

1. Project Data:		Date Posted : 12/28/2012	
Country:	Cambodia		
Project ID:	P070875	Appraisal	Actual
Project Name :	Land Management And Administration Project	Project Costs (US\$M):	33.9 38.0
L/C Number:	C3605	Loan/Credit (US\$M):	24.3 20.1
Sector Board :	Agriculture and Rural Development	Cofinancing (US\$M):	9.3 16.7
Cofinanciers :	Germany (BMZ); Finland (Ministry for Foreign Affairs); Canada (CIDA)	Board Approval Date :	02/02/2002
		Closing Date :	12/31/2007 12/31/2009
Sector(s):	Central government administration (90%); Law and justice (5%); Tertiary education (3%); Other industry (2%)		
Theme(s):	Land administration and management (25% - P); Personal and property rights (25% - P); Rural markets (24% - P); Judicial and other dispute resolution mechanisms (13% - S); Access to law and justice (13% - S)		
Prepared by :	Reviewed by :	ICR Review Coordinator :	Group:
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2. Project Objectives and Components:

a. Objectives:

According to the Project Appraisal Document (PAD),

"The overall goals of the proposed project are to reduce poverty, promote social stability, and stimulate economic development. The specific objectives of the project are to improve land tenure security and promote the development of efficient land markets" (p. 2).

The Development Credit Agreement (DCA) contains a narrower, more output-oriented, statement of objectives, although one that is consistent with the statement in the PAD :

"The objectives of the Project are to assist the Borrower in its efforts to implement the Program, which includes : (i) the development of adequate policies, a regulatory framework and institutions for land administration; (ii) the issuance and registration of titles in rural and urban areas in the Project Provinces; and (iii) the establishment of an efficient and transparent land administration" (DCA, Schedule 2).

IEG assesses the project against the PAD statement of (specific) objectives because it is more monitorable and outcome-oriented.

No outcome targets were specified.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components:

(1) Development of land policy and regulatory framework

(Estimated cost at appraisal, US\$2.8 million; Actual cost at credit closing, US\$2.6 million).

- (a) Development of the capacity of the Secretariat of the Council of Land Policy .
- (b) Formulation of key policies for land administration and management .
- (c) Development and drafting of legal instruments .
- (d) Dissemination of policies, laws, rules and regulations .

(2) Institutional development

(Estimated cost at appraisal, US\$6.4 million; Actual cost at credit closing, US\$8.7 million).

- (a) Long-term institutional development of the Ministry of Land Management, Urban Planning and Construction at all levels.
- (b) Project management.
- (c) Development of land management and administration education program .
- (d) Development of a private surveying industry .

(3) Land titling program and development of a land registration system

(Estimated cost at appraisal, US\$20.4 million; Actual cost at credit closing, US\$ 22.3 million).

- (a) Information dissemination and community participation .
- (b) Systematic land titling program .
- (c) Sporadic land titling program .
- (d) Development of a modern land registration system .

(4) Strengthening mechanisms for dispute resolution

(Estimated cost at appraisal, US\$ 1.7 million; Actual cost at credit closing, US\$2.5 million).

- (a) Strengthening the national cadastral commissions .
- (b) Strengthening the provincial cadastral commissions .
- (c) Legal assistance for disadvantaged .

(5) Land management

(Estimated cost at appraisal, US\$2.6 million; Actual cost at credit closing, US\$ 1.9 million).

- (a) Clarification of procedures for defining different classes of land, such as forest land, protected area land, private land, and public private land
- (b) Procurement of aerial photographs and satellite images as needed .
- (c) Preparation of land classification maps for each of the project provinces showing boundaries of forests, protected areas, land under private use, land under public use, land under concession, and other types of land use .

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project Cost

Project cost at credit closing was US\$38.0 million, 12 percent above the appraisal estimate .

Financing

The operations web portal shows that IDA disbursed US\$ 20.1 million against the project, comprising US\$ 19.2 million from the credit and US\$0.9 million from a related trust fund. The same source shows that US\$9.6 million from the credit was canceled, although the difference between the original credit amount and the actual amount disbursed was US\$5.1 million, owing to appreciation of the SDR against the dollar .

Co-financing was as follows: Germany (Expected, US\$3.5 million; Actual, US\$7.6 million); Finland (Expected, US\$3.5 million; Actual, US\$7.7 million); Canada (Expected, US\$0; Actual, US\$1.4).

