assistance to the EAs and IAs in establishing and implementing sound accounting and financial management systems and procedures.
- Monitor and provide guidance on the withdrawal and replenishment applications by the EAs/IAs. Project teams must provide the MEF with the signed statements of expenditure, Withdrawal Applications (which will be approved and signed by the MEF) and bank statements with reconciliations for the designated accounts and counterpart accounts. The submission of a Withdrawal Application to the MEF must be accompanied by the Disbursement Tracking Form.
- Participate as a committee member in procurement activities of projects to ensure compliance with the guidelines and provisions governing the contractual relationship between the Government and DPs, and to assess and agree on contract payment schedules for cash management purposes.
- Approve all variations to contracts that increase the original contract value.
- Monitor and evaluate the financial performance of projects and portfolio performance.
- Regularly report the financial performance of projects to the Government and other relevant stakeholders.

- Ensure that the Annual Financial Statements are prepared in time and of quality, and recruit external auditors for carrying out annual audits.
- Promote and facilitate the exchange of information between the project teams and EAs/IAs.
- Coordinate training and learning opportunities for the EAs/IAs and project teams.

B. Executing and Implementing Agencies

The EAs/IAs have primary responsibility for ensuring that projects are implemented in accordance with the project plans and that resources are used efficiently and effectively, and only for project purposes. The EAs/IAs are accountable for all financial aspects of the projects and must ensure there is compliance with all financial covenants and other obligations in the DP Financing and Project Agreements. Specific responsibilities are:

- Ensure adequate staffing for financial management in the PMU and ensure that the financial staff are properly qualified and trained.
- Oversee that all financial management functions are carried out by the PMU in accordance with *the FMM*.
- Prepare and submit the Annual Budget to the MEF for review and approval.
- Ensure that appropriate project bank accounts are established and signatories are maintained up-to-date.
- Ensure that the PMU maintains proper financial accounting and management systems and procedures acceptable to the DPs and MEF.
- Implement comprehensive and effective internal controls for project financial operations.
- Manage and safeguard the project assets.
- Prepare and submit timely the applications for withdrawal and replenishment of project funds. The “Disbursement Tracking Form” must accompany all Withdrawal Applications.
- Monitor the financial performance of projects and timely decision making to address the variances to plans/budgets.
- Ensure compliance with the project financial reporting requirements.
- Ensure the preparation of the Annual Financial Statements.
- Monitor audit results and ensure that appropriate response and actions are taken in relation to the audit findings and recommendations.
- Provide all financial reports to the MEF in a timely manner.

