



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 28-Nov-2017 | Report No: PIDISDSC22722



**BASIC INFORMATION**

**A. Basic Project Data**

Country Cambodia	Project ID P163876	Parent Project ID (if any)	Project Name Small-Town Water Supply and Sanitation Improvement Project (P163876)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Jun 25, 2018	Estimated Board Date Dec 06, 2018	Practice Area (Lead) Water
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency Ministry of Industry and Handicraft, Ministry of Public Works and Transport	

**Proposed Development Objective(s)**

The Project Development Objective (PDO) is to increase access to piped water supply and to improve quality of sanitation services in selected towns or areas.

**Financing (in USD Million)**

Financing Source	Amount
Borrower	5.00
Global Partnership on Output-based Aid	3.00
International Development Association (IDA)	50.00
IDA Grant	0.00
<b>Total Project Cost</b>	<b>58.00</b>

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)



## B. Introduction and Context

### Country Context

Following more than two decades of strong economic growth, Cambodia has attained the lower middle-income status as of 2015, with gross national income (GNI) per capita reaching US\$1,070. This sustained growth has also contributed to rapid poverty reduction from 47.8 percent in 2007 to 13.5 percent in 2014. This rapid drop in poverty rate has made Cambodia become one of the world's leaders in poverty reduction and shared prosperity. In addition, non-monetary dimensions of poverty have also been improved, with people gaining better access to basic services including the ones that require infrastructure investment at the household level such as access to electricity, water and sanitation.

The government's Rectangular Strategy (phase 3)<sup>1</sup> and its National Strategic Development Plan (NSDP) 2014-2018 has laid out four overarching objectives: (i) agriculture development, (ii) development of physical infrastructure, (iii) private sector development and employment, and (iv) human resource development. The NSDP articulates policy directions and measures to contribute to these goals, including those to address its development challenges in the water and sanitation sector.

### Sectoral and Institutional Context

Cambodia has achieved its Millennium Development Goals (MDGs) water supply target, and made progress towards the sanitation target. Access to improved water source and improved sanitation are 76 percent and 42 percent respectively. Access to improved water supply and sanitation was 57 percent and 41 percent respectively for the poor, compared to 63 percent and 59 percent among the non-poor. Both the access to, and quality of, water supply and sanitation remain below regional peers, with only 21 percent of people enjoying piped water supply (30 percent and 20 percent of the population source water from generally lower quality tube wells and surface water respectively). Achieving the substantially more ambitious Sustainable Development Goals (SDGs) on clean water and sanitation is a huge challenge. The SDGs include progressively addressing inequalities, achieving universal access by 2030 and also aspiring to a higher level than basic services i.e., safely managed sanitation and water supply. Water provided safely through a piped system has characteristics closest to the SDG definition of safely managed water services. Increasing access to safe water through piped systems will help Cambodia progress faster toward SDG targets. The impact of rapid urbanization is exacerbated by climate change where water resource is getting scarcer, dirtier and less predictable. In this regards, managing wastewater from densely populated areas, in addition to ensuring safe water is provided to people, could reduce pollution to water source and environment.

In addition, the SCD highlighted that the lack of access to water and sanitation in the Cambodia is among major contributors to stunting. Global evidence suggests that access to safe water supply improves the overall disease environment and enables behaviors that influence child health and nutrition. Additionally, access to piped water in urban areas has been shown to decrease child and infant mortality not just because of improving water quality for drinking but also increasing the availability of water for other hygiene practices. There is also emerging evidence pointing to the role of environmental enteropathy in the causal pathway between poor sanitation and hygiene and undernutrition. Children living in household with poor sanitation facilities are exposed to high concentrations of fecal bacteria and end up ingesting more bacteria than children living in relatively cleaner households.

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<sup>1</sup> This is the government overarching strategy developed for every five years. This strategy is formulated once the government is formed after each election. This strategy is the policy framework that guides the National Strategic Development Plan.