Following an enquiry by the Bank's Inspection Panel, the government unilaterally decided that the Bank should cancel the undisbursed balance of the IDA credit, sending the request for cancellation on September 7, 2009. The credit closed on December 31, 2009. The remaining credit proceeds were canceled in September 2010, once the Bank had received the Designated Account information . The remaining trust fund agreements were also canceled through cross default clauses (ICR, p. 6).

Borrower Contribution

At appraisal, government was expected to contribute US\$ 2.6 million; its actual contribution was US\$2.0 million. The ICR notes that, "Counterpart funding (contributed at 10 percent towards the cost of civil works and 50 percent towards Incremental Operating costs after FY 2005...) was satisfactory, and there were no issues in shortfalls in cofinancing encountered during the project implementation period " (p. 42).

Dates

Between June 2006 and February 2007, disbursements were suspended because of misprocurement (see Section 11b below). At the end of 2007, the credit closing date was extended by two years to accommodate expansion of project coverage from ten to thirteen provinces . This expansion was financed with trust funding from Canada, a source of financing that had not been envisaged when the project was approved . In 2008, the involuntary settlement safeguard was allegedly violated (Section 11a below).

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

There is a continuing need to clarify land rights and increase tenure security in Cambodia, owing to the complex and confused historical legacy . During the pre-colonial era the sovereign owned all land, but households were free to cultivate as much land as they wished . The French colonists (1864-1953) introduced the system of formal private property rights, but were able to incorporate only the more densely populated rice growing areas into the system . The independent Cambodian government retained the French system, but made limited progress on formally registering property rights. The Khmer Rouge, which came to power in 1975, collectivized all land and destroyed all land records, including cadastral maps and titles . The right to own land was re-established in 1989, allowing farmers to claim possession rights of plots up to five hectares after five years of continuously cultivating fields, and households to gain ownership title to residential plots up to 2,000 square meters. Concession rights were granted for plantation plots exceeding five hectares . Land left vacant for more than three years reverted to state ownership . Following the enactment of the 1992 Land Law, a program was initiated calling for applications for land tenure certificates to confirm occupancy and use rights . After 1999 government gave increased attention to land administration and in 2001 a new Land Law was promulgated.

The FY05-08 Country Assistance Strategy (CAS) was extended to cover the period FY08-11 , and is therefore the relevant touchstone for assessing the relevance of the project's objectives to Bank strategy . The updated results matrix includes an objective to "increase access of local communities to benefits of land and forests ." One of the related outcomes is an "increased number of poor Cambodians able to benefit from formal mechanisms for access to and secure ownership of private lands" (CAS Progress Report, 2008, p. 33). The Progress Report says that land titling is expected to make a significant contribution to agricultural development (p. 7). "During the extended CAS period, there will be a strong emphasis on...identifying opportunities to scale up practical implementation approaches in the areas of social land concessions, Land Law awareness and dispute resolution, state land management ...and indigenous peoples [sic] land rights" (p. 9).

The relevance of objectives is rated **high**.

b. Relevance of Design:

The results framework was "weak" (ICR, p. 31). The objective of increasing land tenure security presupposed that the project would address the needs of those whose claim to land was most fragile . But the project was not targeted to these vulnerable groups. Also, the logic whereby the project components would increase the efficiency of land markets was not spelled out.

There was a gap in the design. The PAD (p. 24) said that "the project will not title lands in areas where disputes are likely until agreements are reached on the status of the land ." However, the project did not make provision for clarifying rights to land, even though the PAD (p. 24) acknowledged the importance of the issue : "Classifying land and demarcating the boundaries between the public and private domains, and, for land in the public domain, tracts under the control of various government entities, will often be difficult and may increase disputes in the short -run." In discussing the ICR with IEG, the Project Team said that, when preparation was underway, there was a parallel effort by government and other donors to clarify rights to land, particularly state land . There is no mention of this parallel initiative in the PAD, suggesting that preparation did not make sufficient allowance for resolving the diverse claims to land. The ICR (p. 7) notes that design paid insufficient attention to the governance of land administration .

A further design shortcoming was the limited provision for involuntary resettlement : given the uncertainty about land

rights, it was possible that some people would be moved from land they were occupying, making it necessary to spell out in advance under what circumstances they would be compensated .