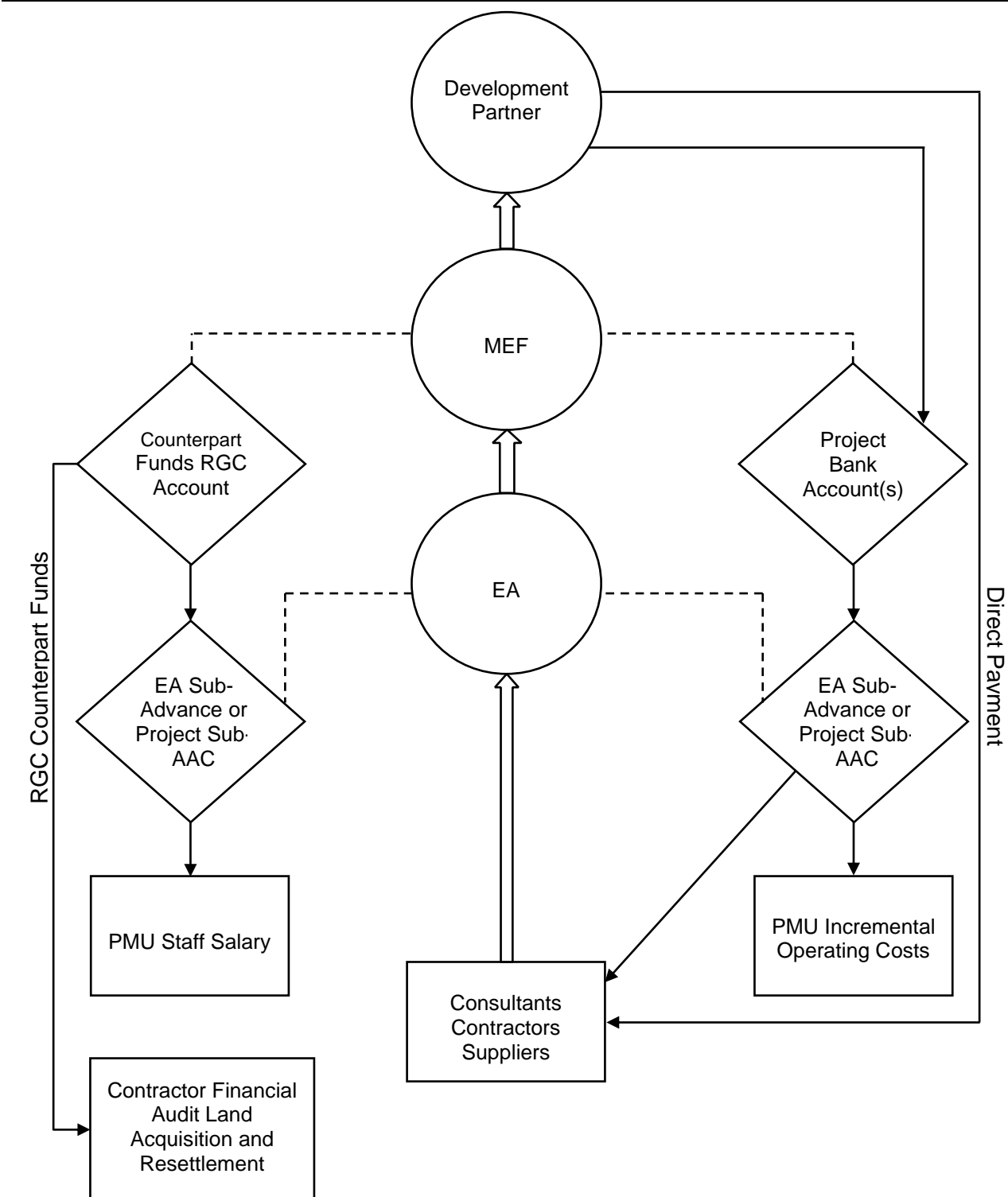
C. Project Management Unit

The PMU is accountable to the EA/IA for the financial management of projects and for ensuring compliance with the financial covenants in the DP Financing Agreement. Specific responsibilities are:

- Manage and administer the financial affairs of the project in accordance with *the FMM*.

- Ensure compliance with the financial covenants of the Financing Agreement and the Government and DP policies and procedures.
- Establish and maintain project budgets to support the mobilization of resources and as a management tool to support project management.
- Manage the sub-advance project bank accounts.
- Establish, maintain and operate the project accounting and financial management systems and procedures acceptable to the DPs and MEF.
- Administer the financial transactions of the project and maintain proper accounts and records for the project.
- Prepare the Annual Financial Statements.
- Undertake all tasks and activities related to the procurement of civil works, goods and services required by the project, in strict conformity with the guidelines, systems and procedures governing the use of project resources.
- Undertake all disbursement functions, tasks and activities of the project, in strict conformity with the guidelines, and systems and procedures governing disbursements from the project account and the use of project resources.
- Prepare and approve applications for withdrawal and replenishment, and submit the applications through the GDICDM in the MEF to the DP for payment or replenishment.
- Generate and distribute financial reports, evaluations and information necessary for effective financial management to the EA/IA, MEF and DP.
- Monitor the financial performance of the project and take actions to address the variances to plans.
- Facilitate the audit of the project Financial Statements and financial operations.