#### Relationship to CPF

The new Country Partnership Framework (CPF) is currently under development with expected approval by FY18. As part of the CPF discussion with the government, this proposed operation is requested by the government under the new CPF. According to Systematic Country Diagnostics (SCD) (Report number 115189-KH, 2017), three main development challenges need to be addressed for the country to sustain growth, and to achieve poverty reduction and shared prosperity. Three development pathways were proposed: (i) Increasing economic competitiveness and diversification to sustain strong growth and create jobs, (ii) Building human assets to facilitate economic mobility and shared prosperity, and (iii) Ensuring a sustainable growth pattern by investing in natural capital, climate resilience and urban. The proposed project is in response to the proposed policy action outlined in the SCD where improving water and sanitation is an important element addressing early childhood development through improved nutritional status among children under second development pathway “Building human assets to facilitate economic mobility and shared prosperity”.

The project will also directly contribute to the Sustainable Development Goals (SDG) 6 which focuses on safely managed water supply and sanitation for all. SDG6 calls for efforts to go beyond the access to improved water and sanitation, but the sustainability and quality of services.

#### **C. Proposed Development Objective(s)**

The Project Development Objective (PDO) is to increase access to piped water supply and to improve quality of sanitation services in selected towns or areas.

#### Key Results (From PCN)

The key results of the operation include:

- People provided with access to improved water sources through piped household water connections (male/female, poor/non-poor);
- People provided with access to improved sanitation services through connection to sewer network under the project (male/female, poor/non-poor);
- Additional volume of wastewater collected and transported to wastewater treatment plant.

In addition, the project will also include some key intermediate results indicators including:

- Number of beneficiary household connected to piped water supply with children under five;
- Proportion of people in target districts recalling the key messages of BCC campaign

#### **D. Concept Description**

The proposed project will seek to cooperate and coordinate with other government and development partners (including the Bank’s non-lending technical assistance support), aiming towards jointly providing comprehensive and aligned support to the sector. The project will seek to encourage private sector financing and/or operation, in particular, to assess the reasons for the lack of private sector interest in these gaps areas and seek ways to address them if possible.

The proposed project will seek to ensure optimal coordination and cross-contribution with other Bank projects in Cambodia, in particular the proposed Bank nutrition project.



The proposed project will have two components as follows:

Component 1: Provincial water supply (Indicative: US\$30M)

*Sub-component 1.A: Water supply infrastructure development and household connections*

- Activities will support expansion of safe water provision by augmenting water distribution network within current service areas of and extending them to selected areas adjacent to public waterworks in selected provinces where waterworks is in need for investment. Activities will also support development of small-scale water supply systems (water source, water treatment plant and distribution network) in selected communes outside provincial cities where population is dense and no water supply investment is currently in place. Support will be also provided to upgrade the system for asset management of waterworks, where there is such a need. As mentioned in sectoral context section, the current coverage ratio of the waterworks is low, and thus assisting them to expand the service to the lagging areas within their service areas and to increase household connection could potentially generate quick outcomes. It will also support the government in optimizing the use of their existing asset through increasing customer base contributing to improving financial sustainability of the waterworks. The government has initially indicated the investment needs in few provinces to be included in the first batch of investment for the project (see Annex 2 for the proposed list of provinces and associated data including stunting). This first batch of investment will focus on the areas where there is gap in water supply services. As the project is being implemented, the subsequent batches will include areas where the service gap remains and, if stunting data is available at local level, where stunting is prominent.
- A potential for the project funds to leverage private financing on a public-private partnership (PPP) matching basis would be further explored<sup>2</sup>, however the volume of potential private financing currently available is unknown and further exploratory work will be required.
- Activities will provide support to connect poor households<sup>3</sup> living within network areas of water supply schemes within the project provinces through output-based payments. This effort will seek to support poor and/or nutrition sensitive households (e.g., households with children under five) to access clean water supply services by prioritizing these criteria for connection subsidy<sup>4</sup>. Potential opportunity to request for Global Partnership for Output Based Aid (GPOBA) grant will be explored.