The PAD acknowledged that the proposed land administration reforms would take 10-15 years to embed. This suggests that an Adaptable Program Loan (APL) would have been a better instrument than a Specific Investment Loan (SIL). Apparently the Bank was not sufficiently convinced of government's commitment to a long -term program to support the APL option (PAD, p. 11). The project was too ambitious for a 5-year SIL.

Given these shortcomings, the relevance of design is rated **modest**.

4. Achievement of Objectives (Efficacy):

"The overall goals of the proposed project are to reduce poverty, promote social stability, and stimulate economic development. The specific objectives of the project are to improve land tenure security and promote the development of efficient land markets"

Improve land tenure security (Rating: Modest)

Outputs and intermediate outcomes suggest limited progress . With respect to state land, various regulations and policies have been prepared for approval by the Council on Land Policy but implementation has been patchy : this is the case for the sub-decree on state land management, regulations bearing on land accessibility and development, and the registration of land in and around natural resource sites . The policy and regulatory framework for communal and indigenous people's land rights was approved after delay . Some observers have said that these regulations offer inadequate protection to the land rights of indigenous people's (preventing them, for example, from owning private land). A land classification policy was not approved by the Council on Land Policy, and no land use classification maps were produced under the project . No target was set at appraisal . By the end of September 2009, the Cadastral Commissions had conciliated 1,879 cases out of 5,293 received (35 percent). Another 1,772 cases (33 percent) were dismissed, withdrawn or appealed, and 1,692 (32 percent) were pending.

The PAD (p. 27) gave two outcome indicators for this objective : "conflict over land falls" and "land grabbing falls". Neither indicator was quantified. The ICR notes that "the base-line measure of the 'extent of conflict' was not defined" (p.7). There is some evidence from beneficiary assessments and media reports that conflict has diminished . But the ICR goes on to say that "there are numerous reports of land conflicts, including those that occur in areas adjudicated under the project, and recent Government and NGO publications cite concern that land disputes may be increasing as plantation agriculture and urban development compete with existing land use " (p. 7). With respect to land grabbing, "land acquisitions of dubious legality remain a problem, especially in the high -value areas and where Economic Land Concessions (ELCs) are involved. ELCs are long-term leases of 'unused' land by the Government to domestic and foreign investors to develop agriculture, agro -industry and processing for exports" (ICR, p. 8).

Progress toward this objective was stymied by an agreement reached when the project was designed : "the project will not title lands in areas where disputes are likely until agreements are reached on the status of the land ". This was a sound precaution but, because the procedures for classifying state land were never implemented, little progress was made in parts of the country (those with state lands) where land rights were most in need of clarification (ICR, p. 32). In some areas that had been scheduled for systematic land titling the provincial government declared that certain communes were in areas where "disputes are likely", disqualifying households in these communities from participating in the project. It was estimated that at least one-fifth of households were thus disqualified .

Promote the development of efficient land markets (Rating: Modest)

Several output and intermediate outcome indicators bear on this objective . There was little progress in strengthening government agency capacity .Building of the Ministry of Land offices was not completed . Some provincial and district land offices were built. Fraud and corruption affected many civil works contracts . The Bank declared misprocurement on these contracts and the Government canceled the remaining civil works . Also, the Ministry of Land was not restructured as expected, and no human resources development plan was prepared or implemented . The requirements for access to information set out in the Land Law were not met . By project end, the map shop was not in place and registry information was only available in hard copy, not on -line as expected. Also, the attempt to promote private sector contractors failed : by project end, no private surveyors had been licensed in Cambodia .

Sound arrangements for surveying and titling parcels are a prerequisite for efficient land markets . The project results framework did not specify the number of parcels that would be adjudicated, or the number of titles that would be distributed; but, in 2007, a target of 1 million was set (ICR, p. 11). By project end, 1.5 million parcels had been surveyed and 1.2 million titles were distributed, exceeding the 2007 target. On the other hand, only 10 percent of land

transactions were registered (the target was 75 percent or more) and the goal of reducing to one day the time taken to register was not achieved.

In its response to the draft ICR Review, the Region reported that, by February 2012, the total number of titles issued had risen to 2 million; it did not update the number of land transactions registered or the time taken to register.

