1. Key development issues and rationale for Bank involvement

Cambodia is among the four South East Asian countries that were severely affected by Typhoon Ketsana. Between September 26 and October 4, 2009, the typhoon hit the Northern Provinces of Cambodia, from the Northeast border (Stung Treng and Ratanakiri provinces) to the North (Kampong Thom, Kratie, and Kampong Cham) and the Northwest (Preah Vihear, Siem Reap, and Oddar Meanchey). The flash floods were followed by more moderate flooding in nearby provinces such as Mondul Kiri, Banteay Meanchey, Battambang, Kampong Chhnang, Preah Sihanouk, and Kampot.

According to the National Committee for Disaster Management (NCDM), 14 out of 24 provinces were affected by the storm and subsequent flash floods. The typhoon left 43 people dead, 87 people severely injured, and some 49,787 families directly affected by loss of home or livelihood. As many as 180,000 people were affected (directly or indirectly), equivalent to 1.4 percent of the population. Most of the affected districts are among the poorest in the country. The widespread damage to property, livelihoods, and public
infrastructure in these areas will have a long-term impact.

The Royal Government of Cambodia (RGC) has responded by mobilizing the central and local administration, armed forces and volunteer groups to rescue stranded people and provide immediate relief, including temporary shelter, medicines and food.

Recognizing the long-term effect of the typhoon on vulnerable people, the Government through the Ministry of Economy and Finance (MEF) as well as National Committee for Disaster Management (NCDM) with assistance from the World Bank and in partnership with other Development Partners, carried out comprehensive post disaster damage, loss and needs assessment (PDNA) to ascertain the extent of the damage and loss caused by the event, and to define a comprehensive and feasible recovery plan. The PDNA estimated the total damage and losses caused by the Typhoon, Ketsana to be US$ 132 million of which damage is US$ 58 million and loss is US$ 74 million.

The impact on fiscal revenues is unlikely to be significant, but the impact on expenditure could be important. The financing for medium and long term needs would have a significant impact on fiscal space. As explained in the draft 2010 budget law which submitted to the National Assembly in December, overall revenues in 2009 would be less due to slower economic growth while overall necessary expenditures in 2009 will be higher. Therefore, the financing needed to rebuild physical infrastructure and recovery livelihoods will create a higher deficit and hence required additional domestic and foreign financing.

PDNA assessment of recovery needs includes infrastructure (transport, water/sanitation, water resource/irrigation, energy totaling $106 million), social (housing and shelter, health, education totaling $19 million), productive sectors (agriculture/livestock/fishery, industry and commerce, tourism, totaling $60 million) and cross-cutting sectors (environment and public administration total $5 million).

Based on this assessment the priority sectors identified by the PDNA for recovery include Road, Agriculture, Irrigation, Industry and Commerce and Housing and the priorities have been identified according to short (0-6 months), medium (1-2 years) and long term (1-5 years) needs. Under infrastructure the total recovery needs are US$106 million, Social Sector including housing, health and education US$43 million, Productive sector comprised of Agriculture, Industry and Commerce at US$60 million, and others US$5 million.

The GOC made a formal request for Bank support for emergency assistance for the rehabilitation of flood damaged infrastructure following the natural disaster caused by typhoon Ketsana.

The rationale for determining activities is to focus on the most affected areas in terms of population and economic and production activities in rural areas where people’s livelihood depends on access to markets e.g. through rural roads and their quality of daily life relies on the access to water and proper sanitation. The chosen region for the Bank intervention is in fact rural and contains some of the poorest sections of the national population.
2. Proposed objective(s)

The objective is to restore the service level of the damaged infrastructure and improve quality of life of the people in a sustainable manner in the typhoon affected areas as part of post disaster reconstruction and rehabilitation for the Government of Cambodia (GoC). This objective will be achieved through the reconstruction and rehabilitation of rural roads, construction of water and sanitation facilities for the households in selected villages along the rural roads, and institutional strengthening and capacity building.