*Sub-component 1.B: Project management and institutional strengthening*

- Project management: Activities will support the MIH in project management and supervision. This would include, but not limited to, the operating cost of the Project Management Unit (PMU), supervision consultant, and consultants that will support the study and design of sub-projects.
- Capacity building for technical performance and financial sustainability for waterworks: Activities will support the operations, maintenance and financial viability of the water supply schemes supported by the project. The new water supply schemes could likely be operated by the relevant provincial waterworks or by the private sector, where relevant. Support will focus on the capacity and performance improvement of the waterworks to manage and operate the systems to ensure technical and financial sustainability, including leakage control, operation efficiency, billing, record keeping, customer management, etc. Two additional umbrella activities could potentially be included: (a) conducting the needed water source study in selected locations for meeting

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<sup>2</sup> Consistent with the Bank's Cascade Approach. Over the past decade, the private water supply industry in Cambodia has developed. Currently, there are about 180 water supply entrepreneurs (licensed or about to be licensed), some of whom have access to investment equity or borrowing.

<sup>3</sup> Poor households were defined through the government poor identification system as categories ID-poor 1 and ID-poor 2. See also <http://www.mop.gov.kh/projects/idpoor/tabid/154/default.aspx>

<sup>4</sup> System for this type of targeting will be explored during project preparation in consultation with Social Protection team.



long-term need, (b) promotion of the protection of water source and safe handling and treatment of potable water at home through evidence-based behavior change communication.

Component 2: Provincial sanitation improvement in Siem Reap and other areas (Indicative: US\$20M)

*Sub-component 2.A: Sanitation infrastructure development and household connections*

- Activities will support putting in place the branch sewer network and connection sewer to enable household connections in Siem Reap city<sup>5</sup>. A main aim is to improve the flow of household excreta to the existing wastewater collection and treatment facilities, this reduces the exposure pathway of fecal contamination in the city, especially among children. The proposed development of secondary and tertiary sewer lines in Siem Reap fits well with the government's wastewater masterplan. The construction of secondary and tertiary sewer lines will be closely aligned to the timeline of the ADB-supported project to replace the (broken) main sewer transmission lines (expected start date of civil works in mid-2018). Where feasible, possible investment support would be explored to improve the emptying and collection service of fecal waste from households who are not reached by the sewer network. The proposed component will help transform the combined system into separate systems where sewage is managed separately from other drainage, and consequently reduce the fecal load into the environment, especially in flooding events.
- Where feasible, activities will support sanitation investments in communes where water supply is supported under sub-component 1.A to tackle wastewater generated as a result of increased availability of water supply. The focus will be in areas with water supply where public investments in common sanitation facilities are technically, operationally, and financially viable. Except Siem Reap, the investment in sanitation services will likely finance small scale sewer and wastewater treatment systems, e.g., decentralized wastewater treatment system.
- Wherever sanitation investment takes place, there is potential opportunity to provide support to poor households get connected to sewer line using output-based payments. This effort will seek to support poor and/or nutrition sensitive households (e.g., households with children under five) in the uptake of sewer connection. Potential opportunity to request for GPOBA grant will be further explored in this regard.

*Sub-component 2.B: Project management and institutional strengthening*

- Project management: Activities will support the MPWT in project management and supervision. This would include, but not limited to, the operating cost of the PMU, supervision consultant, and consultants that will support the study and design of sub-projects.
- Sanitation management capacity: Various activities will be conducted under this sub-component: (a) Activities will support capacity building to Siem Reap Wastewater Treatment Plant unit to ensure adequate operations and maintenance of the sewer lines, sanitation facilities and other services, including the continually meeting the effluent discharge standards. (b) In communes outside Siem Reap where sanitation investment is made in sub-component 2.A, activities will support the management of wastewater system constructed by the project. This will entail identifying the suitable operations and maintenance entity which will operate and maintain the wastewater facilities, by working with selected municipalities or town authorities, including in particular to ensure adequate sludge management in areas not served by any sewer systems. In case sanitation investment is not made, activities will support local sanitation planning based on city-wide inclusive sanitation approach and conduct sanitation behavior change communication (BCC).