Three outcome indicators were defined:

- "Investment in the property sector increases": there was a rapid increase but it is not clear how much this could be attributed to the project;
- "The number of land transactions increases": two beneficiary assessments reported showed some evidence that the number of transactions had increased but, again, it is not clear how much of this change was project driven; and
- "The amount of taxes and fees collected from land transactions increases": the second beneficiary assessment reported that US\$60 million had been earned from land registration since 2003, but some of this could have been achieved without the project and in the absence of a target, the rate of increase, is hard to assess.

The project contributed only very modestly to achievement of the overall goals to reduce poverty, promote social stability, and stimulate economic development.

There is no evidence of social stability or economic development being fostered by the project. A land classification policy was not approved, and no land use classification maps were produced under the project. Land disputes may be increasing as plantation agriculture and urban development compete with existing land use, and land acquisitions of dubious legality remain a problem. There is no evidence of poverty reduction.

5. Efficiency:

The PAD provides a clear explanation of how the net economic benefits from the land titling component of the project could be calculated. "In urban areas, gross economic benefits can be measured through land price changes due to titling while holding other factors constant. In rural areas (where land markets are underdeveloped), the gross economic benefits can be measured by the incremental increase in production and the associated income from titling, less the value of the production inputs. Net economic benefits and returns would be derived by subtracting project costs from the gross economic benefits" (PAD, p. 14). However, no economic rate of return (ERR) was estimated at appraisal, partly on the grounds that "the focus of the project...is on institutional development (one-half of project costs), which is a necessary foundation for a land administration system and whose benefits are not easily quantifiable" (PAD, p. 14). This is not convincing. Land titling benefits could not be sustained without the institutional framework of land administration (including registry and cadastre services) and therefore it is not unreasonable to factor in the institution-building part of project costs when estimating the return to titling.

At completion, an ERR of 22 percent was estimated. The analysis was based on the economic costs of the project (presumably, for all components, although the ICR is not explicit about this), a 2002-2024 reference period, and two types of benefits: (a) better terms of credit resulting in a higher efficiency of resource allocation; and (b) the possibility of obtaining medium-sized loans that can only be secured with title. The veracity of the analysis is questionable for two reasons. First, "a direct causal relationship between areas targeted under systematic land titling and the increasing size and number of loans in the same areas could not be established because of the lack of data" (ICR, p. 36). Second, during project implementation, economic growth in Cambodia surged. Given that the proposed socioeconomic surveys (designed to generate panel data, using control and treatment groups) were never conducted (ICR, pp. 55-56), it is not clear how much of the growth in lending and in investment can be attributed to the project.

Other efficiency estimates are available. The ICR records (p. 11) that, around project approval (February 2002), the average cost of issuing a land title was estimated at US\$ 30; and that during project implementation (2002-2009), the average cost fell to US\$ 17 per title. However, IEG notes that total project cost divided by the number of titles distributed yields a cost of US\$32 per title, above the level at startup: it is reasonable to take total project cost as the denominator, not just the cost of the systematic land titling component (38 percent of actual total project costs), because improvements to land administration services sought by the project were necessary to sustain the benefits from titling. Two other indicators also cast doubts on project efficiency. First, the proportion of land transactions that are registered was expected to rise to 75 percent or more, but by project end only 10-20 percent of transactions were registered, owing to high tax rates and the need to pay bribes (ICR, p. 12). Second, the time needed to register land transactions in the capital city was expected to fall to one day, a target that was not achieved; the ICR does not say how many days were needed by project end (p. 12).

In addition to doubts about the veracity of the ERR analysis and the mixed performance on other efficiency estimates, a further consideration is that actual project costs were 12 percent higher than expected and yet many of the project outputs were either not delivered, or delivered late. The ICR notes that "three of the five components were late or not fully implemented" (p. 37). It is not clear which three are referred to. Annex 2 of the ICR indicates that all 5

components contained parts that were not fully implemented .