APPENDIX 16: Funds Flow of Project Financing



→	Flow of Funds
⇨	Claims/ Withdrawal Applications
----	Operation of Accounts

APPENDIX 17: Outline of an Executing Agency Quarterly Progress Report

A. Introduction and Basic Data

Provide the following:

- (a) the DP loan number, project title, Borrower, Executing Agency, Implementing Agency;
- (b) total estimated project cost(s) and Financing Plan;
- (c) status of project financing, including the availability of counterpart funds and co-financing;
- (d) dates of approval, signing and effectiveness of the DP financing;
- (e) original and revised (if applicable) the DP financing closing date and elapsed loan period based on original and revised (if applicable) financing closing dates; and
- (f) date of the last DP Review/Supervision Mission.

B. Utilization of Funds (DP Financing, Co-financing and Counterpart Funds)

Provide the following:

- (a) cumulative contract awards financed by the DP funds, co-financing and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- (b) cumulative disbursements from the DP financing, co-financing and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and,
- (c) re-estimated costs to completion, need for reallocation within the DP financing categories, and whether an overall project cost overrun is likely.

C. Project Performance

Provide the following:

- (a) status of the project scope/implementation arrangements compared with those in the DP Project Appraisal Document and whether major changes have occurred or will need to be made;
- (b) assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- (c) assessment of changes to the key assumptions and risks that affect attainment of the development objectives.

D. Implementation Progress

Provide the following:

- (a) assessment of the project implementation arrangements such as establishment, staffing and funding of the PMU;
- (b) information relating to other aspects of the EA internal operations that may have an impact on the implementation arrangements or project progress;
- (c) progress or achievements in implementation since the last progress report;
- (d) status of the progress of each project component such as:
 - recruitment of consultants and their performance;
 - procurement of goods and works (from the preparation of detailed designs and bidding documents to the contract awards); and
 - performance of suppliers, manufacturers, and contractors for goods and works contracts;
- (e) assessment of the progress in implementing the overall project to date in comparison with the original implementation schedule(s) – quantifiable and monitorable target, including simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure; S-curve graph showing the relationship between physical and financial performance; and actual progress in comparison with the original schedules and budgets;
- (f) assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets; and
- (g) status of the implementation of the Environmental Management Plan and Resettlement Plan.

E. Compliance with Covenants

Provide the following:

- (a) the Government compliance with policy covenants such as sector reform initiatives and the EA reforms, and the reasons for any non-compliance or delay in compliance;
- (b) the Government and EA compliance with financial covenants, including the EA financial management, and the provision of audited project accounts or audited agency Financial Statements; and
- (c) the Government and EA compliance with project-specific covenants associated with implementation, environmental and social dimensions.

F. Major Project Issues and Problems

Summarize the major problems and issues affecting or 'likely-to-affect' implementation progress, compliance with covenants, and achievement of the immediate development objectives. Recommend actions to overcome these problems and issues (e.g. changes in scope, changes in implementation arrangements and reallocation of loan proceeds).

APPENDIX 18: Roles and Responsibilities of Government Ministries and Agencies During the Project Cycle

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
Project Identification	<p>Approve inclusion in the PIP together with the MOP.</p> <p>Assess suitability of the project for appraisal using project selection criteria, as issued under the Prakas and Sub-Decree for the implementation of the PIMSRS.</p> <p>GDB - Agree on the project selection and budget allocation for the project.</p> <p>GDICDM – Focal point for preparation of the DP Country Partnership Strategy/Framework.</p> <p>Agree on project pipeline in the Country Operations Business Plan/Country Assistance Plan.</p> <p>Identify and appoint the EA/IA in accordance with the mandate, commitment and capacity.</p> <p>Confirm the appointment of the EA in writing to the DP.</p>	<p>Submit the priority projects, consistent with the Rectangular Strategy, NSDP and Sector Master Plan to the MOP for inclusion in the PIP.</p> <p>Discuss priority projects with the DP for potential funding by the DP.</p> <p>Confirm the agreement to be the EA/IA.</p>	<p>MOP - Prioritize projects and include them in the Public Investment Program for approval by the Council of Ministers.</p> <p>MOP – Ensure that priority projects are consistent with the Rectangular Strategy and NSDP.</p> <p>CDC - Mobilize DP funding through the Cambodia Development Cooperation Forum.</p>	