3. Preliminary description

The Project will cover 8 out of 15 provinces affected by the Ketsana typhoon, i.e. Preah Vihea, Kampung Thom, Kampong Cham, Siem Reap, Banteay Meanchey, Rattanakiri, Uddar Meanchey, and Mondulkiri. The majority of the population is poor and mainly depends on agriculture (rain-fed paddy and annual crops such as cashews) as their main source of livelihood. The Project would rehabilitate and reconstruct, as well as improve parts of existing rural roads that pass through the main villages, and would maintain existing rural roads. It would also finance water supply and sanitation for families who are living in main villages along the damaged rural road sections in these eight provinces. Rural road improvements and provision of water and sanitation will improve affected people’s living condition which ultimately can improve their livelihood. Following are the detailed physical characteristics of project components.

Component 1. Support of emergency response activities (US$5 million). This component will reimburse GoC for specific government expenditures made on emergency response from its own resources after the disaster until the proposed project becomes effective.

Component 2. Rural road rehabilitation and reconstruction in eight most affected provinces and provision of water and sanitation facilities to the villages (US$25 million). This includes:

(i) Rehabilitation and improvement of existing rural roads that have been damaged by the Ketsana typhoon, including those that are partially damaged (350 km) and totally damaged (200 km), as well as reconstruction of 30 bridges and major culverts. In addition, it includes maintenance of unimproved existing rural roads of 1,100 km for three years and application of dust control through SBST in 150 villages of about 2 km existing rural roads for each village (300 km). These rural roads play important role for the villages’ local economy.

(ii) Provision of water and sanitation, which will support construction of community based water supply and family based latrine sanitation infrastructures and facilities for some 150 villages along the Ketsana affected rural roads. Water supply will consist of wells, rain water collection system or other system that are preferred by the households/communities. Sanitation will include the installation of latrine for each house. These facilities will improve the health and living condition of the poor families.
Component 3. Project implementation support (US$4 million). This component includes technical assistance and services to support the project implementation agency (IA) Ministry of Rural Development for (i) carrying out detailed survey, design, bidding document and procurement; (ii) outreach and dissemination for the water and sanitation component; (iii) project construction management, supervision a verification; and (iv) financial management, project monitoring and reporting.

Component 4. Institutional strengthening and capacity building (US$3 million) to support the National Committee for Disaster Management (NCDM) in strengthening its capacity for disaster management, and to support the Ministry for Land Development, Urban Planning and Housing in developing building and housing construction codes and regulations.

Implementation

The Project will use an Output-based Disbursement (OBD) mechanism to finance the second component. It will reimburse the spending of the GoC for each unit built under component 2 and based on pre-agreed eligibility criteria and verified by the third party verifier.

Component 1 will be Ministry of Economy and Finance (MEF) executed as it is largely related to the retroactive disbursement of the expenses spent by the government after the disaster until the project becomes effective.

Components 2 and 3 will be implemented by the Ministry of Rural Development. The project would be under the coordination of the Secretary of State responsible for infrastructure. MRD has currently been managing 13 donor financed rural infrastructure projects, including ADB, WB, KfW, IMF and JBIC, etc. The on-going projects include such as the Provincial and Rural Infrastructure Project (World Bank), Tonle Sap Rural Water Supply and Sanitation Project (ADB), Rural Infrastructure Progam (KfW), Rural Water Supply and Sanitation Project (IMF), etc. Three consulting services teams will be hired to support MRD in project preparation, management and monitoring and reporting.

Component 4 will be implemented by the National Committee for Disaster Management (NCDM).

The MEF will oversee the implementation of the project and coordinate at high level as the Chair of the Government’s Steering Committee for donor financed projects.

4. Safeguard policies that might apply

The identified infrastructure works are expected to have a limited environmental impact, and this project was classified under Environmental Category B.

Among the 10 existing safeguard policies, 3 have been triggered to ensure the adoption of measures to adhere to these policies. These are OP/BP 4.01 on Environmental Assessment, OP/BP 4.10 on Indigenous Peoples, and OP/BP 4.12 on Involuntary Resettlement. As it is in
Cambodia, chance of finding an archaeological nature can be possible during excavation for borrow pits and road improvements. OP 4.11 is possibly triggered. Detailed instructions and procedures on how to proceed in case of a chance find and how to secure it will be provided in the environmental management plan (EMP) and in the contract documents to make sure that contractors follow these instructions.

In response to the three policies, an Environmental and Social Management Framework will be drafted and the fourth policy will lead to the adoption of a Resettlement Management Framework.

5. Tentative financing
Source: ($m.)
BORROWER/RECIPIENT 0.0
International Development Association (IDA) 40.0
Total 40.0

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