Efficiency is rated **modest**.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	Yes	22%	100%

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

Project objectives were highly relevant because there is an urgent need to clarify land rights in Cambodia . Project design was modestly relevant, because it did not make sufficient provision for addressing land governance and clarifying rights to land . Neither of the two objectives were achieved to more than a modest extent . There was solid progress with land titling but this was not accompanied by the broader institutional and policy reforms needed to guarantee long-term tenure security and efficient operation of land markets . Because the economic analysis begs a number of questions, and because costs were higher than expected and there were big shortfalls in outputs, efficiency was modest. Because there were major shortcomings in the operation's achievement of its objectives and in its efficiency, the outcome is rated unsatisfactory .

a. Outcome Rating : Unsatisfactory

7. Rationale for Risk to Development Outcome Rating:

Although a significant number of land parcels were adjudicated under the project (1.5 million, with 1.2 million titles distributed), evidence from around the world suggests that these benefits from systematic adjudication will not be maintained if title costs are high, if there are significant additional costs (procedural delays, bribes), and if the institutions for surveying parcels and registering rights are not well established . All of these risks to development outcome were in evidence at closing . There is a concern that, henceforth, when properties change hands, or are subdivided, the information about parcel characteristics and ownership may not be recorded so that, over time, the database generated in the course of systematic titling will become obsolete .

In addition to the gaps in the cadastre and registry service improvements achieved by the project, there was no significant improvement in the mechanisms for resolving land disputes, or in the management of state -owned land. Following the rift between the Bank and the government over alleged violations of the involuntary settlement safeguard (see Section 11a below), all arrangements for the project's future operation collapsed . However, the government continued systematic land titling without the Bank's involvement, producing 0.5 million titles between September 2009 and December 2010. Canada, Denmark, Germany and Finland have continued to support the government's land programs since the Bank-supported project closed, and this may help sustain some of the project's benefits.

a. Risk to Development Outcome Rating : Significant

8. Assessment of Bank Performance:

a. Quality at entry:

Project preparation was based on a sound appreciation of the "near chaos" (ICR, p. 39) that characterized land administration in Cambodia and the need to develop a comprehensive strategy . For these reasons, the relevance of project objectives was high . The project design sought to be comprehensive, avoiding a narrow focus on land titling and emphasizing the need to consult carefully with all interested parties . The design apparently took account of lessons learned from recent land titling pilots in five provinces, sponsored by Finland and Germany. The aim was to merge these two pilots into the Bank-supported project once the IDA credit became effective, "to provide the Technical Assistance" needed to implement the project" (p. 12). Use of private contractors to carry out specific tasks was expected to favor speedy and flexible implementation, partly because

contractors' pay could be performance related (unlike civil servants). Publicity campaigns were included in the design, to help stoke demand for registry and cadastre services . Even so, project design was modest . Although risks were acknowledged, given the political economy, not enough attention was paid to mitigating them . Economic analysis and arrangements for monitoring and evaluation were inadequate . Counterpart roles and responsibilities for enforcing safeguards were not sufficiently clarified during the preparation of this project, compromising quality at entry .

Quality-at-Entry Rating : Moderately Unsatisfactory

b. Quality of supervision:

There were regular supervision missions, and performance ratings were candid . Corruption allegations were diligently investigated . But follow-up on the implementation of recommendations was patchy . In late 2009, the management response to a request for Inspection Panel Review found that, despite significant task team engagement, "the Project drifted away from its original design and as a result three components were not implemented completely" (cited in ICR, p. 40). The ICR also says that, "insufficient attention was paid to safeguards supervision; the Government should have been engaged more aggressively on the lagging components and the project should have been restructured ." Given the gravity of the issue, it probably would have made sense to use cross-support provisions to draft in staff with special expertise on safeguards . In addition, the project team was so wrapped up in addressing fiduciary and other problems that it lost sight of the project's development impact (ICR, p. 40). From 2005 onwards, "implementation shifted towards the 'easier' physical aspects and began to neglect the more difficult institutional aspects " (ICR, p. 10).

Quality of Supervision Rating : Unsatisfactory

Overall Bank Performance Rating : Unsatisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

Government showed a high level of commitment during project preparation, making the necessary arrangements for implementation and appointing suitably qualified staff in a timely manner . But government performance during implementation showed various shortcomings . The legal covenants of the credit agreement were only partly complied with. Financial management was unsatisfactory, particularly with regard to irregular incentive payments for land registration teams . There were instances of misprocurement that led to the suspension of disbursements following findings of fraud and corruption . However, in response to these serious breaches, the government took remedial action, which led to the lifting of the suspension of the project . When it was alleged that the involuntary settlement safeguard had been violated the government initially cooperated with the Bank during the Enhanced Review Mission . After the Inspection Panel Request was filed (and after the government had decided to cancel the project), this cooperation was withdrawn . However, on its own initiative, the government took steps to address the resettlement conflicts : it partitioned 12.4 ha in the disputed area of Boeung Kak Lake (BKL), promising titles to residents; it also allowed UN Habitat to support households resettled outside BKL.