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
Project Preparation and Appraisal	<p>GDICDM – Coordinate and facilitate the project preparation activities.</p> <p>Regular consultations during the project preparation stage with the DP team, EA and PPT to discuss key issues. Agree on the scope of the project.</p> <p>GDR – Provide directions and guidance for the preparation of a draft BRP/ Resettlement Framework.</p>	<p>Issue the Prakas for appointment of the PPT.</p> <p>Recruit the project feasibility study consultants.</p> <p>Guide and oversee project formulation and preparation by the PPT, and feasibility study consultants in accordance with the RGC rules and regulations and the DP requirements.</p> <p>Engage and collaborate with the DP team, MEF and PPT throughout the project preparation stage.</p> <p>Prepare a draft BRP/Resettlement Framework with the assistance of the feasibility study consultants.</p> <p>Prepare a draft Procurement Plan.</p> <p>Prepare a draft PAM.</p>	<p>MOE - Approve the IEE, EIA and EMP.</p>	<p>PPT Accountable to the EA.</p> <p>Carry out the project formulation and project preparation tasks.</p> <p>Prepare a draft Project Results Framework, and Initial Poverty and Social Analysis.</p> <p>Supervise the work of the project feasibility study consultants and work closely with the MEF and DP team.</p> <p>Consult with all stakeholders, including project beneficiaries and affected persons.</p> <p>Engage and collaborate with the EA, DP team and MEF.</p>
Due Diligence	<p>GDICDM Meet with the DP due diligence team early in the due diligence process to discuss key issues and, if appropriate, conduct the wrap-up meeting of the DP due diligence process.</p>	<p>Work with the DP in preparing the Due Diligence MOU/AM/MOD.</p> <p>Review the sector and institutional covenants in the draft Financing Agreement.</p>	<p>MOE – Review the environmental issues in the MOU/AM/MOD and environment-related conditions in the draft Financing Agreement.</p>	<p>Work with the DP in preparing the Due Diligence MOU/AM/MOD.</p> <p>PIT Accountable to the EA.</p>

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
	<p>Assess the suitability for external financing in accordance with the PIMSRS decision criteria.</p> <p>Review the AM, MOU or MOD to ensure the project scope, implementation arrangements and draft Financing Agreement are in accordance with the RGC policies and regulations for externally financed projects.</p> <p>Approve the draft PAM and draft Procurement Plan.</p> <p>Ensure that procurement schedules in the draft Financing Agreement are in accordance with <i>the Procurement Manual</i>.</p> <p>Review the financial management arrangements, financial reporting and audit arrangements.</p> <p>Review the disbursement arrangements.</p> <p>Review the covenants in the draft Financing Agreement relating to land acquisition and involuntary resettlement.</p> <p>Confirm the AM or sign the MOU of the DP Due Diligence Mission.</p>	<p>Conduct the wrap-up meeting of the DP team to finalize the Due Diligence MOU/ AM/ MOD.</p> <p>Appoint the PIT for project implementation planning tasks.</p> <p>Issue the Prakas for appointment of the PMU and delegation of appropriate authority for procurement and financial management.</p> <p>Establish the PRC, CEC and BEC to support advance actions for the recruitment of consultants, procurement of goods and works (DED not required).</p>		<p>Take advance actions related to the project implementation planning and project readiness (recruitment of consultants and procurement).</p>

