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Q1: Respondent details

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Q2: Country or Customs territory

AUSTRALIA

Q3: Organization

Public sector

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Q4: Title of case story

Road Infrastructure Rehabilitation in Cambodia

Q5: Case story focus

Infrastructure upgrading and the development of related services markets, including through support for investment climate reforms.

Q6: Case story abstract

Addressing poor economic infrastructure is one of the key objectives of the Strategy for Australia's Aid for Trade Investments. In 2011 and 2013 Cambodia suffered its worst floods in a decade. Damage to infrastructure and lost economic activity from these flood events were estimated in the hundreds of millions of dollars. The Cambodia Emergency Flood Rehabilitation Project was necessary to restore and upgrade rural communities' access to markets, as well as critical services including schools and health centres.

Q7: Who provided funding?

Bilateral donor, Multilateral organization,
Other (please specify) Government of Cambodia

Q8: Project/Programme type

Single country

Q9: Your text case story

Addressing poor economic infrastructure is one of the key objectives of the Strategy for Australia's Aid for Trade Investments. High quality infrastructure increases economic integration and connectivity, which allows for the development of production networks and supply chains. In 2011 and 2013, Cambodia suffered its worst floods in a decade. Damage to infrastructure and lost economic activity from these two flood events were estimated in the hundreds of millions of dollars. The Cambodia Emergency Flood Rehabilitation Project was necessary to restore rural communities' access to markets.

as well as critical services including schools and health centres. The Project's first phase responded to the 2011 floods and a second phase responded to the 2013 floods. Further flooding occurred in 2014.

The Strategy for Australia's Aid for Trade Investments notes that with limited development funds, innovative approaches are required if Australia is to make a significant contribution to meeting infrastructure needs in the region. Australian grant contributions totalled \$A12.6 million helping to de-risk the US\$130 million in loans from the ADB, and \$US15.9 million in project costs met by the Cambodian Government. The project provided the opportunity to model rapid project preparation approaches, retroactive financing options, direct contracting, and competitive contracting to meet urgent priorities.

Flood-damaged infrastructure types fell under the remit of three separate Cambodian ministries. As a result, the investment helped Australia strengthen relationships with a range of Cambodian partners. It also provided useful lessons in how to apply the "build back better" principle in emergency reconstruction efforts in Cambodia. This will have a positive influence over flexible approaches to future emergency responses to upgrade and rehabilitate infrastructure.

The Project also influenced Australia's decisions to commit to other aid investments in Cambodia. For example, working with the Ministry of Rural Development on flood reconstruction helped establish necessary relationships to pursue cooperation on a second phase of a Cambodia Rural Roads Improvement Project.

While principally an emergency response, the Cambodia Emergency Flood Rehabilitation Project has shown signs of yielding longer-term and more sustainable outcomes. In particular, the joint mid-term reviews of both phases of the Project observed that damaged national, provincial and rural roads were reconstructed to standards sufficient to accommodate future traffic increases and free flood flow, and met requirements for environmental and social safeguards, traffic signage, guide posting, and road safety regulations.

By way of evidence, severe flooding in 2014 resulted in negligible damage to national or provincial roads and minor (less than 10 per cent) damage to rural roads and irrigation structures that had been repaired under first phase of the Project. Damage to roads or structures outside the Project area was greater than 40 per cent in comparison. The "build back better" principle helped to mitigate potential disruptions to community access to markets arising from the 2014 floods.

The first phase (2011) and the second phase (2013) of the Project both involve four components:

First phase:

1. National and provincial roads restoration
2. Rural roads restoration
3. Irrigation and flood control
4. Strengthening emergency management capacity for natural disasters/

Second phase:

1. National and provincial roads restoration
2. Rural roads restoration
3. Irrigation and flood management
4. Project management and facilitation

Funding for the Project comprised of ADB loans, Australian aid grants, and Royal Cambodian Government own contributions.

In the first phase, an Australian grant of \$A5 million was coupled with an ADB loan of \$US55 million. In the second phase, an Australian grant of \$A7.6 million was combined with ADB loan of \$US75 million.