Government Performance Rating Unsatisfactory

b. Implementing Agency Performance:

There were various agencies involved . The Project Management Office that was set up in the Ministry of Land supervised the Land Registration Teams effectively, managed staff well, and conducted the necessary training, but it made limited use of the cadastral database, missing the opportunity to pinpoint districts where progress was slow and closer management was needed . The Council on Land Policy worked closely with donors to develop laws and policies but was less effective in the dialogue on state lands, contributing to weak performance of the Land Management component . The Cadastral Commissions handled small-scale land disputes satisfactorily but was ineffective in tackling bigger cases, suffering a loss of credibility . The Administrative Commissions created to guide systematic land titling performed well, receiving a positive rating in the beneficiary assessments . However, handling of the disputes that arose in areas scheduled for systematic titling did not always follow the agreed project procedures and there were some allegations of corruption . There were cases of misprocurement that led

to the suspension of disbursements following findings of fraud and corruption . Finally, there were apparent safeguard violations related to involuntary resettlement .

In responding to the draft ICR Review, the Region commented that, despite these significant performance flaws during project implementation, the government and implementing agencies were able to deliver 1.2 million land titles before the project closed in 2009. Moreover, with support from other donors, the titling program continued after project closing. Reportedly, by February 2012, the total number of titles issued had risen to 2 million, and the Ministry of Lands aims to reach 3 million in 2013 and to achieve 100 percent coverage by 2020. IEG accepts that this evidence of continuing commitment *partially* mitigates the serious performance shortfalls earlier noted, shifting the rating of both government and implementing agencies from highly unsatisfactory to unsatisfactory .

Implementing Agency Performance Rating : Unsatisfactory

Overall Borrower Performance Rating : Unsatisfactory

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

The PAD gave no guidance on M&E. Indicators were poorly specified, no targets were set and not enough provision was made for baseline and follow-up surveys. The Project Management Manual, issued in 2001, made three brief, disparate references to M&E. As late as June 2005, supervision missions expressed concern about the lack of an M&E framework. An M&E manual was not prepared until December 2006.

b. M&E Implementation:

The M&E system did not begin to function effectively until mid-2008 (six months after the original closing date). The baseline surveys were carried out late and follow-up was inadequate. The panel evaluation envisaged at appraisal (involving treatment and control groups) was not carried out. M&E consultants engaged in 2004 and 2006 proposed systems that were, in the view of the Borrower, "unworkable" (ICR, p. 26).

c. M&E Utilization:

Data collected in the provinces was used to assess the effectiveness of adjudication and title delivery, information that could, in principle, be used to strengthen project management. But the ICR notes that, "in general it cannot be said that data was evaluated or used to inform decision-making and resource allocation to any great extent" (p. 26).

M&E Quality Rating : Negligible

11. Other Issues

a. Safeguards:

This was an environmental Category B project under OP 4.01 Environmental Assessment. It called for a partial environmental assessment, because there would be no civil works, land conversion, resource extraction or other activity that might be expected to harm the environment. Three other safeguard policies were invoked: Natural Habitats (OP 4.04); Indigenous Peoples (OD 4.20); and Involuntary Resettlement (OP/BP 4.12).

The provision for involuntary resettlement was insufficient (see Section 3b above). The resettlement safeguard was apparently violated. Following the eviction of the Dey Krahorm community in Phnom Penh (not scheduled for adjudication under the project) in early 2009, and the threat of eviction in other areas (also outside the project), the Bank decided that the apparent acceleration of urban evictions might spread to people within the project's orbit. In August 2009, a Safeguards Review Supplemental Supervision Mission tried to assess whether the project's environmental and social guidelines had been correctly applied but was unable to meet with the project management office or other government counterparts. In September 2009, a request for investigation, focused on involuntary resettlement around Boeung Kak Lake, was registered by the Inspection Panel. The Bank's management response of November 2, 2009, agreed that the resettlement policy should have been applied to the people who were moved, but the government has never accepted this ruling.