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<sup>5</sup> Siem Reap city has an ongoing plan for expanding water supply system, thus the only additional support needed for the city is sanitation.



- Behavior change communications: Activities will support rolling out the developed national BCC campaign for sanitation and hygiene<sup>6</sup> addressing key behaviors involving stopping open defecation, connecting to sewers, handwashing with soap, and handling and treating drinking water at home. The communications could be done through different channels including mass media and/or community level events.

In addition to providing access and improving quality of service, this project will also encourage the design of climate resilient water supply and sanitation facilities, generating adaptation co-benefits. Securing reliable access to piped water supply and sanitation services could help community to cope better with disaster or climate related extreme events. Also, where geographical convergence between WASH intervention and nutrition takes place, effort will be made to capture the lessons together with the nutrition project.

To optimize the potential benefit of the project, citizen engagement through consultation and feedback mechanisms will be conducted to ensure the needs of men, women and children are addressed in the project. Although the number of beneficiaries is not yet estimated, the water supply project will largely benefit the people who previously got access to unimproved water sources or improved water sources that are less convenient compared to piped water. Even within areas with network water supply, not all people are connected to the piped water supply (A Bank study<sup>7</sup> indicated that in these areas, only 20% and 50% poor and non-poor are connected). To optimize the connection for any water supply scheme invested, consultation through public forum and/or focus group discussion is planned to be conducted before the infrastructure is put in place. Feedback about service quality and others will also be collected during different stages of project implementation through focus group discussion to better serve the population. For sanitation investment, focus group discussion and/or public forum is planned to be conducted with potential beneficiaries residing within the catchment areas of the sanitation network. This will increase the likelihood of household connection and to increase community ownership of the infrastructure.

In addition to the planned engagement, gender analysis will also be conducted by reviewing relevant existing documents and/or additional research as needed. The analysis will identify gender gaps that are relevant for the project and propose actions to mitigate the gaps.

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<sup>6</sup> The campaign (including communication strategy) is planned to be developed under the Bank's ongoing ASA.

<sup>7</sup> World Bank, 2016. *Strengthening Sustainable Water Supply Services through Domestic Private Sector Providers in Cambodia*. Washington DC.



## **SAFEGUARDS**

### **A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The project will finance water supply and sanitation improvement in the selected communal, provincial or municipal towns.

For water supply infrastructure and household connection within the current service areas, the investment will involve the construction of additional distribution network of the provincial waterworks, extension of main water pipe along the main road to other adjacent areas, adding new distribution pipe on the other side of the road (in towns where the current pipe is only laid at one side of the road), building water distribution substations, and new small-scale water supply systems, water treatment plant and distribution network in selected communes outside provincial towns. The work will involve digging the ground along the road for laying distribution pipes and acquiring land for building the water treatment plants and substations. Specific locations of sub-project investment in four provinces will be identified during the preparation stage.

For sanitation improvement, the investment will involve the construction of sewer network and connection sewer in Siem Reap Provincial town and in communes where water supply is supported. Siem Reap is known for the historical and cultural heritage. It has not yet been decided where the project will be located, but the overall plan for the sewer extension is available. It is also reported that the treated wastewater is currently being discharged to the agricultural land. In addition, the project may also support the construction of small-scale wastewater treatment plant and sewer network in some towns where water supply is provided. In the case of Siem Reap city, this work will require land acquisition for excavation work to install sewer network. Some sewer network will pass through densely populated areas. For other small towns, the works will need land acquisition for the treatment plant and excavation for the sewer network. Since locations of those small towns have not been identified, it is not yet known where the treated wastewater will be discharged to.