The Royal Government of Cambodia provided \$US6.93 for the first floods and \$US9 million for the second floods in safeguards costs, in-kind expenditures and other project costs.

The Executing Agency, project coordinator and implementing partner is the Ministry of Economy and Finance. The implementing agencies for project sub-components are the Ministry of Public Works and Transport; Ministry of Rural Development and Ministry of Water Resources and Meteorology, respectively.

By 2015, all works of the first phase were completed and either under defect liability period or handed over to the Royal Government of Cambodia authorities. Progress on the second phase exceeded its target of 59 per cent and was 72 per cent complete. A joint final review mission of the first phase confirmed it was satisfactorily implemented as of September 2015.

A supervision mission of the second phase conducted in February 2016 indicated that physical construction was also

progressing satisfactorily.

Physical outcomes for the first phase include:

- 53.2 km city protection dikes and provincial roads
- 15 bridges
- 435 km rural roads including drainage
- 21 irrigation schemes

Physical outcomes for the second phase include:

- 43 km provincial roads
- 1 bridge
- 170 km rural roads including drainage
- 11 irrigation schemes, 5 all weather stations and 8 hydromets

Beneficiaries have indicated broad satisfaction with the Project's ability to meet village needs. By the time the project is completed, it is expected that average traffic levels will be restored to pre-flood levels or better; average travel times will be restored to pre-flood levels or better; at least 35 irrigation schemes covering about 62,500ha will be reconstructed and agricultural production of major crops in targeted areas will equal or exceed pre-flood levels.

A final independent evaluation and project completion report for the second part will be conducted in 2018.

Q10: Lessons learnt

The Project has provided a model for effective responses to upgrade and rehabilitate infrastructure in future: including rapid project preparation, use of retroactive financing, direct contracting, and competitive contracting to meet priorities or urgency.

- The principle of "build back better" has demonstrated that emergency response measures need not repeat past design errors or omissions.
 - Aligning the project to Cambodian Government priorities (e.g. the Rectangular Strategy Phase III) prioritises rehabilitation of damaged roads, irrigation, and flood control facilities.
 - Australian contributions were useful to the Executing Agency even despite the fact that they were a small proportion of overall Project funds. Australia did not earmark its grants, but requested that the Royal Government of Cambodia and ADB use its grants according to strategic management requirements.
 - The investment helped build relationships that had longer-lasting dividends beyond the project itself. This was Australia's first time working with the Cambodia Ministry of Rural Development on upgrading and rehabilitating infrastructure. This has subsequently helped inform decisions including the allocation of a sizeable grant to rural road upgrading and rehabilitation in Cambodia (phase two of the Rural Roads Improvement Project).
 - A more flexible design enables project managers to achieve value for money as the Project's focus has evolved:
 - Stage 1 involved a retroactive financing package for immediate works by the Royal Cambodian Government.
 - Stage 2 rehabilitation works were carried out through direct contracting of high-performing contractors previously selected through competitive bidding;
 - Stage 3 works are being undertaken through competitive bidding.
 - Partnering with relevant government ministries on policy dialogue and implementation functions has yielded dividends, with individual project leadership a critical success factor:
 - Policy dialogue under the second phase has been highly constructive due to strong chairing by the Ministry of Economy and Finance project Chair.
 - Cambodian Government ministries have had direct, active involvement in the Project implementation.
 - Ensure implementing agencies, consultants and contractors listen to and act on the concerns of development partners.
 - Ensuring Australia and ADB have teams with relevant skills sets has been key to avoiding technical delays and oversights.
 - In-country project administration by the ADB Cambodia Resident Mission assists with managing daily operations, communication, setting and agreeing to biannual joint review missions in the Project Administration Manual.
 - Australian involvement in the monitoring and review missions has been instrumental in monitoring progress and technical and safeguards reviews.
 - More dedicated resourcing in partner government agencies might enable better integration of monitoring and evaluation data into broader policy making.
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