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
	<p>GDR – Review the draft BRP/Resettlement Framework.</p> <p>Confirm the involuntary resettlement issues and arrangements in the AM/MOU/MOD.</p> <p>IRC - Approve the BRP/Resettlement Framework.</p>			
Negotiations of the DP Financing	<p>Act as representative of the Borrower in all matters related to the DP Financing Agreement.</p> <p>Sign the Financing Agreement.</p> <p>GDICDM - Lead the RGC team in negotiating the DP Financing Agreement, including confirmation of the Procurement Plan and PAM.</p> <p>GDR – Participate in the RGC negotiating team on matters relating to land acquisition and involuntary resettlement.</p> <p>GDICDM - Coordinate actions required to declare the DP financing effective.</p>	<p>Participate in the RGC team to negotiate the DP Financing Agreement.</p> <p>Sign the Project Agreement if required.</p>	MOJ – Issue a Legal Opinion to declare the DP financing effective.	

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
Project Implementation and Monitoring	<p>Accountable to the National Assembly and Council of Ministers.</p> <p>Delegate authority to the EA/IA for project implementation.</p> <p>GDICDM - Coordinate and oversee the project implementation activities.</p> <p>Participate in the PRC, CEC and BEC in accordance with <i>the Procurement Manual</i>.</p> <p>Oversight of financial management and ensure compliance with <i>the FMM</i>.</p> <p>Approve changes to the PAM and Procurement Plan.</p> <p>Review and Approve the EA requests for contract variation, loan/grant reallocations, change in project scope and extension of the DP loan/grant closing date.</p> <p>Submit request(s) for contract variation, loan/grant reallocations, change in project scope and extension of the loan/grant closing date to the DP for approval.</p>	<p>Accountable to the MEF.</p> <p>Responsible for the implementation, management and administration of the project through the PMU in accordance with <i>the Procurement Manual</i>, <i>FMM</i> and the DP Financing Agreement.</p> <p>Chair or participate in the PRC, CEC and BEC in accordance with <i>the Procurement Manual</i>.</p> <p>Monitor the project performance in accordance with indicators agreed upon at the project preparation stage.</p> <p>Ensure that the performance monitoring report, progress report and audited Financial Statements are submitted to the MEF and DP.</p> <p>Endorse the requests for contract variation, loan/grant reallocations, change in project scope and extension of the DP loan/grant closing date.</p> <p>Ensure compliance with the provisions of the DP Financing Agreement relating to sector and institutional matters, project implementation,</p>	<p>IRC – Approve the DRP and the updated DRP.</p> <p>MONASRI – Mandate to handle complaints from citizens.</p> <p>GID – Investigate breaches of rules and regulations within each line ministry.</p> <p>MOE – Approve the final EMP and monitor implementation of the EMP.</p>	<p>PMU Accountable to the EA.</p> <p>Responsible for the day-to-day project implementation activities.</p> <p>Ensure that the project is implemented in accordance with the PAM, <i>Procurement Manual</i> and <i>FMM</i> and the DP Financing Agreement.</p> <p>Carry out all project procurement activities and recruitment of consultants in accordance with the Procurement Plan, <i>the Procurement Manual</i> and the DP Financing Agreement.</p> <p>Update the PAM and Procurement Plan when necessary.</p> <p>Chair or participate in the PRC, CEC and BEC in accordance with <i>the Procurement Manual</i>.</p> <p>Monitor the performance of contractors and consultants (except resettlement consultants recruited and managed by the GDR).</p>