### **B. Borrower's Institutional Capacity for Safeguard Policies**

The General Department of Potable Water Supply (GDPWS) of Ministry of Industry and Handicraft (MIH) will be a lead implementing agency for environmental and social safeguard compliance under Component 1. Although MIH, currently, has an environmental industry office in charge of monitoring the effluent discharge from the manufacturing industry, it does not have any recent experience in implementing the World Bank's environmental and social safeguards and any focal point or division responsible for environmental and social safeguards. However, MIH and GDPWS have demonstrated interest to institutionalize safeguards with the project support. There is also a gender working group at MIH. While, the GDPWS is newly established in September 2016, some team members in the GDPWS are currently experiencing environmental and social standards through implementing investment projects supported by ADB and JICA. However, MIH staff have relied a lot on the assistance of external consultants.

Ministry of Public Works and Transport (MPWT) will be the implementing agency responsible for Component 2. MPWT has experience in implementing projects financed by other international donors including the World Bank, ADB and JICA. Staff of Environmental and Social Division at MPWT have received basic environmental and social safeguard trainings through past donor-funded projects. It is important that some staff from the Environmental and Social Division will assigned to support the project. Siem Reap Department of Public Works and Transport (DPWT) and the Wastewater Management Unit in Siem Reap (who is in charge of operating and managing wastewater treatment facility) has some exposure to the safeguard requirements through implementing projects financed by other international donors including





the World Bank, ADB and JICA. However, DPWT and Unit in Siem Reap needs continued guidance and intensive support from the World Bank team. Therefore, capacity building on safeguards will be included in the project-safeguard instrument and institutional strengthening activities under Sub-components 1B and 2B.

The task team will further verify the borrower’s institutional responsibilities and capacity-building needs during the preparation stage. The task team will provide safeguard training to staff of the implementing agencies to further familiarize them with the Bank’s safeguard policies and requirements during the project preparation and implementation stage.

**C. Environmental and Social Safeguards Specialists on the Team**

Bunlong Leng, Environmental Safeguards Specialist  
Martin Henry Lenihan, Social Safeguards Specialist

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Environmental Assessment policy is triggered due to potentially localized impacts induced by the project investments in (i) Component 1 piped water supply distribution and expansion as well as water treatment plant, (ii) Component 2 sewerage network and wastewater treatment facilities. The project will generate positive environmental benefits and induce a healthier sanitation service to the selected towns. The project is proposed as category "B" as the localized impacts can be managed through standardized mitigation measures and monitoring actions as part of the environmental safeguard instruments (i.e. likely an environmental and social management framework for the project and environmental and social impact assessment or management plan (ESIA or ESMP) for each known sub-project in Batch 1). The environmental safeguard instruments will be prepared and implemented by the borrower in order to minimize, prevent and reduce possible temporary and site specific impacts on the environment. Further assessment with the implementing agencies is needed during the preparation.
Natural Habitats OP/BP 4.04	TBD	The project may finance water supply schemes that may source water from natural streams or water body in selected towns. The water sources may consist of any known critical or non-critical natural habitat or wet land area. The Bank would not finance a water supply scheme if it resulted in the significant conversion or degradation of critical natural habitats,



		and would only finance a scheme that resulted in the significant conversation of natural habitats under certain strict conditions. The ESMF would include appropriate screening criteria, etc. for natural habitats, and where necessary an assessment and proposals for mitigation to meet policy requirements will be developed in a project specific ESIA/ESMP.
Forests OP/BP 4.36	No	No project activities will be involved in forests.
Pest Management OP 4.09	No	No project activities will be involved with the usage or purchase of pesticides.
Physical Cultural Resources OP/BP 4.11	Yes	Under component 2, the sewage and drainage investment proposed is located in Siem Reap town known for historical and cultural heritage. Furthermore, there is a possibility of finding physical cultural resources during eventual construction of water and sanitation infrastructure that is to be studied and designed through this project. A Cultural Property Management Plan (as part of an ESIA) and chance-finds-procedure will be established in the environmental safeguard instruments.
Indigenous Peoples OP/BP 4.10	Yes	<p>Given that the project is likely to support activities that will impact/benefit ethnic communities (e.g. in Mondulkiri and small towns) the World Bank’s operational policy on indigenous people applies. For the sub-projects to be designed during the preparation stage of the project, if the World Bank’s screening determines that ethnic minority communities are likely be impacted or to benefit from the works, then an ethnic minority development plan will be prepared, based on a process of social assessment and consultation with the community, and subject to the broad support of the community.</p> <p>For those works that will be selected and designed during implementation, an Ethnic Minority Planning Framework (EMPF) must be prepared by the client counterparts prior to appraisal. The EMPF provides a road map for conducting social assessment, consultation leading to broad community support, and the preparation of community specific Ethnic Minority Development Plans during implementation, it is found that ethnic communities will be affected/benefit from the works.</p>
Involuntary Resettlement OP/BP 4.12	Yes	Given the nature of the proposed works, it is possible that the project may require minor land acquisition as