b. Fiduciary Compliance:

In 2004-05, investigations involving the Region, the Bank's Integrity Vice -Presidency and the government uncovered evidence of corruption, collusion and fraudulent practices in seven Bank -financed projects, including this one . The Bank declared misprocurement and suspended disbursements on June 6, 2006, resulting in cancellation of part of the credit and refund by the government of certain disbursements . Other irregularities were found in performance-based field allowances. Land registration teams made excessive payment demands on landholders . Vehicles and equipment were misused. On February 5, 2007, the Bank lifted the suspension after determining that government had made sufficient amends for misprocurement .

c. Unintended Impacts (positive or negative):

The allegation that the involuntary settlement safeguard had been violated led to an impasse between the Bank and the government over treatment of residents around Boeung Kak Lake, and the collapse of any arrangements for the project's future operation.

d. Other:

12. Ratings :	ICR	IEG Review	Reason for Disagreement /Comments
Outcome:	Moderately Unsatisfactory	Unsatisfactory	Because there were major shortcomings in the operation's design relevance, in the achievement of its objectives and in its efficiency, the outcome is rated unsatisfactory (see Section 6).
Risk to Development Outcome:	Significant	Significant	
Bank Performance :	Moderately Unsatisfactory	Unsatisfactory	Risks were not adequately mitigated and insufficient attention was paid, during preparation and supervision, to enforcing safeguards. M&E was negligible.
Borrower Performance :	Moderately Unsatisfactory	Unsatisfactory	There were multiple instances of misprocurement and findings of fraud and corruption. There was a failure to cooperate with the Bank in investigating apparent safeguard violations. However, both government and implementing agencies showed continuing commitment to the land titling component.
Quality of ICR :		Exemplary	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

EG draws the following lessons of broad relevance, based on those proposed by the ICR :

When major safeguard and fiduciary problems emerge during project implementation, there is a risk that the focus on development outcome will be lost; there may be a case for increasing the supervision budget and ensuring cross -support from expert staff . Supervision of this project was overwhelmed by the investigations of misprocurement and safeguard violations .

Inadequate M&E may compromise project management and undermine the credibility of the results framework . Because of delays in setting up M&E, and the focus on land titling, neither the Bank nor the government had enough information to respond to emerging implementation problems effectively . M&E weaknesses made the results framework less credible, helping to explain the eventual lack of attention to development impact .

Safeguard violations will be more likely if safeguard supervision plans are not made during project preparation . Counterpart roles and responsibilities for enforcing safeguards were not sufficiently clarified during the preparation of this project, compromising quality at entry .

Two additional lessons, drawn directly from the ICR, are particularly noteworthy :

Reliance on parallel programs is an important risk factor . The LMAP design relied on a separate, donor-funded Informal Settlements Program to be implemented in parallel to ensure that the poorest and most tenure -insecure communities would benefit from titling. This parallel program covered Phnom Penh alone and no comparable arrangements were included under LMAP to address similar issues elsewhere . This introduced an unidentified risk and should have been accompanied by a detailed plan for coordination between the two programs in Phnom Penh and plans to develop a similar arrangement for State lands elsewhere . *[This lesson refers to the design shortcoming identified in Section 3b above.]*

Sequencing of operations in complex land projects is of vital importance . Careful consideration must be given to the relative sequencing and merits of: (a) proceeding with a land titling project (focusing exclusively in areas where the level of disputes is relatively low); (b) developing a program for upgrading informal settlements before moving forward with large-scale land titling (especially under circumstances where land disputes are common); or (c) having parallel operations that attempt to accomplish both goals simultaneously . Dispute resolution without recourse to urban housing development and livelihoods support was an inadequate solution in the case of LMAP .

14. Assessment Recommended? Yes No

15. Comments on Quality of ICR:

The ICR is very well written and makes a candid and judicious assessment of project performance . The quality of evidence and analysis is sound . The section linking components to the project development objectives is particularly good. The details of the investigation of the safeguards violation are fully presented . There is a wealth of information, with a notable attempt to redress the incomplete economic analysis conducted at appraisal . The ICR is keyed to results and the lessons are very well drawn . It is comprehensive yet concise and is consistent with OPCS guidelines .

a. Quality of ICR Rating : Exemplary