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
	<p>Monitor the implementation activities through the regular progress reports, project performance monitoring indicators, Procurement Tracking Forms and Disbursement Tracking Forms.</p> <p>Participate in the DP Supervision Missions if necessary and chair or attend the wrap-up meetings to discuss findings and recommendations of the DP supervision team.</p> <p>Review the DP Supervision Mission MOU/AM and discuss remedial actions required to address implementation issues and delays with the EA and PMU.</p> <p>Conduct regular portfolio performance reviews.</p> <p>Approve the Annual Work Plan and Budget.</p> <p>Open and operate the project bank account(s) in accordance with <i>the FMM</i>.</p> <p>Appoint external auditors for the audit of project Financial Statements.</p>	<p>procurement, environmental and social safeguards, and financial management.</p> <p>Appoint and remove the Project Director and Project Manager in consultation with the MEF.</p> <p>Endorse the Annual Work Plan and Budget.</p> <p>Endorse the request for extension of the loan/grant closing date if required.</p> <p>Participate in the quarterly review of the DP portfolio to address implementation problems.</p>		<p>Prepare the Withdrawal Applications and Disbursement Tracking Forms for eligible project expenditures and submit to the EA and MEF for approval and transmittal to the DP.</p> <p>Manage and monitor project results for their delivery within budget and on time.</p> <p>Prepare monthly or quarterly project performance monitoring reports and progress reports for submission to the MEF and DP.</p> <p>Prepare the requests for contract variation, loan/grant reallocations, change in project scope and extension of the DP loan/grant closing date.</p> <p>Open and maintain the project sub-advance bank account(s) in accordance with <i>the FMM</i>.</p> <p>Maintain internal controls and proper accounting records of project expenditures in accordance with the RGC <i>Financial Management Manual</i>, and prepare the Annual Financial Statements for submission to the EA, MEF and DP.</p>

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
	<p>Ensure compliance with the financial covenants in the DP Financing Agreement.</p> <p>GDR – Prepare the DRP.</p> <p>Implement and monitor the DRP and approve any revisions to the DRP.</p> <p>Handover of land to the EA.</p> <p>Participate in the DP Supervision Missions if necessary and review the resettlement issues in the Supervision Mission MOU/AM.</p> <p>GDICDM – Lead the quarterly review of the DP portfolio to address implementation problems.</p> <p>Lead the Annual Joint Country Portfolio Performance Review conducted jointly by the MEF and DPs.</p> <p>Review the request for extension of the loan/grant closing date, and if justified, endorse and submit to the DP.</p>			<p>Work closely with the project management consultants and the DP supervision team in monitoring the progress of the project, identifying issues and bottlenecks and taking remedial actions.</p> <p>Take actions to keep the project implementation progress on schedule.</p> <p>Manage the implementation of the Environmental Management Plan.</p> <p>Coordinate the implementation of the DRP, Indigenous Peoples Plan and the Gender Action Plan.</p> <p>Carry out Monitoring and Evaluation activities.</p> <p>Regularly communicate with project stakeholders.</p> <p>Prepare and submit the Annual Work Plan and Budget request to the EA for endorsement and to the MEF for approval.</p> <p>Prepare the request for extension of the loan/grant closing date if required, after discussion with the DP supervision team.</p>

Project Stage	MEF	LM/ EA	Other Ministry/Agency	PPT/PMU
	GDPP – Investigate the procurement related complaints.			
Project Completion and Evaluation	<p>GDICDM – Return unused funds to the DP and close the project bank account(s).</p> <p>Request the DP to close DP loan/credit/ grant account(s).</p> <p>Ensure that the project assets are accepted and handed over to the GDSP for registration.</p> <p>Coordinate the impact evaluation of the project by the DP.</p>	<p>Participate in the Inspection Committee to inspect, accept and hand over the project assets.</p> <p>Endorse the Project Completion Report and submit it to the MEF and DP.</p>		<p>Complete disbursements for the remaining eligible project expenditures, including the retention monies.</p> <p>Liquidate the advances, return the unused funds and close the sub-advance project bank account(s).</p> <p>Inventory and register the project assets at the GDSP.</p> <p>Prepare the Project Completion Report.</p>

APPENDIX 19: Outline of an Executing Agency Project Completion Report

A. Project Description

This section will describe:

- a) the project objectives, components and implementation methods;
- b) justification for changes in components or implementation methods.

B. Project Implementation

This section will:

- a) compare the original vs actual implementation schedule(s);
- b) compare the appraisal cost estimates with actual costs;
- c) discuss problems in the recruitment of consultants and assess their performance;
- d) discuss difficulties in procurement of civil works and equipment, and assess the performance of contractors and suppliers;
- e) summarize compliance with loan covenants;
- f) discuss any delay in financing utilization;
- g) provide the achievement of results in the Project Framework.