		<p>well as the displacement of structures and economic activities that are encroaching on the right of way WSS infrastructure. Therefore, the World Bank’s policy on involuntary resettlement is triggered and relevant resettlement instruments will need to be prepared. For the works that will be designed during the preparation stage of the project, a social screening process will be completed of the proposed sites. If the screening process identifies potential land acquisition or displacement of structures or other economic activities (e.g. trading, agriculture), site-specific resettlement plans (or abbreviated resettlement plans) will be prepared, disclosed locally, and consulted on with the affected people. For those works that will be selected and designed during implementation, a resettlement policy framework (including voluntary land donation protocols) will be prepared and disclosed by the client counterpart prior to appraisal.</p>
Safety of Dams OP/BP 4.37	TBD	<p>The project may finance water supply schemes that will source water from streams or water bodies that, connects to an existing reservoir or a hydropower dam upstream (e.g. links to an existing reservoir or dam in Kamchay, Kampot province). The environmental safeguard instrument (e.g. ESMF) can include criteria for ineligible investments in terms of safeguard concerns and guidelines of reservoir and dam safety assessment, will be developed to guide the process of appraising any water supply schemes. If there is a sub-project investment for water supply scheme depending on reservoir/dam in the first year or batch 1, the borrower will be advised to complete reservoir or dam safety assessment prior to the appraisal stage. The task team will involve a dam safety specialist to help the borrower in preparing terms of references and reservoir and dam safety assessment.</p>
Projects on International Waterways OP/BP 7.50	TBD	<p>It is unlikely that project activities will involve in international waterways unless the project will finance water supply investment that take water from tributaries of or the Mekong river, an international waterway. This will be confirmed during the project preparation if this policy will be triggered. If the policy is triggered, riparian countries (China, Lao PDR, Myanmar, Thailand and the Mekong River commission) will be notified prior to appraisal.</p>
Projects in Disputed Areas OP/BP 7.60	No	<p>No project activities will be involved in disputed areas.</p>



### **E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jan 15, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The project-ESMF, RPF, EMPF, IPPs, RAPs, ESIA or ESMP for any known sub-project and other safeguard studies, as required, will be finalized and publicly disclosed before the dates of project appraisal mission.

### **CONTACT POINT**

#### **World Bank**

Fook Chuan Eng, Phyrum Kov  
Lead Water Supply and Sanitation Specialist

#### **Borrower/Client/Recipient**

Ministry of Economy and Finance  
Vanndy Hem  
Under-Secretary of State  
hemvanndy@hotmail.com

#### **Implementing Agencies**

Ministry of Industry and Handicraft  
Sonn Chan Ek  
Secretary of State  
eksonnchan@hotmail.com

Prakat Prak  
Director General  
prakprakat68@yahoo.com

Ministry of Public Works and Transport  
Pisith Vong  
Deputy Director General  
vong\_pisith@yahoo.com



Sopheak Phibal Chao  
Director of Sewerage Management and Construction  
phibal@gmail.com

Rathpiseth Heng  
Director General of Public Works  
rathpiseth\_heng@yahoo.com

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Fook Chuan Eng, Phyrum Kov
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**Approved By**

Practice Manager/Manager:	Sudipto Sarkar	08-Dec-2017
Country Director:	Inguna Dobraja	15-Dec-2017