C. Initial Operations

This section will discuss the problems and remedial actions, and project benefits.

D. Evaluation of the DP Performance

This section will assess the performance of the DP in project supervision and describe any problems encountered with the DP procedures during project implementation.

GLOSSARY

Audit Report

Refers to the independent auditor's opinion(s), the Management Letter and other information that the auditor is required to provide in accordance with the applicable auditing standards, through the exercise of professional judgement, or based on the auditor's Terms of Reference, to those charged with the governance of the project and/or entity.

Closing Date

The date stated in the Development Partner Financing Agreement as the last date for disbursements from the financing account(s).

Country Partnership Strategy

The Country Partnership Strategy or Country Assistance Strategy is a directional document that sets the strategic framework for engagement between the Development Partner and Cambodia. It defines the parameters of the Development Partner strategic and operational assistance in the context of the Rectangular Strategy and National Strategic Development Plan of the Royal Cambodian Government, and the strategic framework of the Development Partner.

DP Financing

Refers to the loan, credit, grant or other financial assistance extended to the Kingdom of Cambodia by the Development Partner.

DP Financing Account

Refers to the account opened by the Development Partner in its books in the name of the Borrower/Recipient for the project and into which the amount of the loan, credit or grant is credited.

DP Financing Closing Date

The date when the Development Partner may terminate the right of the Government to make withdrawals from the DP financing account as specified in the Financing Agreement.

Effective Date

The date, as determined by the Development Partner, when all conditions of effectiveness of the Financing Agreement have been fulfilled by the Government and disbursements may be made from the DP financing account.

Environmental Management Plan

The Environmental Management Plan is prepared with the Initial Environmental Examination or Environmental Impact Assessment. It proposes environmental mitigation measures and recommends mechanisms to monitor and ensure compliance with such measures and environmental regulations during the implementation and operation of the project.

Financing Plan

The Financing Plan will identify the different sources of financing for the project, the amounts to be provided by each financier and the overall percentage of total project cost that each financier will finance.

Physical Contingency

An allowance to reflect possible increases in the base cost estimates of a project due to changes in quantities, methods and/or implementation period.

Price Contingency

An allowance to reflect forecast increases in the base cost estimates of a project due to changes in unit costs for the various components and/or elements after the date of the preparation of base cost estimates.

Procurement Plan

It is prepared by the Executing Agency in consultation with the Development Partner. The Procurement Plan sets out the consulting services, equipment, goods and civil works packages required for the entire project with details of selection and procurement mode, estimated size and schedule for the packages required in the first eighteen (18) months of the project implementation period.

Project Management Unit

A dedicated institutional arrangement established by the EA/IA to handle all matters relating to project implementation. It is also referred to as Project Management Office (PMO) or a Project Implementation Unit (PIU). All such dedicated arrangements are referred to as the PMU.

Project Results Framework

Also is referred to as the Design and Monitoring Framework or Results Framework and Monitoring. It is a results-based tool for designing, implementing, monitoring and evaluating projects. The Project Results Framework provides structure to the project-planning process and communicates essential information about the project to stakeholders. It establishes quantified, time-bound targets, measurable indicators, and key risks and assumptions used to monitor and evaluate performance.

Resettlement Plan

Also is referred to as the Basic Resettlement Plan or Detailed Resettlement Plan. It is prepared by the Government in consultation with the Development Partner. A Resettlement Plan is required when the initial social assessment for an investment project indicates that the project will result in displaced persons who are affected either physically or economically. The Resettlement Plan is a time-bound action plan that provides details of the types of compensation to be given to the displaced persons and the implementation, monitoring and reporting arrangements.

Retroactive Financing

Refers to the financing of project expenditures incurred by the Government prior to the effective date of the DP Financing Agreement.

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